Auditor's Report on Eurocaja Rural, Sociedad Cooperativa de Crédito and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Eurocaja Rural, Sociedad Cooperativa de Crédito and subsidiaries for the year ended 31 December 2022)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 - Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Eurocaja Rural, Sociedad Cooperativa de Crédito

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Eurocaja Rural, Sociedad Cooperativa de Crédito (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2022, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

See notes 3.f, 3.l, 5.a and 11 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Group's portfolio of loans and advances to customers, classified in its portfolio of financial assets at amortised cost, reflects a net balance of Euros 4,895,784 thousand at 31 December 2022, while allowances and provisions for impairment recognised at that date total Euros 110,053 thousand. The process of classifying and estimating impairment of the portfolio of loans and advances to customers at amortised cost due to credit risk, on both an individual and a collective basis, in accordance with IFRS 9 Financial Instruments, entails a significant and complex estimate. In the case of the individual analysis, these allowances and provisions for portfolios of impaired loans and advances to customers consider the estimates of the debtors' forecast business performance and the market value of the collateral provided for credit transactions. For the collective analysis, the main aspects considered are the identification and classification of exposures through loans that are under special monitoring or impaired, portfolio segmentation, and the use of significant assumptions such as the realisable value of the collateral associated with credit transactions. The conflict between Russia and Ukraine, the current levels of inflation, the energy crisis across Europe and central banks' present monetary policy, inter alia, have considerably changed the current geopolitical and macroeconomic backdrop, thus heightening uncertainty as to future developments and impacting on the economy and business activities where the Group operates. Consequently, the Group has taken all these aspects into account in the quantification of allowances and provisions for impairment of loans and advances to customers, increasing the uncertainty associated with their estimation.	Our audit approach in relation to the Group's estimate of impairment of loans and advances to customers at amortised cost due to credit risk included an assessment of the relevant controls associated with the processes for estimating impairment, as well as different tests of detail on that estimate. Our procedures relating to the control environment focused on assessing the main controls in the following key areas: governance, accounting policies, data accuracy and monitoring of loans outstanding. Our tests of detail on the estimated expected losses included the following: – In the case of impairment of individually significant transactions we evaluated the suitability of their classification based on the credit risk, the related collateral, as well as the allowances and provision recognised. – With respect to the impairment allowances and provisions estimated collectively, we evaluated the methodology used by the Group, validating the adequacy of the calculation. – We assessed the factors determining the credit rating and related collateral for a sample of transactions for which the impairment has been estimated collectively. – We checked the correct identification of the refinancing and restructuring transactions. – We considered the impacts derived from the uncertainty brought about by the conflict between Russia and Ukraine.

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Impairment of loans and advances to customers

See notes 3.f, 3.l, 5.a and 11 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
The consideration of this matter as a key audit matter is based both on the significance for the Group of the loans and advances to customers portfolio, and thus of the related allowances and provision, as well as on the relevance of the process for classifying these financial assets for the purpose of estimating impairment thereon and the subjectivity and complexity of calculating this impairment, while also taking into consideration the uncertainty brought about by the conflict between Russian and Ukraine.	Lastly, we evaluated whether the disclosures in the notes to the consolidated annual accounts are appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Group.

Risks associated with information technology

Key audit matter	*How the matter was addressed in our audit*
The Group's operations are based on a complex technological environment that is constantly evolving, and which must reliably and efficiently meet business requirements and ensure that the consolidated financial information is processed correctly. Furthermore, during the 2022, the Parent of the Group was immersed in a process to migrate its technological banking platform to an external provider. In this environment, it is essential to ensure appropriate management of technological risks that could impact on information systems in key areas such as data and program security, systems operations, and development and maintenance of the applications and IT systems used to prepare the financial information. We have therefore considered this a key audit matter.	With the help of our information systems specialists, we performed tests relating to internal control over the processes and systems involved in the preparation of the consolidated financial information, in the following areas: – Understanding of the technology platform and of the information flows related to the consolidated financial statements. – Identification of the key controls that ensure the processing of the relevant consolidated financial information. – Tests of the key application controls related to the business processes that are most relevant in generating the consolidated financial information. – Tests of the controls related to the security (physical and logical access), operation, maintenance (change management) and development of the applications and systems. – Substantive audit tests to supplement the tests of the Group's internal control. As regards the migration process, with the involvement of our information systems specialists, our procedures mainly consisted of gaining an understanding of, inspecting and assessing the primary milestones of the migration process, as well as analysing the reconciliation of the financial information prepared by management to evaluate the integrity of the migrated data.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Governing Board and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement has been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

The Parent's Governing Board's and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Governing Board is responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Governing Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Governing Board.

- Conclude on the appropriateness of the Parent's Governing Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 28 March 2023.

Contract Period

We were appointed as auditor of the Group by the shareholders of Eurocaja Rural, Sociedad Cooperativa de Crédito at the ordinary general meeting on 23 April 2021 for a period of three years, from the year commenced 1 January 2021.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors (“ROAC”) with No. S0702

(Signed on original in Spanish)

Arturo López-Gamonal García-Morales
On the Spanish Official Register of Auditors (“ROAC”) with No. 23,901

28 March 2023

EUROCAJA RURAL,
SOCIEDAD COOPERATIVA DE CRÉDITO AND SUBSIDIARIES (EUROCAJA RURAL GROUP)

Consolidated financial statements as at 31 December 2022 and consolidated management report for the year 2022

EUROCAJA RURAL GROUP

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

ASSETS	Note	Thousands of euros 2022	2021 (*)
Cash, balances in cash at central banks and other demand deposits	**6**	**1,607,922**	**1,695,792**
Financial assets held for trading	**7**	**-**	**-**
Derivatives		-	-
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Memorandum item: provided or given as security with the right to sell or pledge		-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	**8**	**159,261**	**139,266**
Equity instruments		106,957	74,039
Debt securities		52,304	65,227
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Memorandum item: provided or given as security with the right to sell or pledge		-	-
Financial assets designated at fair value through profit or loss	**9**	**-**	**-**
Debt securities		-	-
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Memorandum item: provided or given as security with the right to sell or pledge		-	-
Financial assets at fair value through other comprehensive income	**10**	**441,704**	**391,264**
Equity instruments		3,234	3,374
Debt securities		438,470	384,890
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Memorandum item: provided or given as security with the right to sell or pledge		-	-
Financial assets at amortised cost	**11**	**7,328,223**	**6,719,254**
Debt securities		2,419,425	2,130,953
Loans and advances		4,908,798	4,588,301
Central banks		38	-
Credit institutions		12,976	12,280
Clients		4,895,784	4,576,021
Memorandum item: provided or given as security with the right to sell or pledge		*113,744*	*38,969*
Derivatives - hedge accounting	**7**	**8,818**	**1,796**
Changes in the fair value of the hedged items in a hedged portfolio of interest rate risk		**-**	**-**
Investments in joint ventures and associates	**12**	**-**	**-**
Joint businesses		-	-
Associates		-	-
Assets covered by insurance or reinsurance contracts		**-**	**-**
Tangible assets	**14**	**73,702**	**68,921**
Tangible fixed assets		67,197	62,221
For own use		67,197	62,221
Leased out under an operating lease		-	-
Earmarked for social works		-	-
Real estate investments		6,505	6,700
Of which: leased out under an operating lease		-	-
Memorandum item: acquired under a financial lease		*10,009*	*10,324*

EUROCAJA RURAL GROUP

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

(continued)	Note	Thousands of euros 2022	2021 (*)
Intangible Assets	**15**	**933**	**772**
Goodwill		-	-
Other intangible assets		933	772
Tax assets	**24**	**43,660**	**39,293**
Current tax assets		2,005	1,235
Deferred tax assets		41,655	38,058
Other assets	**16**	**3,042**	**6,114**
Insurance contracts linked to pensions		-	-
Stocks		573	306
Rest of other assets		2,469	5,808
Non-current assets and disposal groups classified as held for sale	**13**	**15,546**	**18,006**
TOTAL ASSETS		**9,682,811**	**9,080,478**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated balance sheet at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

LIABILITY	Note	Thousands of euros 2022	2021 (*)
Financial liabilities held for trading	**7**	**-**	**-**
Derivatives		-	-
Short positions		-	-
Deposits		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
Financial liabilities designated at fair value through profit or loss	**9**	**-**	**-**
Deposits		-	-
Central banks		-	-
Credit institutions		-	-
Clients		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
Memorandum item: subordinated liabilities		-	-
Financial liabilities at amortised cost	**17**	**9,006,235**	**8,469,390**
Deposits		7,633,365	7,201,730
Central banks		567,852	570,233
Credit institutions		285	4,303
Clients		7,095,228	6,627,194
Debt securities issued		1,197,337	1,196,525
Other financial liabilities		145,533	71,135
Memorandum item: subordinated liabilities		-	-
Derivatives - hedge accounting	**7**	**69**	**19,048**
Changes in the fair value of the hedged items in a hedged portfolio of interest rate risk		**-**	**-**
Provisions	**18**	**17,384**	**15,530**
Pensions and other post-employment defined benefit obligations		710	854
Other long-term employee benefits		-	-
Procedural issues and pending tax litigation		-	-
Commitments and guarantees granted		2,622	2,342
Remaining provisions		14,052	12,334
Tax liabilities	**24**	**6,415**	**8,849**
Current tax liabilities		5,447	2,485
Deferred tax liabilities		968	6,364
Reimbursable share capital at sight		**-**	**-**
Other liabilities	**16**	**79,547**	**26,708**
Of which: social work fund	**23**	*8,576*	*7,506*
Liabilities included in disposal groups of items that have been classified as held for sale		**-**	**-**
TOTAL LIABILITIES		**9,109,650**	**8,539,525**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated balance sheet at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2022 AND 2021

NET WORTH	Note	Thousands of euros 2022	2021 (*)
Equity	**21**	**581,791**	**533,369**
Capital		**103,234**	**102,555**
Paid-in capital		103,234	102,555
Uncalled-for capital		-	-
Memorandum item: capital not required		-	-
Share premium		-	-
Issued equity instruments other than equity		-	-
Equity component of compound financial instruments		-	-
Other equity instruments issued		-	-
Other equity items		-	-
Accumulated earnings		**417,152**	**383,797**
Revaluation reserves		**10,150**	**10,225**
Other reserves		**(2,363)**	**(2,618)**
Reserves or accumulated losses from investment in joint ventures and associates		-	-
Others		(2,363)	(2,618)
(-) Own shares		-	-
Income attributable to the owners of the parent company	**22**	**53,618**	**39,410**
(-) Interim Dividends		-	-
Other accumulated overall result	**20**	**(8,630)**	**7,584**
Items that will not be reclassified to profit and loss		**278**	**386**
Actuarial gains or - losses on defined benefit pension plans		-	-
Non-current assets and disposal groups classified as held for sale		-	-
Share of other income and expenses recognised in investments in joint ventures and associates		-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	**10.4**	278	386
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income		-	-
Changes in fair value of equity instruments measured at fair value with changes in other comprehensive income [covered item]		-	-
Changes in fair value of equity instruments measured at fair value with changes in other comprehensive income [hedging instrument]		-	-
Changes in the fair value of financial liabilities at fair value through profit and loss attributable to changes in credit risk		-	-
Items that can be reclassified in results		**(8,908)**	**7,198**
Coverage of net investment in foreign businesses [effective portion]		-	-
Currency Conversion		-	-
Hedge derivatives. Cash flow hedge reserve [effective portion		2,160	(614)
Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income	**10.4**	(11,068)	7,812
Hedging instruments (undesignated items)		-	-
Non-current assets and disposal groups classified as held for the sale		-	-
Share of other income and expenses recognised in investments in joint ventures and associates		-	-
Minority interests		-	-
Other accumulated overall result		-	-
Other items		-	-
TOTAL EQUITY		**573,161**	**540,953**
TOTAL EQUITY AND LIABILITIES		**9,682,811**	**9,080,478**
Memorandum item: off-balance sheet exposures	**19**	**573,186**	**611,006**
Loan commitments granted		506,021	494,410
Financial guarantees granted		30,617	26,207
Other commitments granted		36,548	90,389

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated balance sheet at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

		Thousands of euros	
CONSOLIDATED INCOME STATEMENT	**Note**	**2022**	**2021 (*)**
Interest income	**26**	124,098	100,374
Financial assets at fair value through other comprehensive income		3,859	13,342
Financial assets at amortised cost		116,060	81,615
Other		4,179	5,417
Interest expenses	**26**	(12,473)	(17,385)
Reimbursable demand capital expenditure		-	-
NET INTEREST INCOME		**111,625**	**82,989**
Dividend income		4,033	2,428
Results of entities accounted for using the equity method		-	-
Commission income	**27**	64,072	56,801
Commission expenses	**27**	(12,291)	(11,027)
Gains/losses on derecognition of financial assets and liabilities not measured at value reasonable with changes in results, net	**5**	9,830	4,517
Financial assets at amortised cost		(998)	1,133
Remaining financial assets and liabilities		10,828	3,384
Gains/losses on financial assets and liabilities held for trading, net		-	-
Reclassification of financial assets from fair value through other comprehensive income		-	-
Reclassification of financial assets from amortised cost		-	-
Other gains/losses		-	-
Gains/losses on financial assets not intended for trading compulsorily valued at fair value through profit or loss, net	**5 y 8**	(1,591)	4,415
Reclassification of financial assets from fair value through other comprehensive income		-	-
Reclassification of financial assets from amortised cost		-	-
Other gains/losses		(1,591)	4,415
Gains/losses on financial assets and liabilities designated at fair value through profit or loss, net	**9**	-	(391)
Gains/losses on hedge accounting, net		(85)	-
Exchange rate differences [gain or - loss], net		156	177
Other operating income	**28**	9,356	8,494
Other operating expenses	**28**	(17,528)	(14,372)
Of which: compulsory contributions to social welfare funds	***28***	*(4,952)*	*(3,509)*
GROSS MARGIN		**167,577**	**134,031**
Administration costs		(80,205)	(73,865)
Staffing costs	**29**	(50,210)	(45,665)
Other administrative expenses	**30**	(29,995)	(28,200)
Amortisation	**14 y 15**	(7,511)	(6,948)
Provisions/reversion of provisions	**31**	(8,267)	(4,923)
Impairment/Reversal of Impairment of Financial Assets not Measured at Fair Value through Equity in earnings and net change in profit and loss		(9,197)	(2,912)
Financial assets at fair value through other comprehensive income	**10,3**	45	215
Financial assets at amortised cost	**11,4**	(9,242)	(3,127)
OPERATING INCOME		**62,397**	**45,383**
Impairment/Reversal of impairment of investments in joint ventures or associates		-	-
Impairment/Reversal of Impairment of Non-Financial Assets		-	(116)
Tangible assets		-	(116)
Intangible Assets		-	-
Others		-	-
Gains/losses on derecognition of non-financial assets and investments, net	**32**	774	(249)
		-	-
Negative goodwill recognised in income		-	-
Gains/losses on non-current assets and disposal groups classified as held for sale not eligible for discontinued operations	**32**	136	253
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**63,307**	**45,271**
Income tax expense/income from continuing operations	**24**	(9,689)	(5,861)
EARNINGS/LOSSES AFTER TAX FROM CONTINUING OPERATIONS		**53,618**	**39,410**
Profit/loss after tax from discontinued operations		**-**	-
YEAR'S RESULT	**22**	**53,618**	**39,410**
Attributable to minority interests (non-controlling interests)		-	-
Attributable to the owners of the Parent Company		53,618	39,410

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated income statement at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

	Note	2022	2021 (*)
		Thousands of euros	
Result for the year	22	**53,618**	**39,410**
Another overall result		**(16,214)**	**(6,926)**
Items that will not be reclassified to profit and loss		**(108)**	**(133)**
Actuarial gains/losses on defined benefit pension plans		-	-
Non-current assets and disposal groups held for sale		-	-
Share of other recognised income and expense of investments in joint ventures and associates		-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	10,2	(144)	(177)
Gains or (losses) on hedge accounting for measured equity instruments at fair value through other comprehensive income, net		-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedged item)		-	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedging instrument)		-	-
Changes in the fair value of financial liabilities at fair value through profit and loss attributable to changes in credit risk		-	-
Other valuation adjustments		-	-
Income tax on items that will not be reclassified		36	44
Items that can be reclassified in results		**(16,106)**	**(6,793)**
Coverage of net investments in foreign businesses (effective portion)		**-**	**-**
Gains/losses in equity		-	-
Transferred to results		-	-
Other reclassifications		-	-
Currency Conversion		**-**	**-**
Foreign exchange gains/losses recognised in equity		-	-
Transferred to results		-	-
Other reclassifications		-	-
Cash flow hedges (effective portion)		**3,699**	**483**
Gains/losses in equity		3,699	483
Transferred to results		-	-
Transferred to the initial carrying amount of the items covered		-	-
Other reclassifications		-	-
Hedging instruments (undesignated items)		**-**	**-**
Foreign exchange gains or (losses) recognised in equity		-	-
Transferred to results		-	-
Other reclassifications		-	-
Debt instruments at fair value through other comprehensive income	10,4	**(25,173)**	**(9,540)**
Gains or (losses) in value accounted for in equity		(25,305)	(6,294)
Transferred to results		-	(3,378)
Other reclassifications		132	132
Non-current assets and disposal groups held for sale		**-**	**-**
Gains/losses in equity		-	-
Transferred to results		-	-
Other reclassifications		-	-
Share of other income and expenses recognised in investments in joint ventures and associates		**-**	**-**
Income tax on items that can be reclassified to the income statement		**5,368**	**2,264**
Total overall result for the year		**37,404**	**32,484**
Attributable to minority interests (non-controlling interests)		-	-
Attributable to the owners of the Parent Company		37,404	32,484

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated statement of recognised income and expense at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Thousands of euros

												Minority interests		
	Capital	Share premium	Issued equity instruments other than equity	Other equity items	Accumulated earnings	Revaluation reserves	Other reserves	Own shares	Profit attributable to the Parent Company	Interim Dividends	Other accumulated comprehensive result	Other accumulated comprehensive result	Other elements	Total
I. Closing balance at 31.12.2021 (*)	**102,555**	**-**	**-**	**-**	**383,797**	**10,225**	**(2,618)**	**-**	**39,410**	**-**	**7,584**	**-**	**-**	**540,953**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01.01.2022	**102,555**	**-**	**-**	**-**	**383,797**	**10,225**	**(2,618)**	**-**	**39,410**	**-**	**7,584**	**-**	**-**	**540,953**
Overall result for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53,618**	**-**	**(16,214)**	**-**	**-**	**37,404**
Other changes in equity	**679**	**-**	**-**	**-**	**33,355**	**(75)**	**255**	**-**	**(39,410)**	**-**	**-**	**-**	**-**	**(5,196)**
Issue of ordinary shares (Note 21.1)	990	-	-	-	-	-	-	-	-	-	-	-	-	990
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction (Note 21.1)	(311)	-	-	-	-	-	-	-	-	-	-	-	-	(311)
Dividends (or partner remuneration)	-	-	-	-	(6,130)	-	-	-	-	-	-	-	-	(6,130)
Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between components of equity	-	-	-	-	39,485	(75)	-	-	(39,410)	-		-	-	-
Increase/(decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-		-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	255	-	-	-	-	-	-	255
Of which: discretionary allocation to social works and funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as of 31.12.2022	**103,234**	**-**	**-**	**-**	**417,152**	**10,150**	**(2,363)**	**-**	**53,618**	**-**	**(8,630)**	**-**	**-**	**573,161**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated statement of changes in equity at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

Thousands of euros

												Minority interests		
	Capital	**Share premium**	**Issued equity instruments other than equity**	**Other equity items**	**Accumulated earnings**	**Revaluation reserves**	**Other reserves**	**Own shares**	**Profit attributable to the Parent Company**	**Interim Dividends**	**Other accumulated comprehensive result**	**Other accumulated comprehensive result**	**Other elements**	**Total**
I. Closing balance at 31.12.2020 (*)	**101,795**	**-**	**-**	**-**	**353,762**	**10,300**	**(2.576)**		**34,883**	**-**	**14,510**	**-**	**-**	**512,674**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01.01.2021	**101,795**	**-**	**-**	**-**	**353,762**	**10,300**	**(2.576)**	**-**	**34,883**	**-**	**14,510**	**-**	**-**	**512,674**
Overall result for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,410**	**-**	**(6,926)**	**-**	**-**	**32,484**
Other changes in equity	**760**	**-**	**-**	**-**	**30,035**	**(75)**	**(42)**	**-**	**(34,883)**	**-**	**-**	**-**	**-**	**(4,205)**
Issue of ordinary shares (Note 21.1)	1,104	-	-	-	-	-	-	-	-	-	-	-	-	1,104
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction (Note 21.1)	(344)	-	-	-	-	-	-	-	-	-	-	-	-	(344)
Dividends (or partner remuneration)	-	-	-	-	(4,923)	-	-	-	-	-	-	-	-	(4,923)
Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between components of equity	-	-	-	-	34,958	(75)	-	-	(34,883)	-	-	-	-	-
Increase/(decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	(42)	-	-	-	-	-	-	(42)
Of which: discretionary allocation to social works and funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as of 31.12.2021	**102,555**	**-**	**-**	**-**	**383,797**	**10,225**	**(2,618)**	**-**	**39,410**	**-**	**7,584**	**-**	**-**	**540,953**

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated statement of changes in equity at 31 December 2022.

Consolidated Statements of Cash Flows for the years ended 31 December 2022 and 2021

		Thousands of euros	
	Note	**2022**	**2021 (*)**
CASH FLOWS FROM OPERATING ACTIVITIES		**(78,959)**	**1,167,534**
Result for the year		**53,618**	**39,410**
Adjustments to obtain the cash flows from operating activities		**15,689**	**16,710**
Amortisation	**14 y 15**	7,511	6,948
Other settings		8,178	9,762
Net (increase)/decrease in operating assets		**705,348**	**828,356**
Financial assets held for trading		-	1
Non-trading financial assets mandatorily measured at fair value with changes in results		19,995	(18,675)
Financial assets designated at fair value through profit or loss		-	-
Financial assets at fair value through other comprehensive income		69,429	78,248
Financial assets at amortised cost		601,885	765,578
Other operating assets		14,039	3,204
Net increase/(decrease) in operating liabilities		**567,846**	**288,564**
Financial liabilities held for trading		-	(1)
Financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortised cost	**17**	534,593	287,106
Other operating liabilities		33,254	1,459
Income Tax Collections/Payments		**(10,765)**	**(5,506)**
CASH FLOWS FROM INVESTING ACTIVITIES		**(3,460)**	**(2,790)**
Payments		**10,202**	**(5,756)**
Tangible assets	**14**	9,804	(5,451)
Intangible Assets	**15**	398	(305)
Investments in joint ventures and associates		-	-
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale		-	-
Held-to-maturity investments	**11**	-	-
Other payments related to investment activities			
Collections		**6,741**	**2,966**
Tangible assets		-	-
Intangible Assets		-	-
Investments in joint ventures and associates		-	-
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale	**13**	6,741	2,966
Held-to-maturity investments		-	-
Other collections related to investment activities			
CASH FLOWS FROM FINANCING ACTIVITIES		**(5,451)**	**(4,162)**
Payments		**6,130**	**4,923**
Dividends		6,130	4,923
Subordinated liabilities		-	-
Redemption of own equity instruments		-	-
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Collections		**679**	**761**
Subordinated liabilities		-	-
Issuance of own equity instruments		679	761
Disposal of own equity instruments		-	-
Other collections related to financing activities		-	-
IMPACT OF EXCHANGE RATE CHANGES		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(87,870)**	**1,160,582**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,695,792**	**535,210**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,607,922**	**1,695,792**
Memorandum item			
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,607,922**	**1,695,792**
Of which: held by Group entities but not available to the Group			
Cash	**6**	61,130	82,917
Cash equivalent balances at central banks	**6**	1,486,794	1,581,007
Other financial assets	**6**	59,998	31,868
Less: bank overdrafts refundable at sight		-	-

(*) Presented for comparison purposes only.

The accompanying Notes 1 to 34 and Appendices I and II are an integral part of the consolidated cash flow statement at 31 December 2022.

EUROCAJA RURAL GROUP

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFO

a) Nature of the Parent Company

Eurocaja Rural, Sociedad Cooperativa de Crédito (hereinafter, the Entity or the Parent Entity), is a credit entity constituted by agreement of the founding cooperative entities by means of a founding act dated 27 February 1963, which has its own legal personality and enjoys full capacity to act, of a foundational nature and a charitable and social nature, and is non-profit making. Its sole and exclusive purpose is to contribute to the achievement of general interests through the economic and social development of its area of operation. To this end, its fundamental aims include facilitating the formation and capitalisation of savings, meeting the needs of its customers through the granting of credit operations, and creating and maintaining its own or joint social works.

The General Assembly of the Parent Company, in its session held on 20 April 2018, approved the change of name, replacing the name "Caja Rural de Castilla la Mancha, Sociedad Cooperativa de Crédito" with "Eurocaja Rural, Sociedad Cooperativa de Crédito". The General Assembly of the savings bank, in its session of 29 April 2011, approved the change of name, replacing the name "Caja Rural de Toledo, Sociedad Cooperativa de Crédito" with "Caja Rural de Castilla-La Mancha, Sociedad Cooperativa de Crédito".

b) Activity of the Parent Company

The Parent Company's typical and usual activity is to receive funds from the public in the form of deposits, loans, temporary assignment of financial assets or other similar ones that involve the obligation of their return, applying them on its own account to the granting of loans, credits or other operations of a similar nature that allow the financial needs of its shareholders and third parties to be met. To this end, it may carry out all kinds of asset, liability and service operations allowed to other credit institutions, with preferential attention to the financial needs of its members, including insurance, which it shall develop and provide mainly in rural areas. In order to facilitate and guarantee the business activities it carries out to achieve its corporate purpose, it may enter into corporate links or form consortia with any natural or legal person. Its scope of action extends to the State, without prejudice to the possibility of carrying out legally permitted operations outside it.

The Parent Company has its registered office at Calle Méjico 2 in Toledo, carrying out its activity through 436 offices distributed throughout Spain, of which 88 are agencies (417 offices in 2021, of which 99 are agencies) and employing 1,072 people (983 people in 2021).

At a regulatory level, The Parent Company is governed by the rules contained in Law 27/1999 dated July 16th, on Cooperatives and Law 13/1989 dated May 26th, on Credit Cooperatives and other complementary provisions.

In addition, the Parent Company has the title of "Qualified Bank" which allows it to sign collaboration agreements with official credit institutions, as well as obtaining the benefits that are determined by the regulations of the Ministry of Economy and Competitiveness. The Parent Company is integrated in the Deposit Guarantee Fund for Credit Institutions (FGDEC), created by Royal Decree Law 16/2011 of 14th October and in the Single Resolution Fund (FUR), created by Regulation (EU) no. 806/2014 of the European Parliament and Council of 24th September and is registered in the Register of Cooperatives - Central Section - of the Ministry of Labour and Social Security in the Book of Registration of Cooperative Companies in volume XXI, sheet 2.051, entry no. 28, as well as in the Bank of Spain's Register of Credit Institutions under number 3081.

The Parent Company is governed by its articles of association, approved by Law 13/1989 and Royal Decree 84/1993, on Credit Cooperatives, and its implementing regulations, without prejudice to the provisions that may be approved, in the exercise of the powers attributed to them in the matter, by the Autonomous Communities in their field of activity. The rules generally governing the activity of credit institutions and other applicable provisions shall also be applicable to them. In addition, the legislation on cooperatives shall apply.

Since its approval by the Extraordinary General Assembly on 4 May 1989, the Fund has had a territorial scope for carrying out its activities that covers the entire territory of the Spanish State, as established in article 5 of its Statutes.

The Parent Company is subject to certain legal rules, which regulate, among others, aspects such as:

- Maintenance of a minimum percentage of funds deposited with the Bank of Spain to cover the minimum reserve ratio. In January 2012 the amendment to the regulations applicable to minimum reserves came into force, so that the required reserve ratio was increased from 2% to 1% of the liabilities eligible for this purpose (see Note 6).

- Distribution of part of the net surplus for the year to the Obligatory Reserve Fund and the Education and Promotion Fund.

- Maintenance of a minimum level of equity (Note 2.e).

- Annual contribution to the Deposit Guarantee Fund and Single Resolution Fund, as an additional guarantee to that provided by the Parent Company's own resources to its creditors (Note 2.f)

c) Consolidated group

The Parent Company, together with its subsidiaries TEC Soluciones de Negocio, S.L.U., Eurocaja Rural Mediación Operador Banca y Seguros Vinculado, S.L. U., Viveactivos, S.A.U., Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U. and Rural Broker, S.L.U. form a consolidated group of credit institutions, the Eurocaja Rural Group ("the Group").

TEC Soluciones de Negocio, S.L.U. is mainly dedicated to the activity of IT services and developments and is based in Toledo.

Eurocaja Rural, Mediación Operador de Banca y Seguros Vinculado, S.L. U. is mainly engaged in the insurance agency business as a linked bank and insurance operator and is based in Toledo.

Viveactivos, S.A.U. and Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U., were incorporated by the Parent on 5 December 2012 and their registered offices are in Toledo, and is mainly dedicated to:

- Carrying out activities in the real estate sector, in particular the administration and disposal, either directly or indirectly, of the assets to be contributed to it, specifically:
    - Promotion of land, as well as the urbanisation, parcelling, etc., of land, in order to promote its sale.
    - Promotion of buildings, also with the aim of promoting their sale.

Rural Broker, S.L. U. is an insurance brokerage firm dedicated to the activity of private insurance and reinsurance mediation and is based in Toledo. The company is registered with the Directorate General of Insurance and Pension Funds since 7 April 2014.

The most relevant data in thousands of euros for the subsidiaries at 31 December 2022 and 2021 are as follows:

	Thousands of euros					
	Total Assets	**Share Capital**	**Reserves and Earlier Years' Earnings**	**Other Partner contributions**	**Profit (loss) for the year**	**Audit.**
2022						
TEC Soluciones de negocio, S.L.U. (former name: Castilla La Mancha Servicios Tecnológicos, S.L.U)	14,504	1,442	522	-	4,728	KPMG
Eurocaja Rural Mediación Operador de Banca y Seguros Vinculado, S.L.U.	23,039	6,000	692	-	631	KPMG
Viveactivos, S.A.U.	16,064	700	(6,289)	22,047	(395)	KPMG
Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U.	2,611	800	(1,487)	3,382	(91)	KPMG
Rural Broker, S.L.U.	815	500	82	-	184	KPMG
2021						
TEC Soluciones de negocio, S.L.U. (former name: Castilla La Mancha Servicios Tecnológicos, S.L.U)	17,602	1,442	522	-	3,730	KPMG
Eurocaja Rural Mediación Operador de Banca y Seguros Vinculado, S.L.U.	21,746	6,000	632	-	593	KPMG
Viveactivos, S.A.U.	16,168	700	(6,172)	21,755	(118)	KPMG
Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U.	2,697	800	(1,465)	3,382	(23)	KPMG
Rural Broker, S.L.U.	777	500	64	-	173	KPMG

With regard to the percentage of ownership and method of integration:

- As of 31 December 2022 and 2021, Eurocaja Rural has a direct shareholding of 100% in the company TEC Soluciones de negocio, S.L.U. This company was fully consolidated.

- At 31 December 2022 and 2021, Eurocaja Rural has a direct 100% holding in Eurocaja Rural Mediación Operador Banca y Seguros Vinculado, S.L.U. This company was fully consolidated.

- At 31 December 2022 and 2021, Eurocaja Rural had a direct 100% interest in Viveactivos, S.A.U., which was fully consolidated.

- At 31 December 2022 and 2021, Caja Eurocaja Rural had a direct 100% interest in Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U., which was fully consolidated.

- As of 31 December 2022 and 2021, Eurocaja Rural has a direct shareholding of 100% in Rural Broker, S.L. U., which has been fully consolidated.

All significant balances and transactions between Group entities have been eliminated in the consolidation process.

These annual accounts were drawn up by the Governing Council of the Entity at its meeting on 21 March 2023 and were signed by the directors, whose names appear at the end of the accounts. They are pending approval by the Entity's General Assembly; however, the directors consider that they will be approved without any changes.

2. BASIS OF PRESENTATION AND OTHER INFORMATION

On 1 January 2005, the obligation to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (hereinafter IFRS) adopted by the European Union (hereinafter EU-IFRS) came into force for those entities that have issued securities and are listed on a regulated market in any member state of the European Union at the date of their balance sheet, in accordance with the provisions of Regulation 1606/2002, of 19 July, of the European Parliament.

Since 2009 the Eurocaja Rural Group has been preparing its consolidated financial statements in accordance with EU-IFRS.

Therefore, the Group's consolidated financial statements for 2022 were prepared from the accounting records of the Group companies in accordance with EU-IFRSs, taking into account Bank of Spain Circular 4/2017, and, accordingly, give a true and fair view of the Group's consolidated equity, financial position and results at 31 December 2022, and of the changes in equity and cash flows for the year then ended. Circular 4/2017 constitutes the development and adaptation to the Spanish credit institution sector of EU-IFRSs 9. The valuation principles and criteria applied are detailed in Note 3 to these consolidated financial statements. There are no obligatory accounting principles or measurement bases with a significant effect on the consolidated financial statements that have not been applied.

The consolidated financial statements were prepared from the accounting records kept by the Group and by the other Group companies. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2022 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and bases used and to make them compliant with EU-IFRSs.

Accordingly, these consolidated financial statements were prepared in accordance with EU-IFRSs and do not contain any material departures from the requirements of Bank of Spain Circular 4/2017 and subsequent amendments.

The Bank of Spain published Circular 6/2021 of 22 December 2021, which amends Circular 4/2017 of 27 November 2017 for credit institutions on public and confidential financial reporting rules and financial statement templates, and Circular 4/2019 of 26 November 2019, for credit institutions, on public and confidential financial reporting rules and financial statement templates. The amendments that this Circular has introduced to Circular 4/2017 of 27 November 2017, include the following:

- The amendment of the templates and instructions for preparing the confidential financial statements known as FINREP, in accordance with the contents of Commission Implementing Regulation (EU) 2021/451 of 17 December 2020.

- The EBA Guidelines on loan origination and monitoring (EBA/GL/2020/06) with the objective, among others, of improving practices, processes and procedures in relation to credit granting.

- The amendment of Annex 9 of Circular 4/2017, of 27 November 2017, to update the alternative solutions for collective estimates of allowances and provisions for credit risk loss and the discounts on the reference value of assets foreclosed or received in payment of debt. This modification to the tables which entered into force in June 2022 has led to an increase in impairment losses on financial assets and foreclosed assets, amounting to Euros 128 thousand.

The aforementioned amendments maintain the convergence of Spanish accounting standards for financial institutions with the IFRS-EU framework, while subject to the provisions of the Code of Commerce, and at the same time maintains the alignment and avoids overlaps with the aforementioned European standards and guidelines.

Unless otherwise stated, these consolidated financial statements are presented in thousands of euros.

a) Comparability of information

In accordance with the requirements of IAS 1, the information contained in these consolidated financial statements for 2021 is presented solely and exclusively for the purposes of comparison with the information relating to the year ended 31 December 2022 and, therefore, does not constitute the Group's consolidated financial statements for 2021. Certain insignificant changes have been made to the comparative information for 2021 disclosed in these annual accounts in order to enhance comparison thereof with the information for 2022.

b) Use of judgements and estimates in the preparation of financial statements

The information included in the consolidated financial statements is the responsibility of the Directors of Eurocaja Rural, Sociedad Cooperativa de Crédito (Parent Company). In preparing certain information included in these consolidated financial statements, the directors have used judgements and estimates based on assumptions which affect the application of accounting policies and principles and the amounts of assets, liabilities, income, expenses and obligations recorded therein.

Despite the fact that there is still a certain slowness in the economic recovery during 2022 and 2021, in addition to other issues related to macroeconomic measures taken by national and international authorities, the Group Directors consider that, at the date of formulation of the consolidated annual accounts, the going concern principle is maintained.

The most significant estimates used in preparing these consolidated financial statements relate to:

- Impairment losses on financial assets, especially with regard to the individualised and collective estimate of losses due to bad debts of the loan portfolio and advances to customers, and the determination of when there is a significant increase in credit risk (Note 3.l).

- The assumptions used in the actuarial calculations made to measure the post-employment benefit liabilities and commitments (see Note 3.r).

- Impairment losses and the useful life of property, plant and equipment and intangible assets (see Notes 3.ñ and 3.o).

- The fair value of certain financial assets not listed on official secondary markets (Note 10).

- Period for reversal of temporary differences (Note 24).

- Losses on future obligations arising from contingent liabilities (Note 18).

- The conflict between Russia and Ukraine, the energy crisis in Europe, the rise in interest rates and inflation, among others, has conditioned the economic environment and behaviour of the financial markets in 2022, bringing uncertainty to companies' activities. This has reinforced the need to apply professional judgement when assessing the impact of the current macroeconomic scenario on these estimates, basically, regarding determining the impairment of financial assets.

The estimates and assumptions used are based on historical experience and other factors that have been considered the most reasonable at the present time and are reviewed periodically. If, as a result of these reviews or of future events, a change in these estimates were to occur, the effect would be recognised in the consolidated income statement for that and subsequent periods.

c) Changes in accounting policies and correction of errors

Changes in accounting criteria, either because an accounting standard regulating a certain transaction or event is modified, or because the Governing Board, for duly justified reasons, decides to vary the accounting criteria, are applied retroactively, unless

- It is impracticable to determine the effects in each specific year of changing an accounting policy on comparative information in a previous year, in which case the new accounting policy is applied at the beginning of the earliest year for which retrospective application is practicable. When it is impracticable to determine the cumulative effect, at the beginning of the current year, of applying a new accounting criterion to all prior years, the new accounting criterion is applied prospectively, from the earliest date on which it is practicable to do so, or

- The provision or accounting standard that modifies or establishes the criterion sets the time from which it should be applied.

At the date of preparation of these consolidated financial statements, the following standards and interpretations (the most relevant adopted at that date), which had been published by the IASB, had not come into force during 2022, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

Standards, amendments and interpretations	Description	Mandatory application for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9: Comparative Information	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Not approved for application in the EU		
Amendments to IAS 1	Presentation of Financial Statements - Non-current Liabilities	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback Transaction	1 January 2024

The Directors of the Parent Company understand that the entry into force of the majority of these standards will not have a relevant impact on the consolidated financial statements of the Group.

Standards and interpretations effective in the reporting period

In 2022 the following amendments to IFRS and the related interpretations (IFRIC) entered into force:

- Amendments to IFRS 3: “Business Combinations”: Amendments shall be made to the references to the Conceptual Framework for Financial Information contained in the standard.

- Amendments to IAS 16 “Property, Plant and Equipment”: Prohibition of an entity from being able to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced before the asset is available for use.

- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”: Specifies the components that an entity must include as the cost of fulfilling a contract when assessing whether a contract is onerous.

The application of the aforementioned accounting standards and interpretations did not give rise to any significant effects on the Group's consolidated financial statements.

Standards and interpretations issued not in force

At the date of preparation of these consolidated financial statements, new International Financial Reporting Standards had been published, as well as interpretations thereof, which are not mandatory in 2022 and which the Group has not applied at that date. At the present date, the analysis of the future impact, if any, of the adoption of these standards has not yet been completed, although no significant impact is expected as a result of their entry into force. These standards are as follows:

- IFRS 17: “Insurance Contracts”: IFRS 17 sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts. Its purpose is to ensure that an entity provides relevant information that faithfully represents such contracts. This information provides a basis for assessing the effect that insurance contracts have on the financial position of the entity, financial performance and cash flows. IFRS 17 replaces IFRS 4 on insurance contracts. This standard is effective for periods beginning on or after 1 January 2023 and may be applied in advance.

- IFRS 17 (Amendment) "Initial Application of IFRS 17 and IFRS 9: Comparative Information” The aim of this narrow-scope amendment is to provide insurance entities with an option for the purpose of presenting comparative information about a financial asset to avoid accounting mismatches between insurance contract financial assets and liabilities in such comparative information when IFRS 9 and IFRS 17 are applied for the first time. If this option is used, this amendment will be made at the same time as the application of IFRS 17.

- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” The amendments to IAS 1 require entities to disclose material accounting policies rather than significant accounting policies, and also provide guidance on how to apply the concept of materiality to financial statement disclosures. The amendments to IAS 8 clarify the distinction between accounting policies and accounting estimates. The amendments become effective on 1 January 2023, although they are not expected to have an impact on the Group’s consolidated financial statements.

- Amendments to IAS 8 “Definition of Accounting Estimates” These amendments include a definition of “accounting estimates” as monetary amounts in financial statements that are subject to measurement uncertainty and provide indications on how to distinguish between changes in accounting estimates and changes in accounting policies. This distinction is relevant because changes in accounting estimates are accounted for prospectively while changes in accounting policies are generally applied retrospectively. In particular, it is clarified that changes in accounting estimates that result from new information or new developments are not treated as corrections of prior period errors. Earlier application of these amendments is permitted.

- Amendments to IAS 12: Income Taxes. The IASB has issued amendments to IAS 12 to clarify how to account for deferred tax arising from transactions such as leases and decommissioning obligations. These amendments require entities to recognise deferred tax on lease transactions and provisions for decommissioning in accordance with the criteria established in IAS 12. The purpose of these amendments is to reduce the differing presentation of information on deferred taxes arising from these transactions. The amendments become effective on 1 January 2023, although they are not expected to have an impact on the Group’s consolidated financial statements.

- Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants: These amendments clarify how entities classify debt and other financial liabilities as current or non-current, in particular those liabilities without a specific maturity date and those which could be converted into capital, and clarify how the loan covenants affect their classification as a current or non-current liability based on whether these covenants must be complied with on or after the reporting date. These amendments change the "Classification of liabilities as current or non-current" and defer their entry into force to 1 January 2024. Earlier application of these amendments is permitted. These amendments have not yet been adopted by the European Union.

Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback": These amendments specify how a seller-lessee measures the lease liability arising from a sale and leaseback transaction so that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Amendments to IFRS 16 are applied retrospectively, and earlier application is permitted.
In any case these amendments have not yet been adopted by the European Union.

The Directors of the Parent Company understand that the entry into force of the majority of these standards will not have a relevant impact on the consolidated financial statements of the Group.

Accounting errors

Errors in the preparation of the consolidated financial statements arising in prior years are the result of omissions or inaccuracies resulting from the failure to use or apply reliable information which was available when the consolidated financial statements for those periods were prepared and which the Group should have used in the preparation of those statements.

Errors relating to prior years are corrected retroactively in the first financial statements drawn up after their discovery, as if the error had never been made:

- by restatement of the amounts of the items in the various financial statements affected by the error, including the notes to the financial statements, which are published in the financial statements for comparison purposes, for the year, as well as for subsequent years, in which it occurred and, if appropriate,

- by restatement of the opening balance sheet for the earliest period presented, if the error occurred before the first financial statements presented for comparison purposes.

When it is impracticable to determine the effects, in each specific year, of an error on comparative information in a previous year, the opening balances are restated for the earliest years for which such restatement is practicable. If it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the comparative information is restated by correcting the error prospectively, from the earliest date practicable.

Prior-year errors affecting equity are corrected in the year of their discovery using the corresponding equity account. In no circumstances are prior period errors corrected using the consolidated income statement for the year in which they are discovered, unless they are immaterial, or it is impracticable to determine the effect of the error as described in the preceding paragraph.

In 2022 and 2021, there were no corrections of material errors relating to prior year.

d) Changes in accounting estimates

A change in an accounting estimate is an adjustment to the carrying amount of an asset or liability, or to the periodic consumption of an asset, that results from an assessment of the present condition of the item and the expected future benefits and obligations associated with the related assets and liabilities.

Changes in accounting estimates are the result of additional information or knowledge of new facts and, consequently, are not corrections of errors. Such changes are recognised prospectively in the consolidated income statement for the year, or for the year and future years affected by the change.

In 2022 and 2021 there were no significant changes in the Entity's accounting estimates, additional to the indications in note 2.b) above (Note 2.c).

e) Minimum equity

From 1 January 2014 a new regulatory framework came into force regulating the minimum capital to be held by Spanish credit institutions, both individually and on a consolidated basis, and the way in which this capital is to be determined, as well as the various capital self-assessment processes to be carried out and the public information to be sent to the market. This regulatory framework consists of:

- Directive 2013/36/EU (generally known as CRD-IV) of 26 June of the European Parliament and of the Council on the taking up and pursuit of the business of credit institutions and prudential supervision of credit institutions and investment firms, amending Directive 202/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

- Regulation (EU) 575/2013 (CRR) of 26 June 2013 of the European Parliament and of the Council on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) 648/2012.

As a Spanish credit institution, the Group is subject to the CRD-IV Directive, through which the European Union has implemented the capital rules of the Basel III agreements of the Basel Committee on Banking Supervision (BCBS) under a phase-in model until 1 January 2019. This CRD-IV Directive has been partially implemented in Spain through (i) Royal Law 14/2013 of 29 November on urgent measures for the adaptation to Spanish law of the European Union regulations on the supervision and solvency of financial institutions, and (ii) Law 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions.

The CRR Regulation, which is immediately applicable to Spanish credit institutions, implements the requirements of the CRD-IV Directive, leaving the national competent authorities the power to make use of certain options. The Bank of Spain, by virtue of the authorisation granted by Royal Decree-Law 14/2013, published Circulars 2/2014 and 3/2014, of 31 January and 30 July, respectively, whereby it made use of some of the permanent regulatory options provided for in the CRR Regulation, including the relevant rules applicable to the transitional regime for capital requirements and the treatment of deductions.

In accordance with the requirements established in the CRR regulations, credit institutions must, at all times, comply with a total capital ratio of 8%. However, it should be noted that regulators may exercise their powers under the new regulatory framework and require institutions to maintain additional capital levels.

In accordance with the previous new regulatory framework, the provisions of Bank of Spain Circular 3/2008 that contravene the aforementioned European regulations have been repealed as from 1 January 2014.

Capital resources are classified into categories according to their capacity to absorb losses, their degree of permanence and their degree of subordination. The categories of capital, ranked from highest to lowest permanence, loss absorption capacity and subordination are common equity and other Tier 1 capital instruments, the sum of which gives rise to Tier 1 capital, and Tier 2 capital instruments. The total capital base is obtained as the sum of Tier 1 and Tier 2 capital.

Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions continued with the transposition of the CRD-IV into Spanish law, and was subsequently supplemented by Royal Decree 84/2015 of 13 February implementing Law 10/2014, which completes the adaptation of Spanish law to the European rules on the Single Supervisory Mechanism (SSM).

In addition, on February 9, 2016 the Bank of Spain published Circular 2/2016 of February 2, 2016 to credit institutions on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013, with respect to options not exercised by Bank of Spain Circulars 2/2014 and 3/2014. Circular 2/2016 also develops some aspects of the transposition of Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011, as regards the supplementary supervision of financial institutions that are part of a financial conglomerate, and introduces the definition of the component authority, which will be the European Central Bank or the Bank of Spain, according to the assignment and distribution of competences established in Regulation (EU) No. 1024/2013, and which is completed in Regulation (EU) No. 468/2014 of the European Central Bank of 16 April 2014.

All this constitutes the current legislation in force governing the capital that Spanish credit institutions must maintain, both individually and as part of a consolidated group, and the manner in which this capital must be determined, as well as the various capital self-assessment processes that must be carried out and the public information that must be sent to the market.

On June 7, 2019, Directive (EU) 2019/878 of the European Parliament and of the Council, of May 20, 2019, amending Directive 2013 was published in the Official Journal of the European Union (DOUE). / 36 / EU. Among other changes, this Directive adds its paragraph 4 of article 104 bis, that entities must comply with the requirement of additional own funds imposed by the competent authority under article 104, paragraph 1, letter a), to address risks other than risk of excessive leverage, with own funds that meet the following conditions:

a) At least three quarters of the additional own funds requirement will be satisfied with Tier 1 capital.

b) At least three quarters of Tier 1 capital indicated in Letter (a) will be made up of ordinary Tier 1 capital.

This requirement must be met to address the risk of excessive leverage with Tier 1 capital. However, the competent authority may require the institution to meet the additional equity requirement with a higher proportion of Tier 1 capital or Tier 1 capital ordinary, when necessary, and taking into account the specific circumstances of the Group.

In this regard, the Commission of the European Union, the European Central Bank (ECB) and the European Banking Authority (EBA) have clarified the use of the flexibility measures contained in Regulation (EU) No. 575/2013 (CRR) through the publication of interpretations and guidance on the application of the prudential framework in the context of Covid-19. Additionally, the Commission, of April 28, 2020, makes an interpretative Communication in relation to the application of accounting and prudential frameworks, in order to contribute to the granting of bank loans in the European Union, to help companies in the context caused by Covid-19. In this regard, the Basel Committee on Banking Supervision (BCBS) has also provided some flexibility in the application of international standards, communicating on April 3, 2020 the application of greater flexibility in the application of the transitional provisions that introduce gradually the impact of IFRS 9 “Financial instruments”.

Additionally, Regulation (EU) 2020/873 of the European Parliament and of the Council of June 24, 2020 amending Regulation (EU) No. 575/2013 (CRR) and Regulation (EU) 2019/876, introduces measures to respond to the Covid-19 pandemic, published in the Official Journal of the European Union (DOUE) on June 26, 2020, among which it is worth highlighting: (i) temporary treatment of unrealised gains and losses valued at fair value with changes in other comprehensive income in view of the Covid-19 pandemic, (ii) temporary exclusion of certain exposures to central banks from the total exposure measure in view of the Covid-19 pandemic, (iii) exclusion of excesses from the calculation of the sum of the retrospective tests in view of the Covid-19 pandemic, and (iv) temporary calculation of the exposure value of conventional sales pending settlement in view of the Covid-19 pandemic.

At 31 December 2022 and 2021, the Eurocaja Rural Group's eligible capital was as follows:

	Thousands of euros	
	2022	**2021**
Level 1 Eligible Capital	**563,140**	**532,623**
Capital	102,701	101,763
Accumulated earnings	459,660	414,459
Accumulated profits from previous years	414,789	381,179
Eligible results	44,871	33,280
Other accumulated overall result	(8,630)	8,198
Other reserves	10,150	10,224
Minority interests recognised in level 1 ordinary capital	610	(551)
Other intangible assets	-	-
Insufficient coverage of non-performing exposures	(27)	(771)
Excess of items deducted from additional Tier 1 capital	(104)	(699)
Other transitional adjustments to ordinary level 1 capital	-	-
Additional capital deductions from ordinary level 1	-	-
Level 2 Computable Capital	-	
Complementary coverage for insolvency risks	-	-
Total computable capital of the Group	**563,140**	**532,623**
Total minimum equity required according to CRR (*)	**264,698**	**248,452**
Total minimum equity required with SREP (**)	**393,093**	**361,187**

(*) Includes the minimum capital ratio required by Pillar 1 (8% of Total Capital) in both 2022 and 2021.

(**) Includes in 2022 and 2021 the minimum required by Pillar 1 (8% of Total Capital), the Pillar 2 requirement (2022: 1.375%; 2021: 1.375%) and the capital conservation buffer (2022: 2.50%; 2021: 2.50%)

At 31 December 2022 and 2021, the most important data on the Group's minimum equity are as follows:

	2022	2021
Level 1 capital ratio	17,02%	17,15%
Level 2 capital ratio	-	-
Total capital ratio	**17,02%**	**17,15%**

At 31 December 2022 and 2021, the Group's eligible capital exceeded the minimum requirements under the aforementioned regulations.

On 16 December 2022, the Entity reported to the Spanish Securities Market Commission (CNMV) the relevant information regarding the results of the Supervisory Review and Evaluation Process. Once the results of the supervisory review and evaluation process (SREP) were known, the Bank of Spain has required that in 2023 the Entity maintain a minimum Common Equity Tier 1 (CET 1) of 8.375% and a minimum Total Capital ratio of 11.875%. These capital ratios include the minimum required under Pillar 1 (4.5% of CET 1 and 8.0% of Total Capital); the Pillar II requirement (1.375%) and the capital conservation buffer (2.50%) which has not changed with regard to 2021.

f) Contributions to guarantee and resolution funds

f.1) Deposit Guarantee Fund for Credit Institutions

The Group's Parent Company (Eurocaja Rural, Sociedad Cooperativa de Crédito) is a member of the Deposit Guarantee Fund for Credit Institutions.

With regard to ordinary contributions, Royal Decree 1012/2015 of 7 November 2015 was published, implementing Law 11/2015 of 18 June on the recovery and termination of credit institutions and investment services companies and amending Royal Decree 2606/1996 of 20 December on deposit guarantee funds for credit institutions. Among the amendments incorporated, the definition of the assets of the Fund for the Guarantee of Deposits from Credit Institutions (hereinafter, FGDEC) is changed, indicating that the Management Committee will determine the annual contributions of the institutions attached to the Fund, in accordance with the criteria established in Article 6 of Royal Decree Law 16/2011 of 14 October, which creates the FGDEC. To this end, the basis for calculating the contributions that the institutions must make to each sub-fund of the Fund will be as follows:

(a) In the case of contributions to the deposit-guarantee compartment, the guaranteed deposits as defined in Article 4.1

(b) In the case of contributions to the securities guarantee fund, 5 per cent of the market value on the last trading day of the year on the relevant secondary market of the securities guaranteed, as defined in Article 4.2, existing at the end of the financial year. When the latter include securities and financial instruments that are not traded on a secondary market, whether in Spain or abroad, their calculation basis will be given by their nominal value or by the redemption value, whichever is more appropriate to the type of security or financial instrument in question, unless another more significant value has been declared or recorded for the purposes of deposit or registration.

On 4 May 2022, the Management Commission of the FGDEC, in accordance with the provisions of Article 6 of Royal Decree Law 16/2011 and Article 3 of Royal Decree 2606/1996, set the annual contributions of the entities attached to it for 2022 in the following terms:

- Annual contribution to the FGDEC deposit guarantee fund equal to 1.75 per thousand of the basis for calculating contributions to this fund defined in article 3.2.a) of Royal Decree 2606/1996, existing on 31 December 2021, with each institution's contribution being calculated on the basis of the amount of the guaranteed deposits and its risk profile.

- Annual contribution to the FGDEC securities guarantee compartment equal to 2 per thousand of the calculation base, made up of 5 per cent of the amount of the guaranteed securities as indicated in article 3.2.b) of Royal Decree 2606/1996, existing on 31 December 2022.

In 2022, the expense incurred for all the contributions made to this body amounted to EUR 7,120 thousand (EUR 6,599 thousand in 2021), which was recognised under "Other Operating Expenses" in the consolidated income statement (see Notes 17.5 and 28).

In addition, regarding the extraordinary contributions, on 30 July 2012, the Management Committee of the Deposit Guarantee Fund for Credit Institutions agreed to make an extraordinary payment among the member institutions of the Fund, to be paid by each institution in ten equal annual instalments. The amount of the payment corresponding to the Entity amounts to EUR 6,533 thousand (ten annual instalments of EUR 653 thousand each). These instalments will be deducted from the ordinary annual contribution paid by the Entity, if any, and up to the amount of this ordinary contribution. The present value of the amount outstanding is included under "Financial Liabilities at Amortised Cost" in the consolidated balance sheet under "Other Financial Liabilities", EUR 0 at 31 December 2022 (EUR 650 thousand at 31 December 2021) (see Note 17.5).

f.2) Single Resolution Fund

Article 67 of Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 has created the "Single Resolution Fund" as an essential element of the Single Resolution Mechanism (SRM), initiated with Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014.

This Fund came into operation on 1 January 2016 and is administered by the Single Board of Directors, which is also responsible for calculating the contributions to be made by credit institutions and investment service companies as defined in Article 2 of the aforementioned Regulation. For this calculation, the rules defined in the Delegated Regulation (EU) 2015/63 of the Commission of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council as regards ex ante contributions to the financing mechanisms of the resolution shall be followed.

In accordance with Article 4 of the Delegated Regulation (EU) 2015/63, the resolution authorities shall determine the annual contributions to be paid by each institution in proportion to its risk profile on the basis of the information provided by the institution in accordance with Article 14 of the said Delegated Regulation and applying the methods described therein. The annual contribution shall be determined by the resolution authority on the basis of the annual funding level of the resolution funding mechanism and taking into account the funding level to be reached by 31 December 2024 at the latest, in accordance with Article 102(1) of Directive 2014/59/EU, and on the basis of the average amount of guaranteed deposits for the preceding year, calculated on a quarterly basis, of all institutions authorised in their territory.

Furthermore, in accordance with Article 103 of Directive 2014/59/EU, the available financial resources to be taken into account in order to reach the target level for the Single Resolution Fund may include irrevocable payment commitments fully secured by low-risk assets free of third party rights charges, freely available and allocated for the exclusive use of the resolution authorities for the purposes specified in the Directive itself. The share of irrevocable payment commitments shall not exceed 30% of the total amount collected through ex ante contributions.

In 2022, the expense recorded by the Entity for contributions to the Single Resolution Fund for 2021 amounted to EUR 3,440 thousand (EUR 2,355 thousand in 2021), which was recognised under "Other Operating Expenses" in the consolidated income statement (see Note 28).

g) Business segment information

The activity carried out by the Group's Parent Company is basically Retail Banking, without there being any other significant business lines that require a breakdown and detailed information on their operations as if each of them were an autonomous business and had its own independent resources.

Similarly, there are no geographical differences in the Group's territory of action that would justify segmented and differentiated information on the activity according to this criterion.

3. ACCOUNTING PRINCIPLES AND CRITERIA APPLIED

The most significant accounting principles and criteria applied in preparing these consolidated financial statements are summarised below, which, in compliance with EU-IFRSs, comply with Bank of Spain regulations:

a) Going-concern principle

The information contained in these annual accounts has been prepared taking into consideration that the Group will continue to operate in the future and therefore the accounting standards have not been applied with the objective of determining the value of equity for the purposes of its universal or partial transfer, or for a hypothetical liquidation.

b) Accrual principle

These annual accounts, except with respect to the cash flow statement, have been prepared on the basis of the actual flow of goods and services, irrespective of the date of payment or collection.

c) Offset of balances

Only debtor and creditor balances arising on transactions which, under contract or legislation, provide for possible offset and are to be settled at their net amount, or simultaneously realised and paid, are offset and therefore presented in the balance sheet at their net amount.

d) Transactions denominated in foreign currency

The functional and presentation currency in these annual accounts is the euro, and any other currency is considered to be a foreign currency.

On initial recognition receivables and payables in foreign currency have been converted to euro using the spot exchange rate. After that time the following rules are applied to convert balances denominated in foreign currency to euro:

- Assets and liabilities of a monetary nature are converted to euro using the average official spot exchange rates published by the European Central Bank at the end of each year.
- Non-monetary items measured at historic cost are converted at the exchange rate on the date of acquisition.
- Non-monetary items measured at fair value are converted at the exchange rate on the date on which fair value is determined.
- Income and expenses are converted using the exchange rate in force on the date of the transaction.
- Depreciation/amortisation is converted at the exchange rate applied to the asset concerned.

Exchange differences arising on the conversion of foreign currency balances are recognised in the income statement, with the exception of the differences arising on non-monetary items measured at fair value whose adjustment to fair value is taken to equity, indicating the exchange rate component of the restatement of the non-monetary item.

At the end of 2022 the total amount of assets expressed in foreign currency was EUR 1,558 thousand (31 December 2021: EUR 937 thousand) and the total amount of liabilities expressed in foreign currency at the end of 2022 was EUR 1,559 thousand (31 December 2021: EUR 377 thousand).

The breakdown of the assets and liabilities expressed in foreign currency, classified by heading at 31 December 2022 and 2021, is as follows

	Thousands of euros	
	2022	**2021**
Cash, balances in cash at central banks and other demand deposits		
Financial assets at amortised cost	260	179
Loans and advances		
Credit institutions		
Total assets	1,298	758
	1,558	**937**
Financial liabilities at amortised cost		
Deposits		
Clients	1,559	377
Total liabilities	**1,559**	**377**

e) Income and expense recognition

As a general policy, income is recognised at the fair value of the consideration received or to be received, less any discounts, credits or commercial reductions. When the entry of cash is deferred over time, the fair value is determined by discounting future cash flows.

When the cash inflow is deferred, the fair value is determined by discounting future cash flows.

The recognition of any income in the consolidated income statement or in equity shall be subject to compliance with the following assumptions

- The amount may be reliably estimated.
- It is likely that the Entity will receive the financial benefits.
- The information may be verified.

When there are doubts regarding the collection of an amount previously recognised as income, the amount no longer probable of being collected is recorded as an expense and not as a reduction in income.

All debt instruments that are individually classified as impaired by the Group, as well as those for which impairment losses have been calculated collectively as the amounts have been outstanding for more than three months, no longer accrue interest.

Interest and dividends are recognised in the consolidated income statement based on the following criteria:

- The effective interest rate method is used to recognise interest in the income statement.
- Dividends are recognised when the right of shareholders to receive payment required.

However, interest and dividends accrued prior to the acquisition date of the instrument and not yet received are not part of the acquisition cost and are not recognised as income.

f) <u>Financial Instruments</u>

A financial instrument is a contract that gives rise to a financial asset in one entity and simultaneously to a financial liability or equity instrument in another entity.

The financial instruments issued by the Group and their components are classified as financial liabilities or equity instruments on their initial recognition date, in accordance with their financial substance when this does not coincide with their legal form.

Financial instruments are initially recognised in the consolidated balance sheet only when the Group becomes a party to the contract in accordance with its specifications. The Group recognises debt instruments, such as loans and cash deposits, from the date on which the legal right to receive, or the legal obligation to pay, cash arises, and financial derivatives are recognised from the date of arrangement. In addition, transactions carried out in the currency market will be recognised on the settlement date and financial assets traded in Spanish secondary securities markets, if concerning equity instruments, will be recognised on the trade date and, if concerning debt instruments, on the settlement date.

Financial instruments sold with a commitment to repurchase are not derecognised from the consolidated balance sheet and the amount received from the sale is considered to be financing received from third parties and is recorded as repurchase agreements.

f.1) Classification of financial assets

Financial assets are classified on the basis of the following aspects:

- In the case of debt securities:

  - The business models approved by the Group to manage these assets.

  - Compliance or otherwise, in accordance with the asset's contractual flows, with the so-called “SPPI test” (Solely Payment of Principal and Interest), that is, contracts that only generate payment of principal and interest), subsequently described in this same note to the financial statements.

- In the case of equity instruments, it depends on the irrevocable choice of the Entity to recognise, in other comprehensive income, the subsequent changes in the fair value of an investment in an equity instrument which, being within the scope of IFRS 9, is not held for trading.

As a result of these aspects, debt securities will include the following, for measurement purposes, under any of the portfolios listed below: financial assets at amortised cost, financial assets at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

The classification of debt securities in an amortised cost or fair value category must be submitted to two tests: the business model and the "SPPI test". The purpose of the test is to determine whether, in accordance with the contractual characteristics of the instrument, its cash flows represent only the repayment of its principal and interest, understood basically as compensation for the time value of money and the debtor's credit risk.

- A financial instrument will be classified in the amortised cost portfolio when a business model is managed, whose objective is to maintain the financial assets to receive the contractual cash flows, and furthermore, it complies with the SPPI test.

- A financial instrument will be classified in the Financial assets at fair value through other comprehensive income portfolio if a business model is managed whose objective is to combine the receipt of contractual cash flows and sales and, furthermore, it complies with the SPPI test.

- A financial instrument will be classified at fair value through profit or loss provided that, as a result of the Entity's business model, due to its management or the characteristics of its contractual cash flows, it is not appropriate to classify it in any of the portfolios described above.

The Group has defined criteria to determine the acceptable frequency and reasons for sales so that the instrument can remain in the category of held to receive the contractual flows. Regardless of the frequency and significance of the sales, certain types of sales are not incompatible with this business model, such as sales due to a decline in credit quality, sales close to the maturity of operations so that changes in market prices do not have a significant effect on the cash flows of the financial asset, sales in response to a change in regulation or taxation, sales in response to an internal restructuring or significant business combination, or sales arising from the execution of a liquidity crisis plan when the crisis event is not reasonably expected.

The Group segments the financial instrument portfolio for the purposes of the SPPI test, differentiating those products with standard contracts (all the instruments have the same contractual characteristics), for which the Entity performs the SPPI test by reviewing the standard framework contract and the particular contractual characteristics. Financial instruments with specific contractual characteristics are analysed individually. Financial assets not complying with the SPPI test are not recognised on the basis of the characteristics of the business model in which they are found, rather they are recognised at fair value through profit or loss.

f.2) Classification of financial liabilities

Financial liabilities are included for measurement purposes in the following categories: financial liabilities at amortised cost, financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

- The financial liabilities held for trading portfolio includes all the financial liabilities that comply with any of the following characteristics: (i) they were issued with the intention of reacquiring them in the near future, (ii) they are short securities positions, (iii) they form part of a portfolio of identified financial instruments managed jointly, for which there is evidence of a recent pattern of short-term profit-taking, or (iv) they are derivative instruments that do not comply with the definition of a financial guarantee contract nor have they been classified as hedging instruments. The fact that a financial liability is used to finance trading activities does not involve, by itself, its inclusion in this category.

- The financial liabilities classified at fair value through profit or loss portfolio includes all the financial liabilities that comply with any of the following characteristics: (i) they have been irrevocably classified in their initial recognition by the Group, or (ii) they have been classified in their initial recognition or subsequently by the Group as a hedged item to manage the credit risk through the use of a credit derivative measured at fair value through profit or loss.

- If the aforementioned conditions are not met, the financial liabilities are classified in the Financial liabilities at amortised cost portfolio.

f.3) Initial valuation of financial instruments

Upon their initial recognition, all financial instruments are recognised at fair value. For financial instruments not measured at fair value through profit or loss, the fair value is adjusted by adding or deducting the transaction costs directly attributable to their acquisition or issue. For financial instruments at fair value through profit or loss, directly attributable transaction costs are recognised immediately in the consolidated income statement.

Unless evidence exists to the contrary, the fair value at initial recognition is the transaction price, which is equivalent to the fair value of the consideration given. If the fair value at initial recognition differs from the transaction price, the difference is recorded as follows:

- Immediately in the income statement when it involves a level 1 fair value in line with the fair value hierarchy.

- In the remaining cases, as an adjustment of the fair value. The difference is deferred and is allocated to the consolidated income statement, exclusively based on changes in factors, including time, which the market players would consider on assessing the instrument, such as when the difference in a debt instrument is allocated to the consolidated income statement during the term of the transaction.

f.4) Subsequent valuation of financial instruments

Following their initial recognition, the Group measures financial assets: at amortised cost, at fair value through other comprehensive income, at fair value through profit or loss, or at cost. The Group applies the impairment requirements to debt instruments that are measured at amortised cost and at fair value through other comprehensive income.

Similarly, fallowing their initial recognition, the Group measures financial liabilities: at amortised cost or at fair value through profit or loss. Financial liabilities held for trading or designated at fair value through profit or loss are subsequently measured at fair value.

The accounting treatment of changes in valuation for each of the financial instrument portfolios held by the Entity is as follows:

- **Financial assets and liabilities at fair value through profit or loss:** this category includes the following financial instruments: (i) assets and liabilities held for trading, (ii) financial assets not held for trading mandatorily measured at fair value through profit or loss, and (iii) financial assets and liabilities classified at fair value through profit or loss.

  Financial instruments classified at fair value through profit or loss are initially measured at fair value and directly attributable transaction costs are recognised immediately in the consolidated income statement.

  Income and expenses for financial instruments at fair value through profit or loss are recognised in accordance with the following criteria:

  - Changes in fair value are recognised directly in the consolidated income statement, distinguishing, in the case of non-derivative instruments, between the portion attributable to accrued income on the instrument, which is recognised as interest or dividends depending on its nature, and the remainder, which is recognised as gains or losses on financial assets and liabilities held for trading (net), "Gains/Losses on Non- Trading Financial Assets mandatorily measured at fair value through profit or loss (net)" and "Gains/Losses on Financial Assets and Liabilities designated at fair value through profit or loss (net)" in the consolidated income statement.

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

- **Financial assets at fair value through other comprehensive income**: The instruments included in this category are initially measured at fair value, adjusted for the transaction costs directly attributable to the acquisition of the financial asset. Subsequent to their acquisition, financial assets included in this category are measured at fair value through other comprehensive income.

  The revenue and expenses of the financial assets at fair value through other comprehensive income are recognised in accordance with the following criteria:

  - Accrued interest or, where appropriate, accrued dividends, are recognised in the consolidated income statement.

  - Exchange differences are recognised in the income statement in the case of monetary financial assets and in other comprehensive income, net of the tax effect, in the case of non-monetary financial assets.

  - In the case of debt instruments, impairment losses or the gains from their subsequent recovery are recognised in the consolidated income statement.

- The remaining changes in value are recognised, net of the tax effect, in other comprehensive income.

When a debt instrument at fair value with changes in other comprehensive income is derecognised from the consolidated balance sheet, the accumulated gain or loss in accumulated other comprehensive income is reclassified to the result of the period. However, when an equity instrument at fair value through other comprehensive income is derecognised from the consolidated balance sheet, the amount of the gain or loss recognised in Accumulated other comprehensive income is not reclassified to the income statement, but rather to a reserve item.

- **Financial assets at amortised cost:** Financial assets included in this category are initially measured at fair value, adjusted for transaction costs directly attributable to the acquisition of the financial asset. Following their acquisition, the assets classified under this category are measured at amortised cost, using the effective interest rate method.

  The revenue and expenses from the financial instruments at amortised cost are recognised in accordance with the following criteria:

  - Accrued interest is recognised under the "Interest Income" heading in the consolidated income statement, using the effective interest rate on the operation as a percentage of the gross carrying amount of the transaction (except in the case of non-performing assets which is applied as a percentage of the net carrying amount).

  - The remaining changes in value are recognised as income or expense when the financial instrument is derecognised; when it is reclassified; and when impairment losses are incurred or gains are obtained due to the subsequent recovery of such instrument.

- **Financial liabilities at amortised cost**: Financial liabilities classified under this category are measured at amortised cost, calculated using the effective interest rate method. The interest accruing on these securities, calculated using such method, is posted under the "Interest cost" heading in the consolidated income statement.

  On 6 June 2019, the European Central Bank reported on a new series of longer-term financing operations with a specific objective (TLTRO III). On 30 April 2020, the Governing Council of the European Central Bank made some modifications to promote financing for companies, with the aim of reactivating the real economy. These changes lower the interest rate by 25 basis points and down to -0.5% from June 2020 to June 2021. In addition, it considers that the interest rate could be -1% for entities that meet a certain volume of computable loans, in the period between June 2020 and June 2021. On 10 December 2020, these conditions were extended for operations contracted between 1 October 2020 and 31 December 2021, including the option to cancel or reduce the amount of financing before its maturity in windows that coincide with the periods of review and adjustment of the interest rate.

  In this case, the applicable interest rate of -1% from June 2020 to June 2021 (modification of the April 2020 program) and from June 2021 to June 2022 (modification of the December 2020 program) corresponds to a specific period after which the financing is adjusted to market rates and, therefore, must be accrued until the next adjustment date. The early repayment windows of this financing program are substantive conditions, given that, at that moment of adjustment of the cost of financing to the market, the Entity can choose to maintain or cancel it and obtain new financing at more favourable conditions.

The Governing Council of the European Central Bank decided to recalibrate the conditions of the third series of targeted longer-term refinancing operations (TLTRO III) as part of the monetary policy measures adopted to restore price stability over the medium term. From 23 November 2022 until the maturity date or early repayment date of each respective outstanding TLTRO III operation, the interest rate on TLTRO III operations will be indexed to the average applicable key ECB interest rates over this period. Furthermore, three additional voluntary early repayment dates will be introduced to provide TLTRO III participants with additional opportunities to partly, or fully, repay their respective TLTRO III borrowings before their maturity.

In this context, the Parent Company has chosen to accrue interest according to the specific periods of adjustment to market rates, so that it has been recorded in the income statement in the period from June 2020 to December 2022 the interest corresponding to said period, due to compliance with the threshold of computable loans that gives rise to the application of these interest rates.

f.5) Fair value and amortised cost of financial instruments

The fair value of a financial instrument on a given date means the amount for which it could be bought or sold on that date between two knowledgeable, willing parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid in an organised, transparent and deep market ("quoted price" or "market price").

When there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation models sufficiently tested by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

Specifically, the fair value of financial derivatives traded in organised, transparent and deep markets and included in the trading portfolios is assimilated to their daily quoted price and if, for exceptional reasons, the quoted price at a given date cannot be determined, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

The fair value of OTC derivatives or derivatives traded in scantly deep or transparent organised markets is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement (“present value” or “theoretical close”), using valuation techniques acknowledged by the financial markets: “net present value”, option pricing models, etc.

All investments in equity instruments and in contracts on these instruments are measured at fair value. However, in certain circumstances the Group considers that the cost is an adequate estimate of the fair value of these instruments, when the recent information available is insufficient to determine the fair value or when there are a number of possible valuations for which the cost represents the best estimate of all of them.

Amortised cost is understood to be the amount at which a financial asset or liability is measured in the initial recognition, corrected in line with the repayments of the principal and the accumulated amortisation of any difference between such initial amount and the repayment amount of those financial instruments, using the effective interest rate method. In the case of financial assets, amortised cost also includes any impairment allowances.

The effective interest rate is the discount rate that matches the gross carrying amount of a financial asset or the carrying amount of a financial liability with the estimated cash flows over the expected life of the instrument, based on its contractual terms and conditions, without taking into account expected credit losses. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of acquisition, adjusted, where applicable, by the fees and transaction costs which, under current regulations, are an integral part of the instrument's effective yield or cost and, therefore, must be included in the calculation of the effective interest rate. In the case of floating rate financial instruments, the effective interest rate is estimated in a manner similar to that of fixed rate transactions and is recalculated on each contractual interest rate review date of the transaction on the basis of the changes in the future cash flows of the transaction.

f.6) Reclassification of financial instruments

Exclusively when the Group changes its business model for managing financial assets, it reclassifies all the financial assets affected in accordance with the following guidelines:

Such reclassification is made prospectively from the date of reclassification, without restatement of previously recognised gains, losses or interest. In general, changes in the business model occur very infrequently.

- When the Entity reclassifies a debt instrument from the amortised cost portfolio to the fair value through profit or loss portfolio, the Group estimates its fair value at the reclassification date. Any gains or losses arising from the difference between the previous amortised cost and the fair value is recognised in the consolidated income statement.

- When the Entity reclassifies a debt instrument from the fair value through profit or loss portfolio to the amortised cost portfolio, the fair value of the asset at the reclassification date becomes its new gross carrying amount.

- When the Entity reclassifies a debt instrument from the amortised cost portfolio to the fair value through other comprehensive income portfolio, the Group estimates its fair value at the reclassification date. Any gains or losses arising from the differences between the previous amortised cost and the fair value are recognised in other comprehensive income. The effective interest rate and the estimate of expected credit losses are not adjusted as a result of the reclassification.

- When the Entity reclassifies a debt instrument from the fair value through other comprehensive income portfolio to the amortised cost portfolio, the financial asset is reclassified at its fair value at the reclassification date. Any accumulated gains or losses on the reclassification date in Equity - Accumulated other comprehensive income are cancelled, using the carrying amount of the asset on the reclassification date as a balancing entry. Accordingly, the debt instrument is measured on the reclassification date as though it has always been measured at amortised cost. The effective interest rate and the estimate of expected credit losses are not adjusted as a result of the reclassification.

- When the Entity reclassifies a debt instrument from the fair value through profit or loss portfolio to the fair value through other comprehensive income portfolio, the financial asset continues to be measured at fair value, without modifying the recognition of the changes in value recognised previously.

- When the Entity reclassifies a debt instrument from the fair value through other comprehensive income portfolio to the fair value through profit or loss portfolio, the financial asset continues to be measured at fair value. Any accumulated gains or losses previously recognised under "Equity - Accumulated other comprehensive income" are transferred to profit or loss for the period on the reclassification date.

f.7) Derecognition of financial instruments

A financial asset is derecognised from the consolidated balance sheet when any of the following circumstances occur:

- the contractual rights over the cash flows it generates have expired, or
- the financial asset is transferred, together with substantially all its risks and rewards.

A financial liability is derecognised from the consolidated balance sheet when the obligations it generates have been extinguished or when it is repurchased by the Group.

g) Transfers and derecognition of financial instruments

Transfers of financial instruments are accounted for by taking into account the manner in which the risks and rewards associated with the transferred financial instruments are transferred, based on the following criteria:

i) If the risks and rewards of the transferred assets are transferred substantially to third parties, such as in unconditional sales, sales under repurchase agreements at fair value on the repurchase date, sales of financial assets with a purchased call option or written put option deeply out of the money, securitisations of assets in which the transferor does not retain subordinated financing or grant any credit enhancement to the new owners, etc, the financial instrument transferred is derecognised from the consolidated balance sheet, and any rights or obligations retained or created as a result of the transfer are recognised simultaneously.

ii) If the risks and rewards associated with the transferred financial instrument are substantially retained, the instrument is not derecognised from the consolidated balance sheet and continues to be measured using the same criteria as those used prior to the transfer. However, the associated financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost, the income from the transferred but not derecognised financial asset and the expenses of the new financial liability.

iii) If neither the risks and rewards associated with the transferred financial instrument are substantially transferred nor retained, a distinction is made between

- If the Entity has not retained control, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

- If the Entity has retained control, it continues to recognise the financial asset to the extent of its continuing exposure to changes in the value of the financial asset and recognises an associated financial liability in an amount equivalent to the consideration received. That liability is subsequently measured at amortised cost, unless it qualifies for classification as a financial liability designated at fair value through profit or loss. Given that it does not constitute a present obligation, when measuring this financial liability, the Entity deducts the amount of any financial instruments (such as covered bonds and loans) that it owns that constitute a source of financing for the entity to which the financial assets have been transferred insofar as those instruments specifically finance the transferred assets. The net carrying amount of the transferred asset and associated liability is accordingly the amortised cost of the rights and obligations retained if the transferred asset is measured at amortised cost or the fair value of the rights and obligations retained if the transferred asset is measured at fair value.

Therefore, financial assets are only derecognised from the consolidated balance sheet when the cash flows they generate have been extinguished or when the risks and rewards associated with them have been substantially transferred to third parties. Similarly, financial liabilities are only derecognised when the obligations they generate have been extinguished or when they are acquired with the intention of cancelling them or relocating them.

As of 31 December 2022 and 2021 the Group does not hold any financial assets or liabilities that have been derecognised of the consolidated balance.

h) Equity instruments

Contributions to the capital of the Cooperative (Entity) by its members are considered equity instruments and are recognised as equity when there is an unconditional right on the part of the Cooperative to refuse its reimbursement or there are legal or statutory prohibitions to make such reimbursement. If the prohibition on redemption is partial, the amount repayable in excess of the prohibition is recognised in a specific item in the consolidated balance sheet "Capital with the nature of a financial liability". Contributions for which there is a remuneration obligation, even if it is conditional on the existence of results of the cooperative, are treated as financial liabilities. Remuneration on shares is recognised as finance costs for the year if it relates to shares accounted for as financial liabilities and directly against the cooperative's equity in all other cases.

The Ordinary General Assembly held on 28 April 2006 approved the compulsory conversion of contributions from members with the right to reimbursement into contributions whose reimbursement can be unconditionally refused by the Governing Council. In this way, from that date onwards, all the contributions to the cooperative are considered as "Own capital instruments".

Likewise, the remuneration of the contributions shall be set at each moment by the General Assembly of the Parent Company (Note 21.1).

Emissions, repayments and consideration received or delivered of own equity instruments are recorded directly in the Group's equity, and changes in the value of this type of instrument are not recorded in the financial statements. Also, the costs related to these types of transactions are deducted directly from equity, after deducting any related tax effect.

Remuneration, changes in the carrying amount and the results associated with the repurchase or refinancing of financial liabilities are recognised in the consolidated income statement as a finance cost. Also, the costs of issuing financial liabilities are recognised in the consolidated income statement using the effective interest method. In any event, remuneration on capital that is classified as a financial liability is presented under a separate heading.

i) Hybrid financial instruments

The Group enters into hybrid financial instruments that include a host contract other than a derivative and a derivative financial contract, known as an embedded derivative. These embedded derivatives are separated from such host contracts and treated independently for accounting purposes if the economic characteristics and risks of the embedded derivative are not closely related to those of the non-derivative host contract, if a different instrument with the same conditions as those of the embedded derivative would meet the definition of a derivative and if the hybrid contract is not measured at its fair value through consolidated profit and loss.

The initial value of embedded derivatives that are separated from the host contract and that are options is obtained on the basis of their own characteristics, and those that are not options have an initial value of zero. When the Group does not have the capacity to reliably estimate the fair value of an embedded derivative, it estimates its value by the difference between the fair value of the hybrid contract and that of the host contract, provided that both values can be considered reliable; if this is also not possible, the Group does not segregate the hybrid contract and treats the hybrid financial instrument as a whole as included in the portfolio of "Financial assets at fair value through profit or loss" for accounting purposes. The main contract that is not a derivative is treated separately for accounting purposes.

The financial assets and liabilities with which the Group habitually operates are:

- Financing granted and received from other credit institutions and clients regardless of the legal form in which they are implemented (loans, credits, advances, etc.).

- Securities representing both debt (bonds, bonds, promissory notes, etc.) and equity instruments (shares).

- Derivatives; Contracts whose outcome is related to the evolution of the value of an underlying asset (interest rate, exchange rate or similar reference), with an initial non- significant or zero pay-out and settled at a future date. In addition to providing a result (loss or gain), if certain conditions are met, they may eliminate all or part of the financial risks associated with the Entity's balances and transactions.

j) Financial guarantees

Financial guarantees are contracts whereby the Group undertakes to pay specific amounts to a third party if the latter fails to do so. The main contracts under this heading, which are included in the "Notes to the Consolidated Financial Statements" at the end of the consolidated balance sheet, are guarantees (both financial and technical), sureties, irrevocable documentary credits issued or confirmed by the Group, insurance contracts and, where applicable, credit derivatives in which the Group acts as the seller of protection.

Financial guarantees are classified on the basis of the risk of default attributable to the customer or the transaction and, where appropriate, the need to record provisions (see Note 18) to cover credit risk, applying similar criteria to those used to determine impairment losses on financial assets classified in the "Loans and Receivables" portfolio, as described in Note 3.l.

k) Investments in joint ventures and associates

The details of the Parent's investments, together with the most significant information thereon, are included in Note 14 to the Entity's individual financial statements and in Note 1.c). The Entity classifies its investments in subsidiaries, joint ventures or associates, as follows:

- Joint ventures: Joint ventures are not subsidiaries and, by contractual agreement, are controlled jointly by two or more entities, including the Entity or other Group entities.

- Associates: Those over which the Entity, individually or collectively with other Group entities, exercises significant influence but which are not subsidiaries or jointly controlled entities. To evidence the existence of significant influence, the Entity considers, among other situations, representation on the Board of Directors or equivalent management body of the investee, participation in policy-making processes, including those related to dividends and other distributions, the existence of material transactions between the Entity and its investee, the interchange of senior management employees or the provision of essential technical information, although such significant influence usually manifests itself in an investment (direct or indirect) equal to or exceeding 20% of the investee's voting rights.

Investments in subsidiaries, jointly controlled entities and associates are recognised at cost and are adjusted for impairment if there is evidence of impairment. In calculating impairment losses, the Company compares recoverable amount (i.e. the higher of fair value less costs to sell and value in use) with the carrying amount. Impairment losses and recoveries of value disclosed by this measurement are recognised immediately in the Group's consolidated income statement.

At 31 December 2022 and 2021 all investments held by the Entity are classified as Subsidiaries.

l) Impairment of financial assets

The criteria described in this section apply both to debt instruments (loans and advances, and debt securities) and to other exposures involving credit risk (loan commitments granted, financial guarantees provided, and other commitments granted).

For the purposes of recording the coverage of impairment losses, the Entity recognizes the expected credit losses of the operations. A distinction is made between:

- Credit losses expected during the course of the transaction: expected credit losses arising from all possible breaches during the expected course of the transaction.

- Credit losses expected over twelve months: credit losses expected during the course of the transaction, relating to expected credit losses arising from breaches that may arise with respect to the transaction in the twelve months following the date in question.

Credit losses correspond to the difference between all contractual cash flows due to the Entity under the contract for the financial asset and all cash flows the Entity expects to receive (i.e. the entire cash flow shortfall), discounted at the original effective interest rate or, for financial assets purchased or originated with credit impairment, at the effective interest rate adjusted by the credit rating.

In the case of loan commitments granted, a comparison is made between the contractual cash flows that would be due to the entity in the case of the drawdown of the loan commitment and the cash flows that the entity expects to receive if the commitment is drawn down. In the case of financial guarantees granted, the payments that the entity expects to make are considered less the cash flows that the entity expects to receive from the guaranteed holder.

The Group estimates the cash flows from the transaction over its expected life, taking into account all the contractual terms and conditions of the transaction (such as early redemption, extension, surrender and similar options). It is assumed that the expected life of an operation can be reliably estimated. However, in the exceptional cases where it is not possible to estimate it reliably, the Entity uses the remaining contractual term of the operation, including extension options. Among the cash flows taken into account, the Entity includes those from the sale of collateral received or other credit enhancements that are an integral part of the contractual conditions, such as the financial guarantees received.

The amount of the impairment loss hedges is calculated on the basis of their classification for credit risk and whether or not a default event has occurred. Thus, the hedge for impairment losses on transactions is equal to:

- Credit losses expected in twelve months, when the risk is classified in ‘Performing’ (Stage 1).

- The credit losses expected during the course of the transaction, if the risk is classified in Performing on special watch (Stage 2).

- Expected credit losses, when a breach has been committed and such losses have hence been classified under Non-performing (Stage 3).

The Group determines that there is a significant increase in credit risk if, since its initial recognition, an event has occurred that gives rise to a default and that, as a consequence, causes a change in the credit losses expected at the reference date. The initial recognition date will be taken as the date on which the borrower irrevocably becomes a party to the contract. Regardless of the flexibility measure by which the criterion of significant increase in credit risk is adapted, it will be presumed that said increase has occurred when there are amounts past due in said operations that are more than thirty days old.

Notwithstanding the foregoing, if it is determined that an operation has low credit risk on the reference date, the Group may consider that there has been no significant increase in risk without the need to carry out the evaluation. In this sense, a borrower will be considered to have a low credit risk if there are favourable signs to meet their contractual payment obligations in the immediate future, and that possible variations in long-term economic and commercial circumstances may reduce their ability to pay, but not necessarily your ability to meet your contractual payment obligations.

<u>I.1)</u> <u>Debt instruments measured at amortised cost</u>

In order to determine impairment losses, the Group monitors debtors individually, at least for all significant debtors, and collectively, for groups of financial assets with similar credit risk characteristics indicating the debtors' ability to pay the outstanding amounts. When a particular instrument cannot be included in any group of assets with similar risk characteristics, it is analysed exclusively on an individual basis to determine whether it is impaired and, if so, to estimate the impairment loss.

The Group has policies, methods and procedures for estimating the losses that may be incurred as a result of the credit risks it holds, both for insolvency attributable to counterparties and for country risk. These policies, methods and procedures are applied in the granting, modification, evaluation, monitoring and control of debt instrument transactions and off-balance sheet exposures, as well as in the identification of their possible impairment and, where appropriate, in the calculation of the amounts required to cover estimated losses.

<u>I.1.1)</u> <u>Accounting classification according to credit risk due to insolvency</u>

The Group has established criteria to identify borrowers with weaknesses or objective evidence of impairment and to classify them on the basis of their credit risk.

The following sections describe the classification principles and methodology used by the Group.

I.1.1.1) Definition of the classification categories

Debt instruments not included in the portfolio of financial assets held for trading, as well as off-balance sheet exposures, are classified, based on credit risk due to insolvency, as:

i) Standard risk:

a) Operations that do not meet the requirements for classification in other categories.

b) Standard risk in special surveillance: transactions which, without meeting the criteria for individual classification as doubtful or write-off, present significant increases in credit risk from initial recognition, transactions in which there are overdue amounts more than thirty days old shall also be classified.

ii) Doubtful risk:

a) Due to the bad debt of the holder: transactions with an amount overdue by principal, interest or expenses contractually agreed, generally, more than 90 days old, unless classifying them as unsuccessful. Also included in this category are the guarantees granted when the guarantor has incurred in the delinquency of the guaranteed operation. It also includes the amounts of all trades of a holder when transactions with amounts overdue generally, as indicated above, of more than 90 days old, are higher than 20% of amounts pending recovery.

b) For reasons other than the holder's non-performing loans: operations in which, without concurring the circumstances to classify them into the categories of failed or doubtful due to delinquency, reasonable doubts arise about their total repayment in the terms contractually agreed; As well as off-balance-sheet exposures not classified as doubtful due to the delinquency whose payment by the Entity is probable and its doubtful recovery.

iii) Write-off:

This category includes debt instruments, whether due or not, for which, after an individual analysis, it is considered that there is no reasonable expectation of recovery due to a notable or irrecoverable impairment in the solvency of the operation or the holder. Classification in this category shall entail the full write-down of the gross carrying amount of the transaction and its total derecognition from the assets.

I.1.1.2) Operation classification methodology

The Group applies a variety of criteria to classify borrowers and transactions in the various categories based on their credit risk. These include:

i) Automatic criteria;
ii) Specific criteria for refinancing; and
iii) Criteria based on monitoring models, covered by the monitoring of certain parameters.

The automatic factors and classification criteria specific to refinancings constitute a classification and cure process and are applied to the entire portfolio. In addition, in order to enable early identification of weaknesses and impairment of operations, the Group establishes a follow-up model that allows the corresponding treatment, depending on the different levels of default risk, to be allocated.

Transactions classified as doubtful are reclassified at standard risk when, as a result of the total or partial collection of the unpaid amounts in the case of doubtful debts for reasons of default, or because the cure period has been exceeded in the case of doubtful debts for reasons other than default, the causes that originally led to their classification as doubtful disappear, unless other reasons remain that make it advisable to maintain them in this category (e.g. maintenance of overdue amounts more than 90 days old in other outstanding transactions of the borrower).

As a result of these procedures, the Group classifies its borrowers in the categories of standard in special surveillance or doubtful on grounds of the holder's default, or maintains them as standard.

I.1.1.3) Individual classification

The Group has established a threshold in terms of exposure to consider the borrowers as significant, set at a total risk exposure of over EUR 3,000 thousand or 5% of the Parent Company's Equity. This classification also includes those transactions that the Entity considers to be significant.

For significant borrowers, a predictive default model is established, which consists of a system of variables/alerts designed to detect future customer default situations, calibrate and quantify their severity and establish different levels of probability of default risk. An expert team of risk analysts analyses the borrowers with active alerts to conclude on the existence of weaknesses or objective evidence of impairment and, in the case of evidence of impairment, whether that loss event or events have an impact on the estimated future cash flows of the financial asset or its group.

I.1.1.4) Collective classification

For borrowers who do not exceed the significance threshold and who, in addition, have not been classified as doubtful.

I.1.1.5) Refinancing and restructuring operations

The policies and procedures relating to refinancing and restructuring operations have been adapted to the modifications of circular 4/2017 contained in circular 3/2020. The Entity chose to apply the modifications from 31 March 2020.

The credit risk management policies and procedures applied by the Group ensure that borrowers are monitored closely and that provisions are made when there is evidence of a deterioration in their solvency. Therefore, the Group records the required provisions for bad debts for those operations in which the situation of the borrower so requires before restructuring or refinancing operations are carried out, which should be understood as:

- Refinancing operation: an operation that is used for economic or legal reasons related to financial difficulties (current or foreseeable) of the holder to cancel one or more operations granted, by the entity itself or by other entities in its group, to the owner or to other entities in their economic group, or by which they are totally or partially paid up, in order to facilitate the payment of their debt (principal and interest) to the holders of cancelled or refinanced operations because they cannot , or it is expected that they will not be able to comply in a timely manner with their conditions.

- Restructured operation: the financial conditions of an operation are changed for economic or legal reasons related to the current or foreseeable difficulties of the holder, in order to facilitate payment of the debt (principal and interest) because the holder cannot, or It is anticipated that it will not be able to comply, in a timely manner, with those conditions, even if such modification is provided for in the contract. In any case, the operations in which their conditions are modified to extend their maturity period, vary the amortisation table to reduce the amount of the quotas in the short term or reduce their frequency, or establish or the term of grace of principal, interest or both, unless it can be shown that the conditions are modified for reasons other than the financial difficulties of the owners and are analogous to those that would be applied by other entities in the market for similar risks.

If a transaction is classified in a certain risk category, the refinancing transaction does not improve the risk consideration of the transaction. The initial classification of refinanced transactions is established on the basis of their characteristics, mainly the existence of financial difficulties in the borrower and the existence of certain clauses such as long grace periods. As a general rule, the Group classifies refinancing and restructuring operations with standard risk under special surveillance, unless they meet the criteria for classification as doubtful, or it is justified that a significant increase in credit risk has not been identified, in which case the standard risk classification may be maintained.

This type of operation is specifically identified in the information system in such a way as to allow for adequate accounting classification and monitoring.

In addition, in accordance with the principle of traceability, the Entity's internal information system must keep the information on the modification made, necessary to ensure at all times the adequate monitoring, evaluation and control of the operation.

Subsequent to the initial rating of the operation, the rating to a lower risk category will be justified by significant evidence of improvement in the expected recovery of the operation, either because the borrower has been servicing for an extended and sustained period of time their payment obligations or because the initial debt has been repaid in a significant percentage.

I.1.2) Determination of coverage

The Group applies the criteria described below to calculate the coverage of credit risk losses.

In relation to transactions identified as not involving appreciable risk (basically those with central banks, financial institutions, mutual guarantee societies and public authorities, all of which belong to the European Union or to certain countries considered to be without risk), a coverage percentage of 0% is applied, except in the case of transactions classified as doubtful, where an individualised estimate of impairment is made.

I.1.2.1) Individualised estimates of coverage

They are subject to individual assessment:

i) The coverage of the doubtful operations of the individually significant borrowers.

ii) Where applicable, transactions or borrowers whose characteristics do not permit a collective calculation of impairment.

iii) The coverage of transactions identified as having no appreciable risk and classified as doubtful, both for reasons of non-performance and for reasons other than non-performance.

The Group has developed a methodology for estimating these hedges, calculating the difference between the gross carrying amount of the transaction and the present value of the estimated cash flows expected to be collected, discounted using the effective interest rate. To this end, the effective guarantees received are taken into account.

Two methods are established for the calculation of recoverable value in individually assessed assets:

i) Estimates of cash flows: debtors for whom the ability to generate future cash flows is estimated with the development of the business itself, allowing, through the development of the activity and the economic and financial structure of the borrower, the return of part or all of the debt incurred. It implies the estimation of cash flows obtained by the borrower in the development of his business. Additionally, it is possible that such flows may be complemented with potential sales of non-essential assets for the generation of the aforementioned cash flows.

ii) Execution of guarantees: debtors with no ability to generate cash flows with the development of their own business, being forced to liquidate assets to pay their debts. It implies the estimation of cash flows based on the execution of guarantees.

I.1.2.2) Collective estimates of coverage

They are subject to collective estimation:

i) Exposures classified as standard risk (including those classified under special surveillance), for which the Company considers that a loss has been incurred but which have not been reported, since no impairment has been observed in individual transactions.

(ii) Exposures classified as doubtful which are not assessed through individual hedge accounting.

The impairment estimation process takes into account all credit exposures, both debt instruments and off-balance sheet exposures. In this sense, the Entity has used the parameters and methodology established by the Bank of Spain, based on statistical data and models that aggregate the average performance of banking sector entities in Spain and supports its full compatibility with the framework conforming to IFRS, in relation to the classification and calculation of the impairment of the balance sheet and off-balance sheet exposures maintained by the Entity with its customers. The aforementioned methodology takes into account the credit risk segment to which the transaction belongs, the effective collateral and personal guarantees received, the economic and financial situation of the debtor and, if applicable, the age of the overdue amounts.

In estimates of credit risk losses, the amount to be recovered from real estate guarantees will be the result of adjusting its reference value, by the adjustments necessary to adequately capture the uncertainty in its estimate and its reflection in potential value declines up to its execution and sale, as well as execution costs, maintenance costs and selling costs.

The Group determines the amount to be recovered from effective collateral by applying to its reference value the discounts estimated by the Bank of Spain in its Circular 4/2017 and subsequent amendments, compatible with the framework formed of IFRS, based on its experience and the information it has on the Spanish banking sector.

I.1.3) Credit risk classification and coverage by reason of country risk

Country risk is the risk to counterparties resident in a given country due to circumstances other than standard commercial risk (sovereign risk, transfer risk or risks arising from international financial activity). The Group classifies the transactions carried out with third parties into different groups on the basis of the economic evolution of the countries, their political situation, regulatory and institutional framework, payment capacity and experience, assigning to each of them the percentages of provisioning for insolvency, in accordance with current regulations.

Doubtful assets due to materialisation of country risk are considered to be those transactions with final debtors resident in countries with prolonged difficulties in servicing their debt, the possibility of recovery being considered doubtful, and off-balance sheet exposures whose recovery is considered remote due to circumstances attributable to the country.

The provision levels for this item are not significant in relation to the impairment coverage set up by the Group.

I.1.4) Guarantees

Real and personal guarantees for which the Group proves its validity as a credit risk mitigator are considered effective. The analysis of the effectiveness of the guarantees takes into account, among other things, the time required for the execution of the guarantees and the capacity of the Group to execute them, as well as its experience in the execution of the guarantees.

Under no circumstances are guarantees considered to be effective if their effectiveness depends substantially on the credit quality of the debtor or the economic group of which it is a member.

In compliance with these conditions, the following types of guarantees may be considered as effective:

i) Real estate guarantees instrumented as real estate mortgages with first charge:

a. Buildings and components of finished buildings:
   - Households.
   - Offices and commercial premises and multipurpose buildings.
   - Rest of buildings, such as non-multipurpose buildings and hotels.
b. Urban and buildable land.
c. Other real estate (buildings and elements of buildings under construction, and other land).

ii) Collateral on financial instruments:
- Money deposits.
- Other financial instruments on active markets.
- Other financial instruments not on active markets.

iii) Other security rights:
- Movable property received as collateral.
- Second and successive mortgages on real estate.

iv) Personal guarantees that involve the direct and joint responsibility of the new guarantors before the client, being those persons or entities whose solvency is sufficiently demonstrated in order to guarantee the integral amortisation of the operation according to the agreed conditions.

The Group has criteria for the valuation of the collateral for assets located in Spain that are in line with current regulations. In particular, the Group applies criteria for selecting and contracting valuation providers aimed at guaranteeing their independence and the quality of the valuations, all of which are appraisal companies and agencies registered in the Bank of Spain's Special Register of Appraisal Companies and the valuations are carried out in accordance with the criteria established in Order ECO/805/2003 on real estate valuation standards and certain rights for certain financial purposes.

Real estate guarantees for credit operations and real estate are valued at the time they are granted or registered, the latter either through purchase, adjudication or dation in payment and when the asset suffers a significant drop in value. In addition, minimum updating criteria are applied to guarantee an annual frequency in the case of impaired assets (special surveillance, doubtful assets and foreclosed properties or properties received in payment of debts) or a three-year frequency for high debts in a normal situation without any symptoms of latent risk. Statistical methodologies are used to update valuations only for the above assets when they are of low exposure and risk, although a full ECO valuation is performed at least every three years.

<u>l.2) Debt instruments measured at fair value</u>

The amount of the impairment losses incurred on debt instruments included under "Financial Assets at Fair Value through Other Comprehensive Income" is equal to the positive difference between their acquisition cost, net of any principal repayment, and their fair value less any impairment loss previously recognised in the consolidated income statement.

When there is objective evidence that the decline in fair value is due to impairment, the unrealised losses recognised directly in equity under "Accumulated Other Comprehensive Income" are recognised immediately in the consolidated income statement. If all or part of the impairment losses are subsequently recovered, the amount is recognised in the consolidated income statement for the recovery period.

In the case of debt instruments classified under "Non-Current Assets and Disposal Groups" which are classified as held for sale, the losses previously recognised under "Equity" are considered to be realised and are recognised in the consolidated income statement at the date of classification.

m) <u>Accounting coverage</u>

The Group's governing bodies have analysed the accounting implications of IFRS 9 for hedge accounting and have decided, for the time being, to maintain the accounting for these financial instruments in accordance with IAS 39, as permitted by IFRS 9.

The Group uses financial derivatives (swaps, forwards, futures, options and combinations of these instruments), which are traded bilaterally with the counterparty outside organised markets ("OTC derivatives").

These instruments are contracted by the Group to enable its customers to manage the risks inherent to their activities, as well as to manage the risks of the Group's own positions and its assets and liabilities ("hedging derivatives"), or to benefit from changes in their price ("trading derivatives").

All financial derivatives (even those initially contracted with the intention of serving as a hedge) that do not meet the conditions that allow them to be considered as hedges are treated for accounting purposes as "trading derivatives".

For a financial derivative to be considered hedging, it necessarily has to:

a) Covering one of the following three types of risk: 1) Variations in the value of assets and liabilities due to fluctuations in prices, interest rate and/or exchange rate subject to the position or (2) The changes in estimated cash flows arising from the highly probable financial assets and liabilities, commitments and planned transactions expected to be carried out by an entity ("cash flow hedges"). and (3) Net investment in a foreign operation (" net investment coverage in foreign operations ").

b) Efficiently remove any risk inherent in the hedged item or position over the entire term of the hedge, which implies that it is expected to act with a high degree of effectiveness ("prospective effectiveness") and evidence sufficiently that coverage has been effective over the life of the covered item or position ("retrospective effectiveness").

c) It is documented that the contracting of the financial derivative took place specifically to serve as a hedge, including how it was intended to achieve and measure effective hedging; in accordance with the Entity's risk management policy.

The effectiveness of hedges of derivatives defined as hedges is duly documented by means of effectiveness tests performed by the Group to verify that the differences arising from changes in market prices between the hedged item and its hedge are kept within reasonable parameters throughout the life of the transactions, thus fulfilling the forecasts established at the moment of the contracting.

The Group considers that a hedging relationship is highly effective when, from inception and over the life of the transaction, the changes in the cash flows or in the fair value of the hedged items caused by the risks covered are almost entirely offset by the changes in the cash flows or in the fair value of the hedge. This requirement is met when the results of the hedge have fluctuated from those of the hedged item in a range of 80% to 125%.

When this relationship ceases to exist, the hedging transactions would no longer be treated as such and reclassified as trading derivatives.

Hedges can be applied both to individual items or balances and to portfolios of financial assets and liabilities. In the latter case, the financial assets or liabilities in the hedged portfolio must expose the Group to the same type of risk.

The Group only arranges hedges in which all the financial terms of the hedge transaction fully coincide with the terms of the hedged transaction to ensure its full effectiveness.

The Group classifies its accounting hedges on the basis of the type of risk they cover into: fair value hedges, cash flow hedges and hedges of net investments in foreign operations.

Recognition of fair value hedges

The gain or loss arising on the measurement of hedging instruments at fair value and the gain or loss attributable to the hedged risk is recognised immediately in the consolidated income statement, even if the hedged item is measured at amortised cost or is a financial asset included in the category "Financial assets at fair value through other comprehensive income".

When the hedged item is measured at amortised cost, its carrying amount is adjusted by the amount of the gain or loss recognised in the consolidated income statement as a result of the hedge. Once this item is no longer hedged against changes in its fair value, the amount of this adjustment is recognised in the consolidated income statement using the effective interest method recalculated on the date on which it ceases to be adjusted and must be fully amortised by the maturity date of the hedged item.

Accounting for cash flow hedges

The gain or loss that arises on measuring a hedging instrument at fair value (for the effective portion of the hedge) is recognised temporarily in "Accumulated other comprehensive income - items that can be reclassified to profit or loss" in equity. The portion of the instrument's value corresponding to the ineffective portion of the hedge is recognised immediately in the consolidated income statement.

The cumulative gains or losses on hedging instruments recognised in "Accumulated Other Comprehensive Income - Items Eligible for Reclassification to Profit or Loss" in equity remain in that item until they are recognised in the consolidated income statement in the periods in which the items designated as hedges affect that account, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or liability, in which case the amounts recognised in equity are included in the cost of the asset or liability when it is acquired or assumed. If it is expected that all or part of a loss recognised temporarily in equity will not be recovered in the future, the amount is reclassified immediately to the consolidated income statement.

When the hedge is discontinued, the cumulative gain or loss on the hedging instrument recognised in "Accumulated Other Comprehensive Income - Items that can be reclassified to profit or loss" in "Equity" while the hedge was effective continues to be recognised in that item until the hedged transaction occurs, at which time the criteria indicated in the preceding paragraph are applied, unless it is expected that the transaction will not take place, in which case it is recognised immediately in the consolidated income statement.

The Group has no net investment hedges in foreign businesses.

n) Transfers of financial assets

The Group derecognises a transferred financial asset when it transfers in full all the contractual rights to receive the cash flows it generates or when, although it retains these rights, it assumes a contractual obligation to pay them to the transferees and the risks and rewards associated with ownership of the asset are substantially transferred.

In the case of transfers of assets in which the risks and rewards associated with ownership of the asset are substantially retained, the transferred financial asset is not derecognised and an associated financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost. The transferred financial asset continues to be measured using the same criteria as those used prior to the transfer. Both the income from the transferred financial asset and the expense from the financial liability are recognised in the consolidated income statement without being offset.

In the case of transfers of assets in which the risks and rewards associated with ownership of the asset are neither substantially transferred nor retained and the Group retains control of the asset, a financial asset is recognised for an amount equal to its exposure to changes in the value of the transferred financial asset, and a financial liability associated with the transferred financial asset is measured so that the net carrying amount between the two instruments is equal:

- When the transferred financial asset is measured at amortised cost: The amortised cost of the rights and obligations retained by the Group.

- When the transferred financial asset is measured at fair value: The fair value of the rights and obligations retained by the Group, measured separately.

If the Group does not retain control of the transferred financial instrument, it is derecognised from the consolidated balance sheet and any rights or obligations retained as a result of the transfer are recognised.

The Group has not recognised the assets and liabilities related to transfers made before 1 January 2004 in accordance with the exception mentioned in the First Transitional Provision of Circular 4/2004. As of 31 December 2022, the Group did not have any amount of securitised assets and derecognised under the previous regulations, having no amount as of 31 December 2021 (Note 11.3).

At 31 December 2022, the Group had securitised assets totalling EUR 145,488 thousand (EUR 165,954 thousand in 2021) held in full in the consolidated balance sheet (Note 11.3).

ñ) Tangible assets

Property, plant and equipment includes the amounts for properties, land, furnishings, vehicles, computer equipment and other items owned by the Group or being acquired under finance leases. Property, plant and equipment items are classified based on their intended use: property, plant and equipment used by the Group, investment properties, other assets assigned under operating leases and property, plant and equipment associated with the Education and Development Fund.

Property, plant and equipment used by the Group mainly includes offices and bank branches (both built and under development) held by the Group. These assets are measured at cost less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes expenditure initially on their acquisition and production and subsequently on any extension, replacement or enhancement, in both cases where it is considered probable that future economic benefits will be derived from their use.

For certain items for own use and for free disposal, the Fund considered that the acquisition cost on the date of transition to Circular 4/2004 (1 January 2004) was the market value of these items obtained from appraisals by independent experts. The accounting impact of this revaluation was EUR 17,875 thousand net of taxes.

The acquisition or production cost of tangible assets, net of their residual value, is depreciated on a straight-line basis over the years of estimated useful life of the various assets, as detailed below

	Years of useful life	**Depreciation rates used**
Buildings for own use	50 a 100	1% to 2%
Furniture	15	5% to 10%
Facilities	15 a 20	5% to 10%
Vehicles	14	5% to 10%

Repair and maintenance expenses that do not increase the useful life of the asset concerned are charged to the income statement in the year in which they are incurred.

The financial expenses incurred on the financing obtained to acquire property, plant and equipment do not increase the acquisition cost and are recorded in the income statement in the year in which they are incurred.

Assets acquired with deferred payment are recognised for an amount equivalent to their cash price, reflecting a liability for the same amount outstanding. In cases where the deferral exceeds the normal deferral period (180 days for property, 90 days for the rest) the expenses arising from the deferral are deducted from the acquisition cost and charged to the consolidated income statement as a finance cost.

Property, plant and equipment is eliminated from the balance sheet when they are disposed of, even when assigned under a finance lease, or when they are permanently withdrawn from use and no future financial benefits are expected to be obtained on their disposal, assignment or abandonment. The difference between the selling price and their carrying value is recognised in the income statement for the period in which the asset is eliminated.

The Group periodically assesses whether there is any indication, either internal or external, that any tangible asset may be impaired at the date of the financial statements. For those assets identified, it estimates the recoverable amount of the tangible asset, understood to be the greater of (i) its fair value less costs to sell and (ii) its value in use. If the recoverable amount, so determined, is less than the carrying amount, the difference between the two is recognised in the consolidated income statement, reducing the carrying amount of the asset to its recoverable amount.

The accounting principles applied to assets held under operating leases and non-current assets and disposal groups classified as held for sale are set out in Note 3.p and Note 3.q, respectively.

With the entry into force of IFRS 16, the Group has registered the right to use its leased premises and vehicles as indicated in the standard. The impact of the first application of this standard amounted to EUR 13,151 thousand.

o) Intangible Assets

Other intangible assets

The Group classifies as other intangible assets those non-monetary assets for which it is considered probable that economic benefits will be received and whose cost can be reliably estimated.

Intangible assets are initially recognised at cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

The years of useful life and the amortisation rates used for intangible assets are as follows:

	Years of useful life	Amortisation rate used
Computer Applications	6	16.67%

Intangible assets are classified by the Group as having a definite useful life (they are amortised over the asset's useful life).

Intangible assets with a defined life are amortised accordingly using criteria that are similar to those applied for the depreciation of property, plant and equipment.

In both cases, the Group recognises any impairment loss on the carrying amount of these assets with a charge to "Impairment/Reversal of Impairment Losses on Non-Financial Assets - Intangible Assets" in the consolidated income statement. The criteria for recognising the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those applied to property, plant and equipment (see Note 3.ñ).

p) Accounting for leasing transactions

When the consolidated entities act as lessors

When the consolidated companies act as the lessor in a lease transaction, they present the acquisition cost of the leased assets under "Tangible Assets", either as "Investment Property" or "Leased out under an operating lease", depending on the nature of the assets to be leased. These assets are depreciated in accordance with the policies adopted for similar tangible assets for own use and the income from the leases is recognised in the consolidated income statement on a straight-line basis under "Other Operating Income - Sales and Income from the Provision of Non-Financial Services".

When the consolidated entities act as lessees

When the consolidated companies act as lessees in lease transactions, and after the entry into force of IFRS 16, the accounting principles and measurement standards adopted by the Group are as described below:

- *Term of the lease*: the term of the lease is equal to the non-cancellable term of a lease, plus any periods covered by the option to extend the lease if it is reasonably certain that the lessee will exercise the option and any periods covered by the option to terminate the lease if it is reasonably certain that the lessee will not exercise the option.

- *General recognition criteria*: assets and liabilities arising from leases are recognised at the commencement date of the lease, which is the date on which the lessor makes the leased asset available to the lessee for use.

- *Initial measurement of the lease liability*: at the commencement date of the contract, the Group recognises a lease liability for the present value of the lease payments not paid at that date.

  The discount rate used to calculate the present value of these payments is the interest rate that the lessee would have to pay to borrow, for a similar term and with similar security, the funds necessary to obtain an asset with a similar value per right of use in a similar economic environment (additional financing rate).

These liabilities are recognised under "Financial Liabilities at Amortised Cost - Other Financial Liabilities" in the consolidated balance sheet.

- *Initial measurement of the asset for right of use*: On the date of commencement of the contract, the Group recognises an asset for right of use that is measured at cost, comprising

  a) The amount of the initial measurement of the lease liability, as described above

  b) Any rental payments made on or before the start date, less any collections received from the landlord (such as incentives received for signing the lease).

  c) The initial direct costs borne by the tenant. These include, but are not limited to, costs directly related to the location of a tangible good in the location and condition necessary for the lessee to operate it.

  d) The costs that it estimates it will incur to dismantle and dispose of the leased asset, to rehabilitate the site where it is located or to return the asset to the condition required by the contract, unless such costs are incurred for the production of inventories. These costs are recognised as part of the cost of the right of use asset when the Group acquires the obligation to bear them.

  Assets with a right of use, for presentation purposes, are classified as tangible or intangible assets depending on the nature of the leased asset.

- *Subsequent measurement of the lease liability*: After initial recognition, the Group measures the lease liability for

  a) Increase its carrying amount by reflecting the accrued interest, which is calculated by applying the interest rate used in the initial measurement to the balance of the liability.

  b) Reduce its carrying amount by reflecting the lease payments made.

  c) Reflect the update of: (i) the term of the lease as a result of a change in the assessment of the exercise of options to extend or terminate the lease, (ii) the term of the lease and lease payments as a result of a change in the assessment of the exercise of the option to purchase the leased asset, (iii) lease payments as a result of a change in the assessment of amounts expected to be paid under the residual value security, (iv) amounts of future variable lease payments dependent on an index or rate as a result of a change in the latter. In the cases referred to in (i) and (ii), because the lease term has been discounted, the revised payments shall be discounted at a revised discount rate, which shall be equal to the implicit interest rate for the remainder of the lease term, if this can be readily determined, or the additional financing rate at the assessment date, if not. In the cases referred to in (iii) and (iv), because the lease term has not been discounted, the revised payment amounts shall be discounted at the discount rate used in the initial measurement, unless the change in payment is due to a change in floating interest rates, in which case a revised discount rate reflecting the change in interest rate shall be used. The Group reviews the term of the lease or the amounts expected to be paid for residual value guarantees when a significant event or change occurs with respect to the exercise of the options provided for in the contract. Similarly, the Group reviews payments linked to an index or rate when, in accordance with the contractual terms, the amounts of these payments have to be updated.

d) Reflect any changes in the lease.

e) Reflect lease payments that were not considered unavoidable, such as those that depend on events previously uncertain of occurrence, but which at the reference date are considered to be fixed in substance because they are unavoidable.

Variable lease payments not included in the measurement of the lease liability are recognised in the income statement for the period in which the event or circumstance giving rise to the payments occurs.

- *Subsequent measurement of the right-of-use asset*: After initial recognition, the Entity measures the right-of-use asset at cost:

a) Less accumulated depreciation and any accumulated impairment loss. If ownership of the leased asset is transferred at the end of the contract or if the initial valuation of the cost of the right-of-use asset reflects that the lessee will exercise the purchase option, the right-of-use asset is depreciated over the useful life of the leased asset. In other cases, it is depreciated over the shorter of the useful life of the asset or the lease term.

b) Adjusted to reflect changes in the present value of the lease payments made in accordance with the above.

- *Simplified treatment for recognition and valuation*: The Bank accounts for lease payments of:

a) Short-term leases (understood as those with a term of twelve months or less at the commencement date), provided that they do not incorporate a purchase option.

b) Leases in which the leased good is of low value, provided that the good can be used without relying heavily on other goods (or being closely related to them) and that the lessee can derive benefit from using the good alone (or in conjunction with other readily available resources). The assessment of the value of the leased asset is made in absolute terms based on its value in its new condition.

In both cases, they are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

- *Change in lease*: The Bank accounts for the change in a lease by recording a new lease separately if the change extends the scope of the contract (by adding one or more leased assets) in return for an increase in consideration of an amount similar to the specific price that would be paid if a separate lease were to be made on the assets added to the contract.

If these requirements are not met, on the date the parties agree to the amendment, the Entity: (a) allocates the consideration under the amended contract between the lease and other components, (b) determines the amended lease term, (c) remeasures the lease liability, discounting the revised lease payments using a revised discount rate, determined for the remainder of the lease term and at the date of the amendment, and (d) accounts for the remeasurement of the lease liability.

q) Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale

Non-Current Assets and Disposal Groups Classified as Held for Sale" in the consolidated balance sheet includes the carrying amount of individual items in a disposal group or as part of a business unit that is intended to be disposed of (discontinued operations) whose sale in their present condition is highly probable to be completed within one year from the date of the financial statements. Also, investments in joint ventures or associates that meet the aforementioned requirements are considered to be non-current assets and disposal groups that have been classified as held for sale.

Consequently, the recovery of the carrying amount of these items, which may be of a financial or non-financial nature, will foreseeably be through the price obtained on their disposal, rather than through continued use.

Therefore, real estate or other non-current assets received by the Group to meet all or part of the payment obligations to it of its debtors are considered to be non-current assets and their disposal groups that have been classified as held for sale, unless the Group has decided to make continuing use of these assets.

Furthermore, the heading Liabilities included in disposal groups classified as held for sale includes the creditor balances associated with disposal groups or discontinued operations of the Group.

Assets classified as non-current assets and disposal groups that are classified as held for sale are generally measured at the lower of their carrying amount at the time they are considered to be such and their fair value net of the estimated costs of sale of those assets, except for financial assets. While they remain classified as non-current assets and disposal groups that are classified as held for sale, tangible and intangible assets that are depreciable by their nature are not depreciated.

In the case of real estate assets foreclosed or received in payment of debts, regardless of the legal form used, they are initially recognised at the lower of the carrying amount of the financial assets applied, i.e. their amortised cost, taking into account the estimated impairment, and the fair value at the time of foreclosure or receipt of the asset less the estimated costs to sell, which is understood to be the market value granted in full individual appraisals less the costs to sell.

All procedural expenses are recognised immediately in the consolidated income statement for the period of the award. Recording expenses and taxes settled may be added to the value initially recognised provided that this does not exceed the appraisal value less the estimated costs of sale referred to in the preceding paragraph. All costs incurred between the date of adjudication and the date of sale due to the maintenance and protection of the asset, such as insurance or security services, are recognised in the consolidated income statement for the period in which they accrue.

After the time of award or receipt, the reference valuation is updated, which serves as a basis for estimating the fair value. For the purposes of determining the net fair value of the costs of sales, the Group takes into account both the valuations performed by various appraisal companies, all of which are registered in the Bank of Spain's special register, and the discounts to the reference value estimated by the Bank of Spain, based on its experience and the information it has on the Spanish banking sector. Also, when the property has a fair value of less than or equal to EUR 300,000, an update will be made using automated valuation models. In any case, when these properties reach a permanence of three years in the consolidated balance sheet they will be updated, in any case, by means of a complete valuation. Additionally, the appraisal company, which carries out the valuation update, will be different from the one that carried out the immediately previous one.

If the carrying amount exceeds the fair value of the assets net of their costs to sell, the Group adjusts the carrying amount of the assets by the amount of the excess, with a balancing entry under "Gains or Losses on Non-Current Assets and Disposal Groups Classified as Held for Sale and Discontinued Operations" in the consolidated income statement. If the fair value of the assets subsequently increases, the Group reverses the losses previously recognised, increasing the carrying amount of the assets up to the limit of the amount prior to any impairment, with a balancing entry under "Gains or Losses on Non-Current Assets and Disposal Groups Classified as Held for Sale and Discontinued Operations" in the consolidated income statement.

r) <u>Staff costs and post-employment benefits</u>

Short-Term Remuneration

This type of remuneration is valued, without adjustment, at the amount payable for the services received and recorded, in general, as staff costs for the year and a liability accrual account is recorded for the difference between the total expense and the amount already paid.

Pension commitments

Under the current collective labour agreement, the Group is required, on the one hand, to supplement the social security benefits for the widowed spouse and orphans of deceased serving employees and, on the other, to maintain accident insurance for its employees with a base capital of EUR 18,000. It must also pay a bonus for dedication to employees who, having worked for the Group for twenty years or more, are dismissed from the Group due to retirement, total or absolute permanent disability or severe disability, in the amount determined by the Collective Bargaining Agreement.

The Group is also required to pay supplementary pension benefits to retired or disabled employees who were already receiving them on 1 June 1989.

In 2000 the Group externalised all the aforementioned commitments and took out five insurance policies with Compañía Rural Vida, S.A. to cover these risks and pension commitments.

During 2015 two of the policies that had been obtained from this company were changed to CNP Partners de Seguros y Reaseguros, S.A. the Entity is the policyholder for the policy structuring defined contribution commitments. Retirement risk coverage accrued for pensions yet to be activated is structured through the policy that the Entity has obtained from CNP Partners de Seguros y Reaseguros, S.A., and the Insurance Company assumes the demographic and interest rate risks. The risk of permanent disability is structured in the same policy as a supplementary benefit.

In compliance with the provisions of Royal Legislative Decree 1/2002, of 29 November, approving the revised text of the Pension Plans and Funds Law, and Royal Decree 1588/1999, of 15 October, approving the regulations on the instrumentation of the company's pension obligations to employees and beneficiaries, the Group covers these obligations through a group insurance policy taken out with the aforementioned insurance company.

The Parent Entity's pension commitments are configured as defined benefit plans, and the corresponding actuarial valuation is carried out annually by an independent expert, based on economic and biometric assumptions, and the normal cost corresponding to the annual risk is financed by a premium that the Group also pays annually.

At 31 December 2022 and 2021, the actuarial gains and losses recognised under "Reserves" in "Equity" amounted to EUR 271 thousand and EUR 15 thousand, respectively.

The Group calculates the present value of its legal and constructive obligations under its defined benefit plan at the date of the financial statements, after deducting any actuarial gains or losses, and the fair value of the plan assets as required by current regulations. The amount thus obtained is recorded as a provision (asset) for defined benefit pension funds.

The Group considers plan assets to be those with the following characteristics:

- They are owned by a legally separate third-party that is not a related party.
- They are exclusively available to pay for or finance commitments with employees.
- They cannot be refunded to the Group except when commitments with employees have been settled or to repay the Group for benefits previously satisfied by the Entity.
- They are not non-transferable instruments issued by the Group.

Changes in the recorded provision will be recognised:

- In the consolidated income statement: the service cost for the current period, interest net of the provision (asset) for interest cost, past service cost and the gain or loss on settlement.
- In the statement of changes in equity: new valuations of the provision (asset), resulting from actuarial gains or losses, the return on plan assets that are not included in the net interest on the provision (asset), and changes in the present value of the asset resulting from changes in the present value of the flows available to the entity that are not included in the net interest on the provision (asset). The amounts recognised in the statement of changes in equity shall not be reclassified to the consolidated income statement in a subsequent period.

The main assumptions used in valuing these commitments were

	2022	2021
Mortality and survival tables	PER 2020 1st order collective	PER 2020 1st order collective
Agreed technical interest in the policies	3.15%	0.90%
CPI growth	2% cumulative	1.8% cumulative
Pre-retirement salary growth	3% cumulative	2.8% cumulative
Wage evolution	3%	2.8%
Evolution of Social Security bases	n/a	n/a
Date of retirement	First age at which the employee is entitled under current Social Security regulations. If the theoretical retirement age according to the above does not give rise to payment of the benefit, it is considered to be the age at which the right to payment is achieved, with a maximum of 70 years.	First age at which the employee is entitled under current Social Security regulations. If the theoretical retirement age according to the above does not give rise to payment of the benefit, it is considered to be the age at which the right to payment is achieved, with a maximum of 70 years.
Rotation	No	No

The results of the actuarial measurements performed are set out below, breaking down the value of the pension commitment, the fair value of the assets (insurance policy) associated with the coverage of those commitments, as well as the amounts recognised under assets, liabilities and in the consolidated income statement.

In accordance with the aforementioned assumptions, the valuation of the pension commitments and risks was:

	Thousands of euros	
	2022	**2021**
Pension commitments vested (1)	192	233
Non-vested pension risks	5,675	8,356
Accrued (2)	2,118	2,832
Unearned	3,557	5,524
Commitments to be covered (1) + (2)	2,310	3,065
Fair value of plan assets (policies)	1,600	2,211
Assets (Liabilities) to be recognised on the balance sheet (Note 18)	**(710)**	**(854)**

The amounts recognised in the consolidated income statement were as follows:

	Thousands of euros	
	2022	**2021**
Cost of services		
Current year	234	222
Past services	-	-
	234	**222**
Net interest on liabilities (assets)		
Interest cost	29	16
Expected return on plan assets	(20)	(12)
	9	**4**
Actuarial loss (gain) recognised year (*)	-	-
(Income)/expense recognised in the income statement	**243**	**226**

(*) As mentioned above, actuarial gains and losses amounting to losses of EUR 271 thousand in 2022 and losses of EUR 15 thousand in 2021, respectively, were recognised directly in equity.

In addition to the aforementioned commitments, the Governing Board of the Parent Company held on 28th June 2005, agreed to take out a collective capital retirement insurance policy, amounting to EUR 1,142 thousand, to be distributed amongst the employees of the company on said date. These employees may redeem the aforementioned insurance in the following cases:

- Total or partial retirement
- Death
- Permanent absolute or total disability

This collective capital insurance (defined contribution) was taken out following the Group's redemption of the mathematical reserves established in the policy covering the commitments to widows and orphans of retirees, when this commitment was cancelled in the collective agreement of the Cooperative Societies of Credit. The amount recovered during 2005 was EUR 1,142 thousand.

The aforementioned group insurance was set up by means of a single contribution, and the Group has no commitment to supplement this insurance in future years.

Severance payments

Termination benefits are recognised as a provision for pension funds and similar obligations and as a personnel expense only when the Group is demonstrably committed to terminating its relationship with an employee or group of employees before the normal retirement date, or to paying termination benefits as a result of an offer made to encourage voluntary redundancy by employees.

s) Other Provisions and contingencies

The Group differentiates between provisions and contingent liabilities. The former are credit balances covering present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is considered to be probable as to its occurrence; they are specific as to their nature but uncertain as to their amount and/or timing; whereas the latter are possible obligations arising from past events, the occurrence of which is conditional upon the occurrence or non-occurrence of one or more future events outside the Group's control.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the financial statements but rather are disclosed in the memorandum of understanding.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are re-estimated at each accounting close, are used to meet the specific obligations for which they were originally recognised. for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Legal proceedings and/or claims in progress

At the end of 2022 and 2021, various legal proceedings and claims were in progress against the Group companies arising from the ordinary course of their business. Both the legal advisors of the Parent Company and its Directors understand that the conclusion of these procedures and claims will not produce a significant effect on the annual accounts for the years in which they end that are not already adequately provisioned.

In the context of the recent publication of Royal Decree Law 1/2017 of 20 January on urgent consumer protection measures in relation to land clauses and, previously, following the ruling of the European Court of Justice (ECJ) of 21 December 2016, the Group recognised provisions of EUR 4.3 million at 2022 year-end to cover this contingency (see Note 18).

Consequently and due to the measures adopted, the Parent Company does not foresee any additional impact on the 2022 annual accounts due to the application of the provisions contained in the aforementioned Royal Decree Law.

On the other hand, neither the European Union Court of Justice ruling nor Royal Decree Law 1/2017, presuppose or prejudge the legality of the ground clauses contained in the mortgage loan contracts signed by the Parent Company, which carries out its activity with total transparency in its relations with its customers.

It should be noted that the Eurocaja Rural Group maintains a portfolio of mortgage loan agreements referenced to the Mortgage Loan Reference Index (IRPH), the official index published by the Bank of Spain, in accordance with article 27 of Order EHA/2899/2011 of 28 October on transparency and protection of banking services customers and Bank of Spain Circular 5/2012 of 27 June to credit institutions and payment service providers on transparency of banking services and responsibility in the granting of loans.

In this respect, various proceedings have been initiated against most Spanish credit institutions, claiming that the clauses linking the interest rate of mortgage loans to personal income tax did not comply with European transparency regulations.

The Supreme Court has considered that the offer by the banking entity of an official index, approved by the banking authority, cannot in itself violate good faith. This circumstance is reinforced by the fact that the Central Government and several autonomous governments, through regulatory norms, have considered that the IRPH was the most appropriate to use as a reference index in the field of financing of officially protected housing.

At 31 December 2022, the outstanding balance of non-doubtful mortgage loans to individuals linked to personal income tax held by the Group amounted to EUR 11,863 thousand (0.38% of the total gross balance of loans and advances to customers).

At year end, a number of legal proceedings and claims were underway against the Group in connection with the ordinary course of its activity. The Group's legal counsel and its directors consider that the outcome of these proceedings and claims will not have a significant effect on the annual accounts for the years in which these processes are concluded. However, following the analysis conducted by its legal counsel, the Group has recognised provisions at the 2022 year end in respect of legal proceedings classified as probable (see note 18).

t) Fees

The Group classifies the fees it charges or pays into the following categories:

- *Finance fees:* these charges, which are an integral part of the effective yield or cost of a financial transaction and are collected or paid in advance, are generally recognised in the consolidated income statement over the expected life of the financing, net of the related direct costs, as an adjustment to the effective cost or yield of the transaction.

- *Non-financial fees:* These fees arise from the provision of services by the Group and are recorded in the consolidated income statement over the period during which the service is provided or, if the service is provided in a single act, at the time of the single act.

u) Swaps of property, plant and equipment and intangible assets

In swaps of property, plant and equipment and intangible assets, the Group measures the assets received at the fair value of the assets delivered plus, where appropriate, the monetary consideration delivered in exchange, unless there is clearer evidence of the fair value of the asset received. When the fair values cannot be measured reliably, the assets received are recognised at the carrying amount of the assets delivered plus, where appropriate, the monetary consideration delivered in exchange.

Losses arising from asset swap transactions are recognised immediately in the consolidated income statement, whereas gains are only recognised if the swap has commercial substance and the fair values of the swapped assets are reliably measurable.

v) Education and Promotion Fund

The Group reflects on its liabilities the allocations to the education, training and promotion fund, which if they are mandatory are recognised as an expense for the year and if they are additional they are recognised as an application of the profit.

This allowance is normally credited to cash, unless the welfare projects are carried out through the Group's own activities, in which case the education, training and promotion allowance is reduced and income is recognised in the consolidated income statement at the same time.

w) Corporate Income tax

The income tax expense is determined by the tax payable in respect of the taxable profit for a given year, after taking into account the changes in that year arising from temporary differences, tax credits and tax relief and tax loss carryforwards.

Corporate income tax expense is recognised in the consolidated income statement, except when the transaction is recognised directly in equity and in business combinations where the deferred tax is recognised as an asset item in equity.

In order for the tax credits, tax relief and tax loss carryforwards to be effective, the requirements established in current legislation must be met, provided that their recovery is probable, either because there are sufficient deferred taxes or because they have arisen from specific situations that are considered unlikely to occur in the future.

The tax effect of temporary differences is included, where appropriate, in the related deferred tax assets and liabilities recognised under "Tax Assets" and "Tax Liabilities" in the consolidated balance sheet.

At least at each accounting close, the Group reviews the deferred taxes recorded, and therefore the related tax assets and liabilities recognised, making the appropriate valuation adjustments in the event that these deferred taxes are not effective or are not recoverable.

x) Off-balance sheet customer funds

The Group includes in memorandum accounts, at fair value, the funds entrusted by third parties for investment in investment companies and funds, pension funds, insurance-savings.

In addition, assets acquired on behalf of the Group for third parties and debt instruments, equity instruments, derivatives and other financial instruments held on deposit, as security or as commission in the Group, for which the Group has a responsibility, are recognised in memorandum accounts at fair value or, if no reliable estimate exists, at cost.

The fees charged for the provision of these services are recognised under "Fee and Commission Income" in the consolidated income statement.

y) Statement of recognised income and expense

This part of the statement of changes in equity presents the income and expenses generated by the Group as a result of its activity during the year, distinguishing between those recognised as income in the consolidated income statement for the year and the other income and expenses recognised, in accordance with current regulations, directly in equity.

Therefore, in this state it is presented:

- The result of the exercise.
- The net amount of recognised income and expense that will not be reclassified to profit or loss.
- The net amount of income and expenses recognised temporarily as valuation adjustments in equity.
- The net amount of income and expenses definitively recognised in equity.

- The income tax accrued for the concepts indicated in the two previous paragraphs.
- Total recognised income and expense, calculated as the sum of the above.

The changes in income and expenses recognised temporarily in equity as valuation adjustments are broken down into:

- Valuation Gains (Losses): includes the amount of income, net of the expenses arising in the year, recognised directly in equity. The amounts recognised in the year under this heading are retained in this item, although in the same year they are transferred to the consolidated income statement at the initial value of other assets or liabilities or reclassified to another item.

- Amounts transferred to the consolidated income statement: this includes the amount of the valuation gains or losses previously recognised in equity, even if they were incurred in the same year, which are recognised in the consolidated income statement.

- Amount transferred to the initial value of the hedged items: this includes the amount of the valuation gains or losses previously recognised in equity, even in the same year, which are recognised in the initial value of the assets or liabilities as a result of cash flow hedges.

- Other reclassifications: includes the amount of the transfers made in the year between valuation adjustment items in accordance with the criteria established in current regulations.

The amounts of these items are presented at their gross amount and, except as indicated above for the items relating to valuation adjustments of entities accounted for using the equity method, their corresponding tax effect is shown under the heading "Income tax expense/income from continuing operations" in the statement.

z) Statement of changes in equity

This statement presents all movements in equity, including those arising from changes in accounting policies and corrections of errors. This statement therefore shows a reconciliation of the carrying amount at the beginning and at the end of the year of all the items making up equity, grouping the movements by nature into the following items:

a) Effects of changes in accounting policies and Effects of correction of errors: which includes changes in equity arising from retrospective restatement of financial statement balances resulting from changes in accounting policies or from the correction of errors.

b) Total overall result for the year: this includes, on an aggregate basis, the total items recorded in the above-mentioned statement of recognised public income and expenditure.

c) Other changes in equity: includes the other items recorded in equity, such as increases or decreases in capital, distribution of results, transactions with own equity instruments, payments with equity instruments, transfers between equity items and any other increase or decrease in equity.

aa) Cash flow statement

The cash flow statement uses certain concepts that have the following definitions:

i) Cash flows: inflows and outflows of cash and cash equivalents, defined as highly liquid, current investments with low risk of experiencing significant fluctuations in their value.

ii) Operating activities: typical banking activities of the Group. The activities performed with financial instruments will be considered operating activities, albeit with certain exceptions, such as financial assets included in the portfolio of held-to-maturity investments, equity instruments classified as available for sale that are strategic investments and subordinated financial liabilities.

iii) Investing activities: are those that involve the acquisition, sale or disposal of non-current assets and other investments not included in cash and cash equivalents, such as tangible assets, intangible assets, investments in joint ventures and associates, non-current assets and liabilities included in disposal groups of items classified as held for sale, equity instruments classified as available for sale that are strategic investments and financial assets included in the held-to-maturity investment portfolio.

iv) Financing activities: activities that alter the amount and structure of equity and liabilities that are not operating activities.

The Group considers the balances included under "Cash, Cash Balances with Central Banks and Other Demand Deposits" in the consolidated balance sheet to be cash and cash equivalents.

ab) Income and expense recognition

The most significant accounting criteria used by the Group to recognise its income and expenses are summarised below:

In general, interest income and expenses and similar items are recognised on an accrual basis by applying the effective interest method. Dividends received from other companies are recognised as income when the right to receive them is declared by the Company.

Income and expenses relating to other fees and similar charges that are not required to be included in the calculation of the effective interest rate of transactions and/or are not included in the acquisition cost of financial assets or liabilities other than those classified as at fair value through profit or loss are recognised in the consolidated income statement using criteria that vary according to their nature. The most significant criteria are as follows:

- Those relating to the acquisition of financial assets and liabilities measured at fair value through profit and loss, which are recognised in the income statement when they are settled.

- Those related to the acquisition of financial assets and liabilities valued at fair value through profit and loss, which are recognised in the income statement at the time of their settlement.

- Those arising from transactions or services that extend over time, which are recognised in the consolidated income statement over the life of the transactions or services.

- Those relating to a single act, which are charged to the income statement when the act giving rise to them takes place.

Non-financial income and expenses are recognised on an accrual basis.

Deferred collections and payments over time are recognised for accounting purposes at the amount resulting from the financial restatement of expected cash flows at market rates.

ac) Business combinations

On the date of acquisition, i.e. when control over the assets is obtained:

- The acquirer incorporates into its financial statements, or into the consolidated financial statements, the assets, liabilities and contingent liabilities of the business acquired, including, where appropriate, intangible assets not recognised by it, that at that date qualify for recognition as such, measured at fair value calculated in accordance with the measurement bases set out in IFRS 9.

- The cost of the business combination shall be the sum of the fair value of the assets delivered, the liabilities incurred, and the equity instruments issued by the acquirer, if any, and any costs directly attributable to the business combination, such as fees paid to legal advisers and consultants to effect the combination. This consideration does not include the costs of arranging and issuing financial liabilities and equity instruments.

- The buyer will compare the cost of the business combination against the acquired percentage of the net fair value of the assets, liabilities and contingent liabilities recognised by the acquired company and the resulting difference from this comparison will be recorded:

  - When positive, as goodwill under assets and under no circumstances will it be amortised but on an annual basis it will be subject to the impairment test established by IAS 36 “Impairment of Assets”.

  - When negative it will be recognised in the income statement as income under the heading "Negative differences on business combinations", after again verifying the fair values assigned to all equity items and the cost of the business combination.

4. DISTRIBUTION OF RESULTS

The distribution of the profit for the year 2022 of the Parent Company is included below, which the Group's Governing Board will propose to the General Assembly for its approval, together with the distribution for the year 2021, that was formulated in the individual annual accounts corresponding to the year ended 31 December 2021 and was approved at the General Assembly held on 29 April 2022:

	Thousands of euros	
	2022	**2021**
Distribution		
To remuneration of capital	8,747	6,130
A mandatory reserve fund	37,140	26,318
Voluntary reserve fund	7,428	5,264
Total distributed	**53,315**	**37,712**
Profit for the year	**53,315**	**37,712**

The results of the other companies that make up the Eurocaja Rural Group will be distributed as agreed by their respective Shareholders/Partners.

5. FINANCIAL RISK MANAGEMENT

a) Credit risk

The credit risk arises from the possible loss caused by the breach of contractual obligations of the Parent Company's counterparties. In the case of reimbursable financing granted to third parties (in the form of credits, loans, deposits, securities and others) it occurs as a consequence of the non- recovery of the principal, interest and other concepts in the terms of amount, term and other conditions established in the contracts. In the case of off-balance sheet risks, it arises from the failure of the counterparty to meet its obligations to third parties, which requires the Entity to assume them as its own by virtue of the commitment it has undertaken.

Credit risk is the most significant risk to which the Parent Company is exposed as a consequence of the development of its banking activity, and is understood as the risk that the counterparty is unable to completely reimburse the amounts owed.

The economic scenario in 2022 has been marked by the conflict between Russia and Ukraine, an energy crisis, the sustained rise in inflation rates, interest rate hikes, as well as a slowdown in the main global economies. However, in the latter months of the year, inflation rates in Spain have surprisingly lowered, easing in December for the fifth consecutive month and standing at 5.5% year-on-year.

In this scenario, various European governments have adopted new fiscal packages to shield families and companies from soaring energy prices. However, the worsening of the energy crisis has also impaired the growth-inflation mix, placing various developed economies in a situation that can be classified as stagflation.

In 2022 these inflationary trends have accelerated the normalisation of the monetary policy, triggering: (i) higher interest rates, (ii) the disappearance of central bank asset purchase programmes, (iii) the elimination of other liquidity incentives such as haircuts of assets accepted as collateral and, lastly, (iv) the repayment of longer-term refinancing (TLTRO III). All this increases the risk of returning to a more competitive scenario in the search for liquidity, with potentially higher finance costs and a reduction in liquidity cushions that have been at all-time highs in recent years. This new scenario of higher rates is shining the spotlight on the management and control of its associated risks both in institutions and with the supervisor.

Credit risk management in the Parent Company is an integral and homogeneous process that covers from the moment the customer requests financing through the branch network until the total amount of the loaned funds is returned. In addition, the different basic criteria for credit risk admission in the Parent Company are established and the minimum obligatory documentation necessary for compliance with the regulations in force at any given time, always referenced to fundamental aspects of liquidity, security, profitability and collateral business.

In order to establish a more agile and specialised treatment in the study and analysis of the asset operations of our clients, the Parent Company has defined areas and specialised units depending on the segment or type of operation which, due to its characteristics, has or should have a differentiated treatment. In this way, the aim is to respond to the customer in a more professional and agile manner, as well as a greater degree of accuracy in the final decision, in order to achieve a portfolio with the best credit quality.

For the analysis and management of credit risk, the Parent Company has tools to help and support the final decision, scoring systems, which are currently in operation for the segments of individual customers (mortgages, consumer and cards) and micro companies (turnover of less than EUR 1 million).

The system, both for micro-enterprises and individuals, evaluates the probability of non-payment of a risk operation, analysing the client/operation binomial.

For companies with a turnover of more than EUR 1 million, there is a rating which evaluates the company's position with regard to the probability of non-payment by means of a score of 1 to 8 (one being the worst and most likely to default, eight being the best).

The exposure to credit risk at the end of 2022 and 2021 is shown below:

	Thousands of euros	
	2022	2021
Clients	4,895,784	4,576,021
Deposits with credit institutions	12,976	12,280
Debt securities	2,910,199	2,584,070
Derivatives	8,818	1,796
Financial guarantees granted	30,617	26,207
Total Risk	**7,858,394**	**7,200,374**
Commitments for loans granted	506,021	494,410
Other commitments granted	36,548	90,389
Total exposure	**8,400,963**	**7,785,173**

The distribution of "Financial assets at amortised cost - Loans and advances - Customers" according to their situation at the end of 2022 and 2021, is as follows

	Thousands of euros	
	2022	2021
Standard risk (Stage 1)	4,820,100	4,507,390
Standard risk in special surveillance (Stage 2)	102,131	79,633
Doubtful risk (Stage 3)	83,606	80,028
Valuation adjustments	(110,053)	(103,970)
Total	**4,895,784**	**4,576,021**

As regards the degree of concentration of credit risk, and with regard to large exposures, defined as those that exceed 10% of equity, no exposure to an individual or group may exceed 25% of its equity, except for those risks deducted from computable equity because they exceed the limits for large exposures. In addition, the total of major risks must not exceed eight times equity. The Entity's risk allocation policy takes into account the aforementioned limits, and counterparty risk limits have been established in accordance with these requirements, as well as control procedures for exceeding them.

Impacts deriving from the rise in interest rates and inflation

On November 22, 2022, the Government adopted by agreement of the Council of Ministers a package of measures to alleviate the mortgage burden. The package works in three ways.

Firstly, the 2012 Code of Good Practice is amended, boosting relief for vulnerable households by lowering the interest rate for a grace period of five years (up to Euribor - 0.10% from the current Euribor + 0.25%), providing the possibility of restructuring debt for the second time and extending the period for requesting a debt-for-asset swap for the housing. Likewise, the scope of application of this Code of Good Practice is expanded, so that those households which do not meet the current requirement for increasing the mortgage by 50% can access a grace period of two years, at a more favourable rate over this period and extend their loans by up to seven years.

Secondly, a new temporary Code of Good Practice (two years) is created to enable middle class families to relieve the financial burden of their mortgages signed prior to 31 December 2022 by freezing the principal and extending the loan repayment term up to seven years.

Thirdly, fees and commissions shall be reduced to facilitate the change from floating to fixed rate and the fee for early repayment and changing the mortgage from floating to fixed shall be eliminated throughout 2023.

Financial institutions may voluntarily adhere to both Codes of Good Practice, but they must be obligatorily complied with once signed. On 27 December 2022 Eurocaja Rural adhered to the new Code of Good Practice.

Information on refinancing and restructuring

Regarding Refinancing, Restructuring, Renewal or Renegotiation of debts, and in accordance with the provisions of the Bank of Spain in Circular 4/2017 modified by Circular 3/2020, applied by the Group as of 31 March 2020, has a debt renegotiation policy, detailed in the Credit Risk Policy. This policy contains the requirements, conditions and situations under which a range of measures is offered for the efficient management of exposure to clients experiencing temporary financial difficulties. In this way, the refinancing, restructuring, renewal or renegotiation of operations as a credit risk management instrument is used appropriately and prudently, without undermining the timely and early recognition of the deterioration of operations due to the risk of default.

The priority Refinancing / Restructuring option will be the extension of the repayment terms, to allow the debt service to be adapted to the client's new financial situation.

The accounting classification of these risks will be doubtful, standard, special or standard surveillance and the coverage for impairment is set according to the criteria set by the Bank of Spain in Annex IX of the Circular, compatible with IFRS. These operations will cease to be identified in the financial statements as refinancing, refinanced or restructured operations when they meet the requirements to cease to be identified as indicated in the Circular itself.

Those refinancing, refinanced or restructured operations that, during the trial period, undergo a new refinancing or restructuring, or have amounts overdue for more than thirty days, will be reclassified to the category of doubtful risk for reasons other than delinquency, provided that they were classified in the category of doubtful risk before the start of the trial period. Refinancing, refinanced or restructured operations that are not appropriate to be classified as doubtful risk, will be included in the standard risk category under special surveillance, unless it is justified that a significant increase in credit risk has not been identified since the initial recognition, in which case the operation will be classified as standard risk (Note 2.b).

In accordance with the traceability principle required by Circular 4/2017, the Group's internal information system keeps the information on the necessary modification to ensure the proper monitoring, evaluation and control of the operation at all times.

The balances of refinancing and restructuring as of 31 December 2022 and 31 December 2021 are detailed below:

				Thousands of euros
	2022		2021	
	Total	**Of which: Stage 3**	**Total**	**Of which: Stage 3**
Gross amount	37,974	24,033	42,520	24,929
Impairment adjustments	(8,746)	(7,457)	(8,840)	(7,033)
Net amount	**29,228**	**16,576**	**33,680**	**17,896**

As of 31 December 2022 and 2021, the value of the property collateral was EUR 31,421 thousand and EUR 35,578 thousand, respectively, while the value of other collateral was EUR 48 thousand and EUR 44 thousand, respectively.

As of 31 December 2022, the detail of refinanced and restructured operations, according to the criteria of Bank of Spain Circular 4/2017, and its subsequent modifications, is as follows

	Thousands of euros						
	31 December 2022						
	Total						
	With collateral				No collateral		
			Maximum amount of the security right that can be considered				
	No. Of operations	Gross amount	Property guarantee	Other guarantees	No. Of operations	Gross amount	Cumulative impairment or losses in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administrations	-	-	-	-	1	51	-
Other financial companies and individual entrepreneurs (financial business activity)	-	-	-	-	-	-	-
Non-financial companies and individual entrepreneurs (non- financial business activity)	126	10,804	10,389	-	108	2,670	(4,400)
Of which: construction financing and real estate development (including land)	*15*	*3,151*	*3,103*	-	*2*	*1*	*(1,261)*
Rest of households	366	20,617	19,403	48	335	3,832	(4,346)
	492	**31,421**	**29,792**	**48**	**444**	**6,553**	**(8,746)**
Additional information							
Financing classified as non- current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-

	Thousands of euros						
	31 December 2022						
	Total						
	With collateral				No collateral		
			Maximum amount of the security right that can be considered				
	No. Of operations	Gross amount	Property guarantee	Other guarantees	No. Of operations	Gross amount	Cumulative impairment or losses in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administrations	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	-	-	-	-	-	-	-
Non-financial companies and individual entrepreneurs (non- financial business activity)	77	6,543	6,207	-	84	2,109	(3,687)
Of which: construction financing and real estate development (including land)	*8*	*1,280*	*1,233*	-	-	-	*(495)*
Rest of households	218	13,451	12,521	-	266	1,930	(3,770)
	295	**19,994**	**18,728**	**-**	**350**	**4,039**	**(7,457)**
Additional information							
Financing classified as non- current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-

As of 31 December 2021, the detail of refinanced and restructured operations, according to the criteria of Bank of Spain Circular 4/2017 and subsequent amendments, is as follows:

	Thousands of euros						
	31 December 2021						
	Total						
	With collateral				No collateral		
			Maximum amount of the security right that can be considered				
	No. Of operations	Gross amount	Property guarantee	Other guarantees	No. Of operations	Gross amount	Cumulative impairment or losses in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administrations	-	-	-	-	1	61	-
Other financial companies and individual entrepreneurs (financial business activity)	2	93	85	-	3	3	-
Non-financial companies and individual entrepreneurs (non- financial business activity)	241	17,258	16,369	17	336	4,075	(4,294)
Of which: construction financing and real estate development (including land)	*17*	*3,855*	*3,671*	-	*1*	*1*	*(1,023)*
Rest of households	282	18,227	17,045	27	225	2,803	(4,546)
	525	**35,578**	**33,499**	**44**	**565**	**6,942**	**(8,840)**
Additional information							
Financing classified as non- current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-

	Thousands of euros						
	31 December 2021						
	Of which: Default/Doubtful (Stage 3)						
	With collateral				No collateral		
			Maximum amount of the security right that can be considered				
	No. Of operations	Gross amount	Property guarantee	Other guarantees	No. Of operations	Gross amount	Cumulative impairment or losses in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administrations	-	-	-	-	-	-	-
Other financial companies and individual entrepreneurs (financial business activity)	1	17	9	-	3	3	-
Non-financial companies and individual entrepreneurs (non-financial business activity)	136	10,715	9,989	17	273	3,663	(4,294)
Of which: construction financing and real estate development (including land)	*10*	*1,820*	*1,636*	-	*1*	*1*	*(673)*
Rest of households	137	9,523	8,684	-	181	1,008	(2,739)
	274	**20,255**	**18,682**	**17**	**457**	**4,674**	**(7,033)**
Additional information							
Financing classified as non- current assets and disposal groups classified as held for sale	-	-	-	-	-	-	-

The carrying amount at 31 December 2022 and 2021 of the heading "Financial assets at amortised cost - Loans and advances - Customers", broken down by activity and purpose, detailing the type of guarantee and distributed by tranches based on the percentage of the carrying amount of the financing over the amount of the last available valuation or guarantee maturity, is as follows:

Thousands of euros
31 December 2022
Secured credit. Loan to value

	Total	Of which: Real estate guarantee	Of which: Rest of collateral	LTV ≤40%	40%< LTV ≤ 60%	60%< LTV ≤ 80%	80%< LTV ≤ 100%	LTV > 100%
Public Administrations	379,480	1,229	36	635	-	630	-	-
Other financial institutions	15,509	1,847	5	411	907	534	-	-
Non-financial companies and individual entrepreneurs	988,237	394,519	73,590	141,682	131,232	101,562	27,320	66,313
Construction and real estate development	19,137	17,069	272	9,367	3,207	2,726	1,106	934
Construction of civil works	89	-	-	-	-	-	-	-
Other purposes	969,011	377,450	73,318	132,315	128,025	98,836	26,214	65,379
Large companies	42,909	1,200	119	1,271	7	-	-	41
SMEs and individual entrepreneurs	926,102	376,250	73,199	131,044	128,018	98,836	26,214	65,338
Other households and NPISHs	3,512,558	3,290,329	2,115	389,726	716,431	1,452,877	604,199	129,211
Housing	3,264,957	3,228,265	770	368,985	697,462	1,434,052	601,140	127,395
Consumption	78,478	3,080	1,031	1,792	752	963	104	499
Other purposes	169,123	58,984	314	18,949	18,217	17,862	2,955	1,317
Total	**4,895,784**	**3,687,924**	**75,746**	**532,454**	**848,570**	**1,555,603**	**631,519**	**195,524**
Refinancing operations, refinanced and restructured	**29,228**	**29,201**	**27**	**12,847**	**6,055**	**6,410**	**2,638**	**1,278**

Thousands of euros
31 December 2021
Secured credit. Loan to value

	Total	Of which: Real estate guarantee	Of which: Rest of collateral	LTV ≤40%	40%< LTV ≤ 60%	60%< LTV ≤ 80%	80%< LTV ≤ 100%	LTV > 100%
Public Administrations	325,774	-	20	-	11	-	9	-
Other financial institutions	16,935	1,928	9	284	929	629	95	-
Non-financial companies and individual entrepreneurs	990,145	354,709	63,569	116,835	124,291	93,177	20,502	63,473
Construction and real estate development	6,909	3,929	96	2,513	875	375	10	252
Construction of civil works	21	-	-	-	-	-	-	-
Other purposes	983,215	350,780	63,473	114,322	123,416	92,802	20,492	63,221
Large companies	98,995	2,095	1,617	3,569	-	-	-	143
SMEs and individual entrepreneurs	884,220	348,685	61,856	110,753	123,416	92,802	20,492	63,078
Other households and NPISHs	3,225,163	3,058,351	1,894	369,780	650,629	1,319,540	574,716	145,580
Housing	3,243,167	3,001,761	898	349,471	632,955	1,305,107	571,337	143,790
Consumption	68,345	3,108	536	1,577	915	613	57	481
Other purposes	159,707	53,482	460	18,732	16,759	13,820	3,322	1,309
Total	**4,576,021**	**3,414,988**	**65,492**	**486,899**	**775,860**	**1,413,346**	**595,322**	**209,053**
Refinancing operations, refinanced and restructured	**33,680**	**33,661**	**19**	**14,362**	**7,107**	**6,841**	**3,549**	**1,821**

At 31 December 2022 and 2021, the detail of risk concentration by activity and geographical area is as follows:

2022	Thousands of euros				
	Total	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	2,822,631	691,972	1,900,012	48,368	182,279
Public Administrations	1,843,923	1,534,850	309,073	-	-
Central Administration	1,233,093	984,045	249,048	-	-
Other	610,830	550,805	60,025	-	-
Other financial institutions	218,062	45,497	132,492	-	40,073
Non-financial companies and individual entrepreneurs	1,142,177	1,086,381	22,340	8,607	24,849
Construction and real estate development(b)	24,038	24,038	-	-	-
Construction of civil works	728	728	-	-	-
Other purposes	1,117,411	1,061,615	22,340	8,607	24,849
Large companies (c)	65,605	65,605	-	-	-
SMEs and individual entrepreneurs (c)	1,051,806	996,010	22,340	8,607	24,849
Other households and NPISHs	3,505,786	3,499,462	2,193	754	3,377
Housing (d)	3,273,477	3,268,504	2,001	712	2,260
Consumption (d)	78,478	78,435	9	-	34
Other purposes (d)	153,831	152,523	183	42	1,083
TOTAL	**9,532,579**	**6,858,162**	**2,366,110**	**57,729**	**250,578**

2021	Thousands of euros				
	Total	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	2,266,270	1,637,548	495,287	116,549	16,886
Public Administrations	1,691,238	1,280,211	411,027	-	-
Central Administration	1,092,394	741,367	351,027	-	-
Other	598,844	538,844	60,000	-	-
Other financial institutions	647,806	362,458	269,606	7,633	8,109
Non-financial companies and individual entrepreneurs	1,035,329	1,034,023	-	1,293	13
Construction and real estate development(b)	38,127	38,127	-	-	-
Construction of civil works	22,621	22,621	-	-	-
Other purposes	974,581	973,275	-	1,293	13
Large companies (c)	98,995	98,995	-	-	-
SMEs and individual entrepreneurs (c)	875,586	874,280	-	1,293	13
Other households and NPISHs	3,250,018	3,241,029	3,849	1,401	3,739
Housing (d)	3,038,135	3,030,161	3,475	869	3,630
Consumption (d)	68,345	68,143	100	32	70
Other purposes (d)	143,538	142,725	274	500	39
TOTAL	**8,890,661**	**7,555,269**	**1,179,769**	**126,876**	**28,747**

The definition of risk for the purposes of the foregoing tables includes the following consolidated balance sheet items: deposits with credit institutions, customers, debt instruments, equity instruments, trading derivatives, hedging derivatives, investments, cash balances at central banks, other demand deposits and guarantees provided.

EUROCAJA RURAL GROUP

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Thousands of euros

	Autonomous regions																	
Financial Year 2022	**Andalusia**	**Aragón**	**Asturias**	**Balearic Islands**	**Canary Islands**	**Cantabria**	**Castilla LM**	**Castilla L.**	**Catalonia**	**Extremadura**	**Galicia**	**Madrid**	**Murcia**	**Navarra**	**Com. Valenciana**	**Basque Country**	**La Rioja**	**Ceuta y Melilla**	**Total**
Central Banks and credit institutions	21,313	-	-	-	-	131,542	34,171	-	114,997	-	1	205,656	-	-	87,782	96,509	-	-	691,912
Public Administration	62,379	-	-	-	-	10,130	218,400	76,674	-	4,193	29,364	89,442	1,513	5,081	38,989	1,116	13,524	-	1,534,850
Central Administration (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	984,045
Other	62,379	-	-	-	-	10,130	218,400	76,674	-	4,193	29,364	89,442	1,513	5,081	38,989	1,116	13,524	-	550,805
Other Financial institutions	41,368	-	-	-	-	-	147	83	-	-	-	3,354	3	-	542	-	-	-	45,497
Non-financial companies and individual entrepreneurs	17,345	11,880	26	508	454	178	826,080	29,515	12,992	9,116	8	142,830	1,983	-	33,141	152	-	173	1,086,381
Construction and real estate development (b)	4	-	-	-	-	-	15,324	391	-	3	-	6,163	-	-	2,153	-	-	-	24,038
Construction of civil works	-	-	-	-	-	-	607	-	-	-	-	121	-	-	-	-	-	-	728
Other purposes	17,341	11,880	26	508	454	178	810,149	29,124	12,992	9,113	8	136,546	1,983	-	30,988	152	-	173	1,061,615
Large companies (c)	8,708	-	-	508	-	-	32,869	-	12,665	-	-	7,362	-	-	3,493	-	-	-	65,605
SMEs and individual entrepreneurs (c)	8,633	11,880	26	-	454	178	777,280	29,124	327	9,113	8	129,184	1,983	-	27,495	152	-	173	996,010
Other households and NPISHs	14,397	1,613	840	1,826	2,310	1,167	1,754,750	65,200	4,353	5,611	1,759	1,369,849	5,781	503	268,147	1,129	149	78	3,499,462
Housing (d)	13,681	1,546	823	1,777	2,279	1,164	1,591,127	59,827	4,250	5,243	1,520	1,319,653	5,570	461	258,299	1,103	106	75	3,268,504
Consumption (d)	214	26	-	25	11	-	62,180	2,499	20	95	61	9,459	119	4	3,701	19	2	-	78,435
Other purposes (d)	502	41	17	24	20	3	101,443	2,874	83	273	178	40,737	92	38	6,147	7	41	3	152,523
TOTAL	**156,802**	**13,493**	**866**	**2,334**	**2,764**	**143,017**	**2,833,548**	**171,472**	**132,342**	**18,920**	**31,132**	**1,811,131**	**9,280**	**5,584**	**428,601**	**98,906**	**13,673**	**251**	**6,858,161**

Thousands of euros

	Autonomous regions																	
Financial Year 2021	**Andalusia**	**Aragón**	**Asturias**	**Balearic Islands**	**Canary Islands**	**Cantabria**	**Castilla LM**	**Castilla L,**	**Catalonia**	**Extremadura**	**Galicia**	**Madrid**	**Murcia**	**Navarra**	**Com. Valenciana**	**Basque Country**	**La Rioja**	**Ceuta y Melilla**	**Total**
Central Banks and credit institutions	10,302	-	-	-	-	-	1,626,232	-	-	-	-	1,014	-	-	-	-	-	-	1,637,548
Public Administration	16,739	8,182	10,471	-	-	11,631	296,710	37,379	-	4,300	30,022	4,123	1,640	68,524	28,787	12,931	7,405	-	1,280,211
Central Administration (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	741,367
Other	16,739	8,182	10,471	-	-	11,631	296,710	37,379	-	4,300	30,022	4,123	1,640	68,524	28,787	12,931	7,405	-	538,844
Other Financial institutions	6,002	-	-	-	-	82,095	1,358	109	105,330	-	-	67,580	6	-	449	99,529	-	-	362,458
Non-financial companies and individual entrepreneurs	4,706	235	32	780	494	194	784,179	27,285	18,862	5,013	24	140,323	2,687	-	29,090	119	-	-	1,034,023
Construction and real estate development (b)	8	-	-	-	-	-	25,124	736	-	4	-	8,473	-	-	3,782	-	-	-	38,127
Construction of civil works	21	-	-	-	7	-	19,225	122	-	9	-	2,183	-	-	1,047	7	-	-	22,621
Other purposes	24,677	235	32	780	487	194	739,830	26,427	18,862	5,000	24	129,667	2,687	-	24,261	112	-	-	973,275
Large companies (c)	19,852	-	-	780	465	-	44,182	-	18,668	-	-	10,161	-	-	4,887	-	-	-	98,995
SMEs and individual entrepreneurs (c)	4,825	235	32	-	22	194	695,648	26,427	194	5,000	24	119,506	2,687	-	19,374	112	-	-	874,280
Other households and NPISHs	14,387	1,411	1,105	1,439	1,887	1,000	1,675,745	57,880	4,127	5,119	1,619	1,292,093	4,646	421	176,327	1,415	50	358	3,241,029
Housing (d)	13,564	1,326	1,087	1,399	1,860	998	1,527,896	52,833	3,991	4,682	1,521	1,243,956	4,450	372	168,736	1,324	-	166	3,030,161
Consumption (d)	301	24	-	31	15	-	53,381	2,115	43	101	86	8,930	94	5	2,988	24	5	-	68,143
Other purposes (d)	522	61	18	9	12	2	94,468	2,932	93	336	12	39,207	102	44	4,603	67	45	192	142,725
TOTAL	**72,136**	**9,828**	**11,608**	**2,219**	**2,381**	**94,920**	**4,384,224**	**122,653**	**128,319**	**14,432**	**31,665**	**1,505,133**	**8,979**	**68,945**	**234,653**	**113,994**	**7,455**	**358**	**7,555,269**

NOTE: Does not include corrections for impairment
(*) Indicated in the "Total" column as it is not distributed by autonomous region

During 2022 and 2021, the Group did not significantly renegotiate credit transactions that modified their original terms and conditions, so that additional guarantees were obtained that provide greater security for the Group regarding repayment, maintaining most of the renegotiated transactions as impaired.

Exposure to the construction and real estate development sector

Furthermore, following the Bank of Spain's recommendations on transparency in financing for construction and real estate development, financing for the acquisition of housing and assets acquired in payment of debts and assessment of financing needs in the markets, and taking the breakdown models established by Bank of Spain Circular 5/2011 of 30 November, the Group includes the following information:

The financing for the construction and development of property and its hedges at 31 December 2022 and 2021 are as follows:

			2022
	Gross amount	Excess over the value of the guarantee	Impairment adjustments: Specific coverage
Financing for construction and real estate development (business in Spain)	28,117	4,873	(8,328)
Of which doubtful (Stage 3)	2,649	829	(951)
Memorandum items:			
Write-offs	8,998	-	-

Memorandum items:	
Total customers, excluding public entities (business in Spain)	4,509,523
Total assets (total business)	9,682,811
Value adjustments and provisions for credit risk	77,713

			2021
	Gross amount	Excess over the value of the guarantee	Impairment adjustments: Specific coverage
Financing for construction and real estate development (business in Spain)	30,972	4,649	(2,681)
Of which doubtful (Stage 3)	2,937	678	(1,002)
Memorandum items:			
Write-offs	1,096	-	-

Memorandum items:	
Total customers, excluding public entities (business in Spain)	4,232,243
Total assets (total business)	9,080,478
Value adjustments and provisions for credit risk	68,328

The breakdown of financing for construction, property development and housing acquisition at 31 December 2022 and 2021 is as follows:

	Financing for construction and real estate development: Gross amount	
	2022	2021
No mortgage guarantee	3,509	3,055
With mortgage guarantee	24,608	27,917
Finished buildings	16,695	17,944
Housing	15,558	16,686
Other	1,137	1,258
Buildings under construction	5,565	8,764
Housing	5,565	6,784
Other	-	1,980
Land	2,348	1,209
Consolidated urban land	-	593
Other land	2,348	616
Total	**28,117**	**30,972**

As of 31 December 2022 and 2021, the breakdown of credit to households for the acquisition of housing (excluding rehabilitation and improvements to housing) was as follows:

	Thousands of euros			
	2022		2021	
	Amount gross	Of which doubtful (Stage 3)	Amount gross	Of which doubtful (Stage 3)
Credit for home purchase	3,266,585	34,557	3,016,251	32,573
No property guarantee	25,465	227	22,353	58
With property guarantee	3,241,120	34,330	2,993,898	32,515

The breakdowns of the loan with real estate guarantee to households for the acquisition of housing according to the percentage that total irrigation represents of the amount of the last available appraisal at 31 December 2022 and 2021, are as follows:

	Risk on the last available valuation *(loan to value)* 2022					
	Less than or equal to 40%	More than 40% and not more than 60%	Exceeding 60% but not exceeding 80%	More than 80% and not more than 100%	More than 100 %	Total
Gross amount	359,251	698,267	1,425,441	612,462	145,699	3,241,120
Of which doubtful (Stage 3)	2,725	4,434	5,492	*6,344*	15,335	34,330

	Risk on the last available valuation *(loan to value)* 2021					
	Less than or equal to 40%	More than 40% and not more than 60%	Exceeding 60% but not exceeding 80%	More than 80% and not more than 100%	More than 100 %	Total
Gross amount	337,773	629,129	1,287,756	578,971	160,269	2,993,898
Of which doubtful (Stage 3)	2,920	3,782	4,610	6,283	14,920	32,515

The detail of the assets received in payment of debts of the Eurocaja Rural Group at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Book value	Impairment adjustments	Book value	Impairment adjustments
Real estate assets from financing for construction and property development companies	**8,240**	**(2,279)**	**8,754**	**(2,041)**
Finished buildings	7,299	(1,632)	7,626	(1,397)
Housing	6,160	(1,435)	7,138	(1,234)
Other	1,139	(197)	488	(163)
Buildings under construction	210	(102)	210	(80)
Housing	210	(102)	210	(80)
Other	-	-	-	-
Land	731	(545)	918	(564)
Real estate assets from mortgage financing to households for house purchases	**6,654**	**(1,732)**	**10,479**	**(2,200)**
Other real estate assets received in payment of debts	**5,135**	**(472)**	**3,328**	**(314)**
Total	**20,029**	**(4,483)**	**22,561**	**(4,555)**

Pursuant to Law 8/2012 of 30 October on the clean-up and sale of financial sector property assets, on 22 December 2022 the Entity transferred to one of the companies created for this purpose the property assets from financing for construction and property development companies awarded in 2022 amounting to EUR 292 thousand (see Note 13). The Parent did not transfer any real estate assets in 2021.

Policies and strategies established for the management of problematic risk in the development sector

In accordance with the provisions of IFRS 9, the Group applies a set of policies and strategies to deal with problematic recovery financing for real estate projects, focused on reducing and consolidating current exposure, without ignoring the new business identified as viable. The management of these risks has enabled a significant reduction in their exposure in recent years (6.41% in 2022 and 8.76% in 2021), with a diversified portfolio.

These policies and procedures include, among others, criteria on the following points:

- Individualised analysis carried out by the specialised personnel of the Credit Risk Division, specifically by the Risk Admission, Follow-up and Recoveries Departments, incorporating if necessary Legal Counsel.

- With the advice of the Risk Admission and Monitoring departments, new payment facilities can be assessed.

- Support to the sales management carried out by the Commercial Network, suggesting to adapt as quickly as possible the supply prices to the demand prices.

- In case of execution of guarantees, in order to optimise their sales management, the Realisation department is coordinated with the Commercial Network, evaluating the formalisation of their commercialisation through the Sales Committee.

b) Market risk

This risk includes risks arising from possible adverse changes in interest rates on assets and liabilities, in the exchange rates at which the assets and liabilities are denominated or off-balance sheet, and in the market prices of negotiable financial instruments.

b.1) Interest rate risk

This risk is understood as the sensitivity of the Parent Company's financial margin to variations in market interest rates. The responsibility for managing this risk is entrusted to the Assets and Liabilities Committee of the Parent Company. For this purpose, periodic reports are prepared using the Structural Balance methodology, which is characterised by the use of financial instruments to modify the asset and liability gap derived basically from commercial banking operations. Periodically the Assets and Liabilities Committee of the company analyses and follows the evolution of the structural risk of the balance sheet, taking the corrective measures decided on at each moment.

The Parent Company carries out sensitivity analysis of the Financial Margin to variations in interest rates. This sensitivity is conditioned by the mismatches in the maturity and review dates of the interest rates that occur between the different items of the consolidated balance sheet.

The measure used by the Parent Company to control interest risk in Balance Sheet Management is the interest rate gap. The gap analysis is complemented with simulations of the main balance sheet masses subject to interest rate risk.

The interest rate gap analysis deals with the gaps between the terms of revaluation of assets and liabilities within the consolidated balance sheet and even outside it. It provides a basic representation of the structure of the consolidated balance sheet and enables concentrations of interest rate risk to be detected in the various time periods.

The following table summarises the Group's exposure to interest rate risk, which groups together the carrying amount of financial assets and liabilities based on the interest rate review date or the maturity date for fixed rate transactions. The carrying value of financial derivatives, which are mainly used to reduce the Entity's exposure to interest rate risk, is included in the line "Other assets" and "Other liabilities". The contractual dates for the review of interest rates in the case of floating rate transactions have been used to construct the accompanying table. For fixed-rate transactions, the contractual maturity date has been used. The table is expressed exclusively in euros since this is the only currency with relevant exposure.

	Up to 1 month		Between 1 and 3 months		Between 3 months and 1 year		Between 1 and 2 years		Between 2 and 3 years		Between 3 and 4 years		Between 4 and 5 years		More than 5 years		Non sensitive	Total
Financial Year 2022	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Average percentage**	**Thousands of euros**	**Thousands of euros**
-																		
Assets																		
Cash, balances in cash at central banks and other demand deposits	1,543,676	1.93%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,246	1,607,922
Financial assets held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-trading financial assets	-	-	-	-	-	-	15,627	3.14%	22,829	2.36%	13,851	3.13%	-	-	-	-	106,954	159,261
mandatorily measured at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	249,565	-	69,162	0.21%	33,019	3.14%	2,341	4.50%	6,635	0.50%	36,836	0.67%	40,921	0.01%	3,225	441,704
Financial assets at amortised cost	63,819	2.29%	119,172	2.45%	571,765	2.58%	1,122,974	2.45%	563,041	2.80%	538,347	2.37%	580,347	2.04%	3,745,365	3.25%	23,393	7,328,223
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	145,701	145,701
Total	**1,607,495**	**1.94%**	**368,737**	**0.79%**	**640,927**	**2.32%**	**1,171,620**	**2.48%**	**588,211**	**2.79%**	**558,833**	**2.37%**	**617,183**	**1.96%**	**3,786,286**	**3.21%**	**343,519**	**9,682,811**
Liabilities																		
Financial liabilities held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities at amortised cost	1,650,764	-	971,243	1.20%	1,538,227	0.26%	1,683,099	1.50%	465,374	0.18%	259,592	-	171,571	-	2,171,446	0.04%	94,919	9,006,235
Other liabilities and equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	676,576	676,576
Total	**1,650,764**	**0.00%**	**971,243**	**1.20%**	**1,538,227**	**0.26%**	**1,683,099**	**1.50%**	**465,374**	**0.18%**	**259,592**	**0.00%**	**171,571**	**0.00%**	**2,171,446**	**0.04%**	**771,495**	**9,682,811**
Interest rate futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Interest rate options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial swaps	-	-	146,712	0.35%	75,000	(0.51%)	(36,804)	-	(109,908)	-	-	-	-	-	(75,000)	5.15%	-	-
Gap	(43,269)	-	(602,506)	-	(897,300)	-	(511,479)	-	122,837	-	299,241	-	445,612	-	1,614,840	-	(427,976)	-
Accumulated Gap	**(43,269)**	**-**	**(645,775)**	**-**	**1,543,075)**	**-**	**2,054,554)**	**-**	**(1,931,717)**	**-**	**(1,632,535)**	**-**	**(1,186,864)**	**-**	**427,976**	**-**	**-**	**-**

EUROCAJA RURAL GROUP

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Year 2021	Up to 1 month		Between 1 and 3 months		Between 3 months and 1 year		Between 1 and 2 years		Between 2 and 3 years		Between 3 and 4 years		Between 4 and 5 years		More than 5 years		Non sensitive	Total
	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Average percentage	Thousands of euros	Thousands of euros
Assets																		
Cash, balances in cash at central banks and other demand deposits	1,612,348	(0.50%)		-	-	-	-	-	-	-	-	-	-	-	-	-	83,444	1,695,792
Financial assets held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-trading financial assets	-	-	10,000	0.13%	2,025	-	16,375	0.14%	25,019	0.19%	15,000	0.24%	-	-	-	-	-	139,266
mandatorily measured at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	7,500	3.59%	59,100	1.41%	80,540	3.76%	142,550	2.50%	-	-	7,500	0.50%	42,500	0.67%	51,574	391,264
Financial assets at amortised cost	111,443	1.46%	132,722	1.48%	835,642	1.29%	619,948	1.41%	1,087,043	1.68%	626,885	1.42%	395,794	1.50%	2,879,971	1.70%	29,806	6,719,254
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134,902	134,902
Total	**1,723,791**	**(0.37%)**	**150,222**	**1.50%**	**896,767**	**1.29%**	**716,863**	**1.64%**	**1,254,61**	**1.74%**	**641,885**	**1.39%**	**403,294**	**1.48%**	**2,922,471**	**1.69%**	**370,573**	**9,080,478**
Liabilities																		
Financial liabilities held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial liabilities at amortised cost	2,214,456	(0.13%)	412,415	(0.06%)	1,353,755	0.01%	438,110	0.03%	1,487,864	0.39%	281,947	0.05%	157,446	-	2,050,328	0.04%	73,069	8,469,390
Other liabilities and equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	611,088	611,088
Total	**2,214,456**	**(0.13%)**	**412,415**	**(0.06%)**	**1,353,755**	**0.01%**	**438,110**	**0.03%**	**1,487,864**	**0.39%**	**281,947**	**0.05%**	**157,446**	**-**	**2,050,328**	**0.04%**	**684,157**	**9,080,478**
Interest rate futures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Interest rate options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial swaps	-	-	151,340	0.35%	75,000	(0.50%)	(38,074)	-	(68,350)	-	(44,916)	-	-	-	(75,000)	5.15%	-	-
Gap	**(490,665)**	**-**	**(262,193)**	**-**	**(456,988)**	**-**	**278,753**	**-**	**(233,252)**	**-**	**359,938**	**-**	**245,848**	**-**	**872,143**	**-**	**(313,584)**	**-**
Accumulated Gap	**(490,665)**	**-**	**(752,858)**	**-**	**(1,209,846)**	**-**	**(931,093)**	**-**	**(1,164,345)**	**-**	**(804,407)**	**-**	**(558,559)**	**-**	**313,584**	**-**	**-**	**-**

The Assets and Liabilities Committee (ALCO) is the body responsible for managing the Entity's interest rate risk, proposing the optimum management policy compatible with the guidelines established by senior management and issued by the Governing Council. The ALCO approaches this task from two clearly differentiated perspectives:

- Analysing the impact on net interest income, or profitability via interest flows: assuming that financial assets and liabilities at 31 December 2022 remain stable until maturity or settlement, a 200-basis point increase in interest rates would decrease net interest income for the following year by EUR 26,032 thousand (EUR 27,240 thousand in 2021). A decrease of 200 basis points in interest rates would decrease the net interest margin for the following year by EUR 32,195 thousand (EUR 15,090 thousand in 2021).

- Analysing their impact on the asset value (or economic value) of the Entity, understood as the difference between the market value of the assets and liabilities in the consolidated balance sheet: assuming that the financial assets and liabilities at 31 December 2022 remain stable until maturity or settlement, an increase of 200 basis points in interest rates would increase the economic value of the Entity by EUR 39,725 thousand (EUR 91,426 thousand in 2021). A decrease of 100 basis points in interest rates would lead to a decrease in the economic value of the Entity's net interest income for the following year by EUR 22,153 thousand (decrease of EUR 48,889 thousand in 2021).

The main assumptions used to determine the above amounts were

- Maintenance of customer differentials in credit investment operations and creditor resources.

- Effect of minimum rates on rate renewals

- The reviews have been carried out from the second month.

- Evolution of the Entity's balance sheet in line with past years.

- Maintenance of the current structure of references used.

- Consideration of low sensitivity, for sight liabilities and as eight times more sensitive than term liabilities.

- Forecast of movements in interest rates discounted by the market at the time of reporting.

b.2) Price risk

This risk is defined as the risk arising from changes in market prices caused either by factors specific to the instrument itself or by factors affecting all instruments traded in the market. Given the small size of the trading book, the mechanism used as a risk assessment tool is comparison with monthly market values. In addition, the exposures are estimated at the time of acquisition of the product, as well as when it is considered appropriate, using the VaR methodology.

The concept of VaR (Value at Risk) is defined as the maximum probable loss for a given confidence level over a specified time horizon. The Entity currently measures this risk for the various portfolios of the Treasury and Capital Markets Area and for the overall market positions. VaR is also calculated on the various risk factors affecting the Entity's positions, identifying the highest risk concentration per factor.

Market risk, in terms of monthly VaR for the financial instrument portfolios at 31 December 2022, amounted to EUR 4,778 thousand for the fixed income portfolio (EUR 2,308 thousand in 2021), and the risk for, inter alia, the mutual fund portfolio and the foreign currency asset portfolio was not significant.

The dominant group is using a covariance matrix with a 99% confidence level and a time horizon of one month.

b.3) Exchange rate risk

The Group has no significant exposure to foreign currency risk at the reference dates of the consolidated financial statements. See Note 3.d) to these consolidated financial statements.

c) Liquidity risk

This risk reflects the possible difficulty for the Group to have, or to access, sufficient liquid funds at an appropriate cost to enable it to meet its payment obligations at all times. The body responsible for supervising the Entity's liquidity risk is the Assets and Liabilities Committee.

The measures used to control liquidity risk in Balance Sheet Management are the Liquidity Profile Ratio, Net Stable Funding Ratio and the Dynamic Liquidity Gap.

The breakdown of financial instruments by residual maturity at 31 December 2022 and 2021 is as follows. The maturity dates considered for the construction of the accompanying table are the contractual maturity or cancellation dates:

Thousands of euros

Financial Year 2022	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	More than 5 years	Expiration not determined and not classified	Total
Assets									
Cash, balances in cash at central banks and other demand deposits	1,543,132	-	-	-	-	-	-	64,828	1,607,960
Deposits in credit institutions	-	-	-	-	-	10,000	-	2,976	12,976
Clients	-	63,821	111,000	157,908	281,361	1,433,262	2,818,740	29,692	4,895,784
Debt securities	-	-	257,739	47,431	169,862	1,476,985	958,182	-	2,910,199
Others	-	-	-	-	-	-	-	255,892	255,892
Total	**1,543,132**	**63,821**	**368,739**	**205,339**	**451,223**	**2,920,247**	**3,776,922**	**353,388**	**9,682,811**
Liabilities									
Deposits in central Banks	-	-	-	-	-	572,000	-	(4,148)	567,852
Deposits in credit institutions	-	-	812	-	-	-	-	(527)	285
Customer deposits	-	1,650,764	970,431	534,193	1,004,033	1,507,637	1,471,446	(43,276)	7,095,228
Debt securities issued	-	-	-	-	-	500,000	700,000	(2,663)	1,197,337
Others	-	-	-	-	-	-	-	822,109	822,109
Total	**-**	**1,650,764**	**971,243**	**534,193**	**1,004,033**	**2,579,637**	**2,171,446**	**771,495**	**9,682,811**
Gap	**1,543,132**	**(1,586,943)**	**(602,504)**	**(328,854)**	**(552,810)**	**340,610**	**1,605,476**	**(418,107)**	**-**
Accumulated Gap	**1,543,132**	**(43,811)**	**(646,315)**	**(975,169)**	**(1,527,979)**	**(1,187,369)**	**418,107**	**-**	**-**

Thousands of euros

Financial Year 2021	At sight	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	More than 5 years	Expiration not determined and not classified	Total
Assets									
Cash, balances in cash at central banks and other demand deposits	1,612,349	-	-	-	-	-	-	83,443	1,695,792
Deposits in credit institutions	-	-	-	-	-	-	-	12,280	12,280
Clients	-	100,456	122,722	150,575	322,287	1,509,248	2,404,171	(33,438)	4,576,021
Debt securities	-	10,987	27,500	207,743	222,162	1,507,405	532,800	75,473	2,584,070
Others	-	-	-	-	-	-	-	212,315	212,315
Total	**1,612,349**	**111,443**	**150,222**	**358,318**	**544,449**	**3,016,653**	**2,936,971**	**350,073**	**9,080,478**
Liabilities									
Deposits in central Banks	-	-	-	-	-	572,000	-	(1,767)	570,233
Deposits in credit institutions	3,269	1,034	-	-	-	-	-	-	4,303
Customer deposits	-	2,211,070	411,381	518,062	835,692	1,293,366	1,350,328	7,295	6,627,194
Debt securities issued	-	-	-	-	-	500,000	700,000	(3,475)	1,196,524
Others	-	-	-	-	-	-	-	682,223	682,223
Total	**3,269**	**2,212,104**	**411,381**	**518,062**	**835,692**	**2,365,366**	**2,050,328**	**684,276**	**9,080,478**
Gap	**1,609,080**	**(2,100,661)**	**(261,159)**	**(159,744)**	**(291,243)**	**651,287**	**886,643**	**(334,203)**	**-**
Accumulated Gap	**1,609,080**	**(491,581)**	**(752,740)**	**(912,484)**	**(1,203,727)**	**(552,440)**	**334,203**	**-**	**-**

In accordance with historical experience, the average expected time of cancellation of the Group's assets is 5.1 years at 31 December 2022 (5.1 years at 31 December 2021).

The Group applies criteria of maximum prudence in the management of its liquidity, seeking not only to minimise the cost, but also to avoid concentrations in terms of time or markets.

In the case of the Parent Company, as a credit institution focused on retail banking, this risk is mainly manifested by the existence of a very significant volume of liabilities (customer deposits) at sight, whose reimbursement is uncertain, although the historical experience of the institution shows a very stable behaviour over time of this mass of liabilities.

d) Fair value of financial instruments

This risk relates to changes in the fair value of financial instruments, as defined in Note 3.

As described in Note 3, except for the financial instruments classified under "Financial Assets at Amortised Cost" for equity instruments whose fair value cannot be reliably estimated or for derivatives whose underlying asset is such equity instruments, the Group's financial assets are recognised in the consolidated balance sheet at their fair value.

Similarly, except for the financial liabilities recognised under "Financial Liabilities at Amortised Cost", the other financial liabilities are recognised at their fair value in the consolidated balance sheet.

Since most of the financial assets and liabilities recognised under "Financial Assets at Amortised Cost" and "Financial Liabilities at Amortised Cost" are at floating rates, which may be adjusted at least annually or at fixed rates falling due in the short term, the directors consider that their fair value does not differ from the values at which they are recognised in the consolidated balance sheet, taking into account only the effects of changes in interest rates. Also, the fixed-rate assets and liabilities not associated with fair value hedges recognised under these headings mature mainly in less than one year and, therefore, changes in their fair value as a result of changes in market interest rates would not be significant.

The following table summarises the fair value and carrying amount of the various financial asset and liability portfolios that are not recognised at fair value in the consolidated balance sheet:

	Thousands of euros			
	Book value		**Fair value**	
	2022	**2021**	**2022**	**2021**
Financial assets at amortised cost				
Debt securities	2,419,425	2,130,953	2,176,833	2,171,076
Loans and advances	4,908,798	4,588,301	4,908,798	4,588,301
Financial liabilities				
Financial liabilities at amortised cost	9,006,235	8,469,390	9,006,235	8,469,390

The detail of the fair value of the various portfolios (excluding assets and liabilities at amortised cost) of financial assets and liabilities depending on the method of determining their fair value is as follows at 31 December 2022 and 2021:

	Thousands of euros	
	Fair value	
	2022	**2021**
Assets		
Financial assets at fair value through other comprehensive income (Note 10)	438,470	387,890
Total	**438,470**	**387,890**
Assets		
Non-trading assets mandatorily measured at fair value through profit or loss (Note 8)	159,261	139,266
Financial assets designated at fair value through profit or loss (Note 9)	-	-
Financial assets at fair value through other comprehensive income (Note 10)	3,234	3,374
Derivatives - assets (Note 7)	8,818	1,796
Total	**171,313**	**144,436**
Liabilities		
Derivatives - liabilities (Note 7)	69	19,048
Total	**69**	**19,048**

The tables below present the Group's financial instruments classified at fair value, broken down by class of financial asset and financial liability at 31 December 2022 and 2021 in the following levels:

- Level 1: Financial instruments whose fair value is determined based on their quoted prices in active markets with no modifications to these quoted prices.
- Level 2: Financial instruments whose fair value was estimated by reference to quoted prices on organised markets for similar instruments or using other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.
- Level 3: Financial instruments whose fair value was estimated by using valuation techniques in which one or another significant input is not based on observable market data.

	2022			
	Thousands of euros			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Cash, balances in cash at central banks and other demand deposits (Note 6)	1,607,922	-	-	1,607,922
Non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8)				
Equity instruments	-	106,957	-	106,957
Debt instruments	-	52,304	-	52,304
Financial assets at fair value through other comprehensive income (Note 10)				
Equity instruments	-	3,234	-	3,234
Debt instruments	438,470	-	-	438,470
Derivatives – Hedge accounting	-	8,818	-	8,818
LIABILITIES				
Derivatives – Hedge accounting	-	69	-	69

	2021			
	Thousands of euros			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Cash, balances in cash at central banks and other demand deposits (Note 6)	1,695,792	-	-	1,695,792
Non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8)				
Equity instruments	-	74,039	-	74,039
Debt instruments	-	65,227	-	65,227
Financial assets at fair value through other comprehensive income (Note 10)				
Equity instruments	-	3,374	-	3,374
Debt instruments	387,890	-	-	387,890
Derivatives – Hedge accounting	-	1,796	-	1,796
LIABILITIES				
Derivatives – Hedge accounting	-	19,048	-	19,048

No financial instruments at fair value held at the 2022 and 2021 year ends have been transferred between levels 2 and 3.

The following table shows the effect on the consolidated income statement of the derecognition of assets and liabilities and of changes in the fair value of financial instruments depending on the technique used determined their fair value.

	Thousands of euros	
	2022	2021
Financial instruments at fair value according to published market quotations assets (Level 1)		
Financial assets at fair value through other comprehensive income (Note 10)	9,830	4,517
Financial instruments at fair value according to supported valuation technique with observable market data (Level 2)		
Non-trading financial assets measured mandatorily at fair value through income, net (Note 8)	-	-
Financial assets designated at fair value through profit or loss (Note 8)	-	-
Others	(1,591)	4,415

The fair value of the Group's financial instruments was determined using quoted prices in active markets for assets or liabilities that are identical to those accessed by the Group on each measurement date (Tier 1), except for the portfolio of "Financial assets designated at fair value through profit or loss" (Note 8) for which the fair value was determined using data other than quoted prices included in Tier 1 that are observable for the assets or liabilities, either directly or indirectly (Tier 2).

6. CASH, BALANCES IN CASH AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The detail of "Cash, balances with central banks and other demand deposits" in the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Cash	61,130	82,917
Cash balances at central banks	1,486,794	1,581,007
Other demand deposits	59,998	31,868
Total	**1,607,922**	**1,695,792**

The account held with the Bank of Spain is affected by compliance with the minimum reserve ratio, which at 31 December 2022 was set at 2% of the liabilities eligible for this purpose and at 31 December 2021 was set at 1% of the liabilities eligible for this purpose, in accordance with current regulations. At 31 December 2022 and 2021 the Group complies with these ratios.

During 2022 the accounts held in central banks have generated interest of EUR 5,124 thousand, whilst they generated zero interest in 2021.

For the purposes of preparing the cash flow statement, the Group considered the balance of this heading in the consolidated balance sheet to be "Cash or Cash Equivalents".

7. DERIVATIVES

Trading derivatives

At 31 December 2022 the Group has no assets or liabilities included in the financial assets and financial liabilities held for trading portfolio. At 31 December 2021 it did not have any assets or liabilities in the portfolio of assets and liabilities held for trading.

Hedge derivatives

At 31 December 2022 and 2021, the derivatives arranged and designated as hedges and the items covered were mainly as follows:

Hedges classified as "cash flow hedges" are as follows:

- During 2022 the Interest Rate Swap was cancelled, which hedged the Entity's investments in bonds linked to inflation issued by the Spanish Treasury. This Interest Rate Swap was arranged with Banco Cooperativo Español, S.A.

- Interest Rate Swap, which hedges structured deposits of clients. The issuers of the Interest Rate Swap are BBVA and Caixabank.

- During 2022 two Swaps have been arranged with Banco Santander, amounting to EUR 50 million each and which hedge the account held at the Central European Bank.

While the following hedge is classified as "fair value hedges":

- Swap, which hedges the Group's investments in bonds issued by the Spanish Treasury. These IRS are compensated in BME CLEARING.

At 31 December 2022 and 2021, the Entity did not present "hedges of net investments abroad".

The valuation methods used to determine the fair values of OTC derivatives have been discounted cash flow for interest rate derivative valuations. For those transactions admitted to official listing, the listed price was considered to be an indicator of their fair value.

Set out below is a breakdown, by product type, of the fair value and notional amount of those derivatives designated as hedging instruments at 31 December 2022 and 2021:

Thousands of euros

	Notional amounts Memorandum accounts		Fair Value (Assets)		Fair Value (Liabilities)	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
By market type						
Unorganised Markets	470,343	446,984	8,818	1,796	69	19,048
By product type						
Forward transactions	-	-	-	-	-	-
Swaps	470,343	446,984	8,818	1,796	69	19,048
Options	-	-	-	-	-	-
Other products	-	-	-	-	-	-
Total	**470,343**	**446,984**	**8,818**	**1,796**	**69**	**19,048**
By counterparty						
Credit institutions. Residents	470,343	446,984	8,818	1,796	69	19,048
Total	**470,343**	**446,984**	**8,818**	**1,796**	**69**	**19,048**
By remaining term						
Up to 1 year	136,804	-	717	-	69	-
More than 1 year and up to 5 years	184,908	201,340	8,101	1,796	-	8,143
More than 5 years	148,631	245,644	-	-	-	10,906
Total	**470,343**	**446,984**	**8,818**	**1,796**	**69**	**19,048**
By type of risk covered						
Interest rate risk	470,343	446,984	8,818	1,796	69	19,048
Total	**470,343**	**446,984**	**8,818**	**1,796**	**69**	**19,048**
By types of items covered						
Financial assets at amortised cost (loans and advances)	148,631	170,644	-	-	-	-
Financial assets at amortised cost (debt securities)	221,712	125,000	8,818	1,796	-	-
Financial assets at fair value through other comprehensive income (debt securities)	-	-	-	-	-	-
Financial liabilities at amortised cost (customer deposits)	100,000	151,340	-	-	69	19,048
Total	**470,343**	**446,984**	**8,818**	**1,796**	**69**	**19,048**

The detail of the impact on the consolidated income statement and the consolidated statement of recognised income and expense for 2022 and 2021 is as follows:

								Thousands of euros
				2022				2021
	Profit/loss on hedging instrument		Profit/loss on hedged instrument		Profit/loss on hedging instrument		Profit/loss on hedged instrument	
	Benefit	Loss	Benefit	Loss	Benefit	Loss	Benefit	Loss
Forward transactions	-	-	-	-	-	-	-	-
Swaps	22,931	-	-	22,931	-	73	73	-
Options	3,070	-	-	3,070	-	399	399	-
Other products	-	-	-	-	-	-	-	-
Total	**26,001**	**-**	**-**	**26,001**	**-**	**472**	**472**	**-**

The notional amount of the contracts entered into does not represent the actual risk assumed by the Group in relation to these instruments.

The Parent Company applies fair value hedging accounting mainly to those operations in which the variations in the fair value of certain assets and liabilities sensitive to interest rate variations are exposed, in other words, mainly assets and liabilities referenced to a fixed interest rate, which is transformed into a variable interest rate by means of the corresponding hedging instruments.

8. NON-TRADING FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail, by counterparty and type of instrument, of the balance of this heading on the assets side of the consolidated balance sheets at 31 December 2022 and 2021 is as follows

	Thousands of euros	
	2022	2021
By partner type -		
Credit institutions	52,304	65,227
Resident Public Administrations	-	-
Non-Resident Public Administrations	-	-
Other resident sectors	72,578	45,807
Other-non resident sectors	34,379	28,232
(Impairment losses)	-	-
Other valuation adjustments	-	-
	159,261	**139,266**
By type of instrument -		
Debt securities:	52,304	65,227
Spanish Public Debt:	-	-
Treasury Letters	-	-
Government Bonds and debentures	-	-
Other Spanish Public Administrations	-	-
Foreign Public Debts		
Issued by financial institutions	52,304	65,227
Other fixed income securities	-	-
(Impairment losses)	-	-
Other valuation adjustments	-	-
Loans and advances:	-	-
Spanish Public Debt	-	-
Other Spanish Public Administrations	-	-
Foreign Public Debts	-	-
	-	-
Issued by financial institutions		
Other fixed income securities	-	-
(Impairment losses)	-	-
Other valuation adjustments	-	-
Other equity instruments:	106,957	74,039
Shares of listed Spanish companies	-	-
Shares of unlisted Spanish companies	-	-
Shared of listed foreign companies	-	-
Shares of unlisted foreign companies	-	-
Units in the assets of investment funds, venture capital entities and publicly traded real estate investment companies	106,957	74,039
	159,261	**139,266**

The interest earned on the debt instruments classified in this portfolio of financial assets in 2022 and 2021 amounted to EUR 319 thousand and EUR 317 thousand, respectively, and was recognised under "Interest and Similar Income" in the consolidated income statement (see Note 26).

The financial instruments recognised under this heading in 2022 and 2021 relate to equity positions measured at fair value through profit or loss.

The detail of equity instruments at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Espiga Equity Fund, F.C.R.	2,024	2,413
K Fund, F.C.R.E	2,798	1,561
Olimpo Real Estate Socimi, S.A.	6,287	5,179
Helia Renovables, F.C.R.	95	153
Helia 2 Renovables, F.C.R. Clase A	5,142	4,653
Atom Hoteles Socimi S.A.	4,912	4,552
Encomenda Seed I B, F.C.R.E., S.A	405	292
Vstudent Aulis, F.C.R.	2,435	2,177
Andbank Real Estate Investment Fund, S.C.A., S.I.C.A.V.-S.I.F	1,263	1,296
Everwood Fotovol Pool VI, F.C.R./P.T.	793	691
MVB Fund, F.C.R.	1,331	610
Trebol Core Properties, S.L.	5,741	5,849
Helia Renovables III, F.C.R. (Clase A)	911	522
Helia Renovables III, F.C.R. (Clase B)	675	652
Helia Renovables IV, F.C.R.	4,636	3,291
UBS Lux. Real Estate Funds Selec. Global	4,841	3,624
Titan Infraestructuras, F.C.R.	6,222	5,307
AYG Renewables Iberian Solar I	2,229	784
Archmore Inter Infrastructure Fund III	4,428	4,500
Bolsa Social Impacto FESE, F.C.R.	138	87
Dunas Aviation I, F.C.R. (Clase A)	3,592	3,572
Inveready Venture Finance III, F.C.R.	255	131
LYNX Renovables Iberia	1,601	1,071
Mapfre Infraestructuras, F.C.R.	1,649	693
MCH Global Alternative Strategies, F.C.R.	204	151
Pan European Infraestructure III, S.C.S.	4,301	2,500
Stable Income European Real Estate Fund	6,360	6,333
Bankinter Logistica SA SOCIMI	11,692	7,350
EdR Euro Industrial Real Estate Fund	3,873	528
Espiga Equity Fund II, F.C.R.	468	1
Everwood V Renewables Europe F.C.R.	182	235
March PE Global Fund I, F.C.R.	781	271
MCH Global Real Asset Strategies F.C.R.	2,853	2,878
Neuberger Berman Select Private Equity, F.C.R	837	132
Titan Infraestructuras, II F.C.R.	452	-
SIEREF 2 Income European Real Estate Fund	133	-
Atrium Bire SIGI	7,726	-
Arcano Earth Fund II	450	-
EDR Private Equity Select Access Fund	1,454	-
Ecualia Capital F.C.R.	595	-
Klima Energy Transition Fund	193	-
	106,957	**74,039**

Dividends generated by these equity instruments at 31 December 2022 have amounted to EUR 4,009 thousand and have been recognised by the Entity as “Dividend income” in the income statement.

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

At 31 December 2022 and 2021, the Parent Company has no financial assets or liabilities classified as fair value through profit or loss in its consolidated balance.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of this heading on the assets side of the consolidated balance sheet is as follows:

	Thousands of euros	
	2022	2021
Debt securities	438,470	387,890
Equity instruments	3,234	3,374
Total	**441,704**	**391,264**

All debt instruments at fair value through other comprehensive income are classified as standard risk (stage 1) for credit risk purposes.

10.1 Debt securities

The detail of debt securities classified according to their counterparty is as follows:

	Thousands of euros	
	2022	2021
Spanish public administrations	311,491	279,626
Non-resident public administrations	67,461	19,817
Resident and non-resident credit institutions	54,593	80,997
Other resident and non-resident sectors	4,934	8,201
Impairment adjustments	(9)	(751)
Total	**438,470**	**387,890**

Interest accrued in 2022 on the debt securities amounted to EUR 3,859 thousand (EUR 13.342 thousand in 2021), which is included under "Interest Income - Financial Assets at Fair Value through Other Comprehensive Income" (see Note 26), with average returns of 0.88% and 3.44% for 2022 and 2021, respectively.

Of those assets and those acquired under repurchase agreement from credit institutions (Note 11.1), the Group had not transferred any cash to the customer at 31 December 2022 or 31 December 2021.

The detail, by remaining term to maturity, of this heading is detailed in Note 5.c) on liquidity risk.

The detail of the movement in 2022 and 2021 in the debt securities is as follows:

	Thousands of euros	
	2022	2021
Balance as of January 1	**387,890**	**473,301**
Additions	1,201,193	736,216
Disposals	(1,121,282)	(813,897)
Valuation adjustments	(29,340)	(7,945)
Net impairment losses	9	215
Balance as of December 31	**438,470**	**387,890**

At 31 December 2022, the nominal amounts pledged to this portfolio amounted to EUR 808,391 thousand to secure monetary policy transactions and EUR 46,050 thousand to secure transactions on the Spanish stock exchanges and markets (BME) - Clearing. At 31 December 2021, the nominal amounts pledged to this portfolio amounted to EUR 965.964 thousand to secure monetary policy transactions and EUR 36,050 thousand to secure transactions on the Spanish stock exchanges and markets (BME) - Clearing.

10.2 Equity instruments

At 31 December 2022 and 2021, the breakdown of the balance of this heading, according to the issuer's sector of activity, is as follows:

	Thousands of euros	
	2022	**2021**
-		
From credit institutions	1,637	1,014
From other resident sectors	979	1,740
From other non-resident sectors	618	620
Total	**3,234**	**3,374**

The detail of the movement in the year in other equity instruments is as follows:

	Thousands of euros	
	2022	**2021**
-		
Balance as of January 1	**3,374**	**3,499**
Additions	4	59
Disposals	-	(7)
Valuation adjustments	(144)	(177)
Balance as of December 31	**3,234**	**3,374**

The detail of the Group's equity instruments classified at fair value through other comprehensive income in accordance with the requirements of IFRS 9 is as follows

	Thousands of euros	
Company	**2022**	**2021**
Colegio Mayol (*)	600	600
Visa Inc.	618	619
Acc. Aval Castilla La Mancha	860	900
Banco de Crédito Social Cooperativo, S.A.	1,019	1,012
Servired	34	35
Redsys	88	83
Sistema de Tarjetas y Medio de Pago	4	4
Sociedad de bancos españoles para colaboración en pagos S.L.	3	112
BIZUM S.L. (former name: Sociedad de Procedimientos de Pagos S.L.)	8	5
Total	**3,234**	**3,374**

(*) This shareholding, acquired in 2006, affects the Education and Promotion Fund (Note 23).

10.3 Impairment losses

The breakdown of the impairment losses recognised by the Group at the end of 2022 and 2021 for the assets in the "Financial Assets at Fair Value through Other Comprehensive Income" portfolio is as follows:

	Thousands of euros	
	2022	2021
Opening balance	751	966
Net provision/(recovery) for the year	(9)	(215)
Other movements	(733)	-
Closing balance	**9**	**751**

The foregoing amounts include EUR 9 thousand and EUR 215 thousand, respectively, for the release and collective allocation of debt securities classified in the "Financial Assets at Fair Value through Other Comprehensive Income" category in 2022 and 2021, respectively.

10.4. Accumulated other comprehensive income

The detail of "Accumulated Other Comprehensive Income" in equity at 31 December 2022 and 2021 for "Financial Assets at Fair Value through Other Comprehensive Income" is as follows:

	Thousands of euros	
	2022	2021
Net provision/(recovery) for the year	(11,068)	7,812
Other movements	278	386
Total	**(10,790)**	**8,198**

The movement recorded under the heading "Accumulated Other Comprehensive Income" in 2022 and 2021, due to transactions in the securities in this portfolio, was as follows:

	Thousands of euros	
	2022	2021
Items that can be reclassified in results		
Opening balance	7,812	14,967
Valuation gains (losses)	(25,305)	(6,294)
Transferred to profit and loss	-	(3,378)
Other reclassifications	132	132
Tax effect	6,293	2,385
Closing balance	**(11,068)**	**7,812**
Items that will not be reclassified to profit and loss		
Opening balance	386	519
Valuation gains (losses)	(144)	(177)
Tax effect	36	44
Closing balance	**278**	**386**

The breakdown of this portfolio by residual maturity is included in Note 5.c).

11. FINANCIAL ASSETS AT AMORTISED COST

The detail of this heading on the assets side of the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Debt securities	2,419,425	2,130,953
Loans and advances	4,908,798	4,588,301
Central banks	*38*	-
Credit institutions	*12,976*	*12,280*
Clients	*4,895,784*	*4,576,021*
Total	**7,328,223**	**6,719,254**

11.1. Debt securities

The detail of the "Debt Instruments" portfolio at 2022 year-end, classified under "Financial Assets at Amortised Cost" at 31 December 2021, is as follows:

	Thousands of euros	
	2022	**2021**
By type of counterparty:		
Resident Public Administrations	921,928	677,012
Non-resident Public Administrations	311,633	215,697
Other resident sectors	512,131	603,230
Other non-resident sectors	673,733	635,014
	2,419,425	**2,130,953**
By instrument type :		
Spanish Public Debt	616,984	365,391
Government bonds and debentures	*616,984*	*365,391*
Other Spanish public administrations	304,944	311,621
Other non-resident public administrations	311,633	215,697
Issued by other entities	54,490	208,362
Issued by financial institutions	1,131,374	1,029,882
	2,419,425	**2,130,953**

In 2022 and 2021, the interest accrued on the "Debt Instruments at Amortised Cost" portfolio amounted to EUR 24,682 thousand and EUR 27,314 thousand, respectively (see Note 26).

The average return on the assets classified in this portfolio was 1.02% and 0,93% for 2022 and 2021, respectively.

11.2 Credit institutions

The detail of this heading according to the nature of the instrument is as follows:

	Thousands of euros	
	2022	2021
Forward accounts	10,000	-
Temporary acquisition of assets	-	-
Other accounts	1,924	8,507
Checks payable by credit institutions	946	3,773
Accrued interest	106	-
Total	**12,976**	**12,280**

The detail by remaining term to maturity of this heading is detailed in Note 5.c).

The average annual interest rate during 2022 and 2021 on deposits at credit institutions was 0.89% and 0.00%, respectively.

11.3 Customer loans

The breakdown of this heading in the consolidated balance sheet, by type and status of the credit, interest rate, currency and counterparty sector, is as follows:

	Thousand of euros	
	2022	2021
By type and status of the credit:		
Commercial portfolio	36,879	38,824
Secured Debtors	3,715,350	3,271,629
Other receivables (*)	1,089,763	1,208,222
Financial leasing	22,312	19,298
Sight debtors and miscellaneous	33,987	45,301
Doubtful assets	84,011	80,028
Valuation adjustments	(86,518)	(87,281)
Total	**4,895,784**	**4,576,021**
By sector:		
Spanish Public Administration	379,441	325,774
Other resident sectors	4,507,989	4,240,466
Other non-resident sectors	8,354	9,781
Total	**4,895,784**	**4,576,021**
By type of interest rate:		
Fixed interest rate	1,482,596	1,169,348
Variable interest rate	3,413,188	3,406,673
Total	**4,895,784**	**4,576,021**
By currency		
In euros	4,894,225	4,575,644
In foreign currency	1,559	377
Total	**4,895,784**	**4,576,021**

(*) There are no reverse repos at 31 December 2022 and 2021.

The detail by remaining term to maturity of this heading is detailed in Note 5.c).

“Receivables secured by real guarantees" includes EUR 3,708,409 thousand of mortgage-backed loans at 31 December 2022 (EUR 3,175,630 thousand at 31 December 2021). Other receivables" includes a subordinated loan amount of EUR 12,296 thousand at 31 December 2022 (EUR 11,733 thousand at 31 December 2021).
At 31 December 2022 and 2021, doubtful assets had the following guarantees or credit enhancements (at fair value on the date the risk was granted).

	Thousands of euros
Financial year 2022	77,830
Financial year 2021	74,249

The average annual interest rate in 2022 and 2021 was 0.87% and 1.74%, respectively.

In 2009 and previous years, the Parent Company securitised credit operations on customers (mortgage loans), the outstanding balance of which on 31 December 2022 and 2021 amounted to EUR 145,488 thousand and EUR 165,954 thousand, respectively. The detail of these assets, based on whether or not they were cancelled in accordance with the criteria described in Note 3.n, is as follows:

	Thousands of euros	
	2022	2021
Securitised assets:		
Loans and receivables		
Cancelled	-	-
Not cancelled	145,488	165,954
Total	**145,488**	**165,954**

The above assets were transferred to a securitisation fund, with the Parent Company significantly retaining the risks associated to said assets (credit risk), for which reason they have not been removed from the consolidated balance sheet. Below is a detail of the securitised assets that are maintained on the consolidated balance sheet as of 31 December 2022 and 2021 as it is considered that the risks and benefits associated with the transferred financial asset have been substantially retained:

	Thousands of euros		
	Securitised assets	Balance as of 31/12/2022	Balance as of 31/12/2021
Assets transferred to:			
Rural Hipotecario XI, Asset Securitisation Fund	153,920	34,374	40,544
Rural Hipotecario XII, Asset Securitisation Fund	369,300	111,114	125,410
Total	**523,220**	**145,488**	**165,954**

At 31 December 2022, the Group holds in its portfolio bonds issued by the securitisation funds to which these assets were transferred for an effective amount of EUR 136,806 thousand (EUR 155,910 thousand in 2021). Likewise, subordinated loans were granted to these funds for an amount of EUR 10,296 thousand (EUR 11,733 thousand as of 31 December 2021). At 31 December 2022 and 2021, the amount of the aforementioned bonds is presented as a net amount within the "Households" account under the heading of Customer deposits in the consolidated balance sheets (Note 17.3).

The detail of the valuation adjustments made to transactions classified as "Customer loans" is as follows:

	Thousands of euros	
	2022	**2021**
Valuation adjustments:		
Impairment adjustments	(110,053)	(103,970)
Accrued interest	719	591
Commissions	(17,375)	(11,266)
Others	40,191	27,364
Total	**(86,518)**	**(87,281)**

The movement during the years 2022 and 2021 of the impaired financial assets removed from the asset due to lack of reasonable expectations of recovery (write-offs) is as follows:

	Thousands of euros	
	2022	**2021**
Balance at the beginning of the year	**131,295**	**114,378**
Additions		
Because there is no reasonable expectation of recovery	3,315	9,711
For other reasons	13,951	10,193
Recoveries		
For cash receipts without additional funding	(8,559)	(2,987)
For the award of tangible assets	-	-
Balance at the end of the year	**140,002**	**131,295**

Accumulated and unrecognised finance income recognised in the consolidated income statement for 2022 and 2021 from loans to impaired customers amounts to EUR 13,951 thousand and EUR 10,193 thousand, respectively.

The classification of impaired assets pending collection according to their age is as follows:

					Thousands of euros
Financial year 2022	**Up to 6 months**	**Between 6 and 9 months**	**Between 9 and 1 months**	**More than 12 months**	**Total**
Secured transactions	6,266	683	580	9,621	17,150
Secured transactions on residential property finished	7,462	935	1,307	9,717	19,421
Unsecured transactions	11,084	2,144	2,571	31,641	47,440
	24,812	**3,762**	**4,458**	**50,979**	**84,011**

	Thousands of euros				
Financial year 2021	**Up to 6 months**	**Between 6 and 9 months**	**Between 9 and 1 months**	**More than 12 months**	**Total**
Secured transactions	6,359	529	871	9,688	17,447
Secured transactions on residential property finished	6,782	695	1,057	8,490	17,024
Unsecured transactions	11,605	1,988	1,604	30,360	45,557
	24,746	**3,212**	**3,532**	**48,538**	**80,028**

The classification of past due, unimpaired assets pending collection according to age is as follows:

	Thousands of euros			
Financial year 2022	**Less than 1 month**	**Between 1 and 2 months**	**Between 2 and 3 months**	**Total**
Unsecured transactions	4,347	1,558	814	6,719
Secured transactions on completed homes	868	242	324	1,434
Other secured transactions	404	113	89	606
With partial collateral	-	-	-	-
Total	**5,619**	**1,913**	**1,227**	**8,759**

	Thousands of euros			
Financial year 2021	**Less than 1 month**	**Between 1 and 2 months**	**Between 2 and 3 months**	**Total**
Unsecured transactions	249	41	40	330
Secured transactions on completed homes	472	137	151	760
Other secured transactions	3,623	785	502	4,910
With partial collateral	-	-	-	-
Total	**4,344**	**963**	**693**	**6,000**

11.4. Impairment losses

The breakdown of impairment losses recorded during 2022 and 2021 for assets in the loan and advance payment portfolio with customers is as follows:

	Thousands of euros			
2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**68,328**	**3,915**	**32,477**	**104,720**
Origination increases	17,603	-	-	17,603
Decreases due to derecognition	(14,587)	-	-	(14,587)
Changes due to variations in credit risk	-	3,928	1,252	5,180
Changes due to modifications without derecognition	-	-	920	920
Changes due to updating the Entity’s estimation method	274	-	364	638
Reduction in the allowance account due to write-offs	-	-	(2,984)	(2,984)
Other	(2,105)	(835)	1,645	(1,295)
Closing balance	**69,513**	**7,008**	**33,674**	**110,195**

	Thousands of euros			
2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance	**69,360**	**3,168**	**38,937**	**111,465**
Origination increases	3,186	44	531	3,761
Decreases due to derecognition	(20,664)	(29)	(618)	(21,311)
Changes due to variations in credit risk	1,130	1,596	(1,723)	1,003
Changes due to modifications without derecognition	-	-	324	324
Changes due to updating the Entity's estimation method	-	-	-	-
Reduction in the allowance account due to write-offs	-	-	(7,732)	(7,732)
Other	15,316	(864)	2,758	17,210
Closing balance	**68,328**	**3,915**	**32,477**	**104,720**

In 2022 and 2021, movements between the different risk stages were as follows:

	Thousands of euros	
	2022	**2021**
Transfers between Stage 1 and Stage 2		
To Stage 2 from 1	13,639	42,598
To Stage 1 from 2	21,762	2,285
Transfers between Stage 2 and Stage 3		
To Stage 3 from 2	3,104	3,566
To Stage 2 from 3	430	480
Transfers between Stage 1 and Stage 3		
To Stage 3 from 1	3,821	10,062
To Stage 1 from 3	601	308

Also, in 2022 and 2021, a net loss provision of EUR 377 thousand and a net loss provision of EUR 302 thousand, respectively, were recognised under "Financial Assets at Amortised Cost" in the consolidated income statement.

The detail of "Impairment/Reversal of Impairment of Financial Assets not Measured at Fair Value through Profit or Loss and Net Profit or Loss Due to Changes - Financial Assets at Amortised Cost" in the consolidated income statements for the years ended 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Net provision for the year as reflected in the income statement	10,052	3,429
Suspended assets recovered	(1,248)	(1,196)
Direct asset depreciation	438	894
	9,242	**3,127**

11.5. Financing operations with ICO Covid-19 guarantees

In article 29 of Royal Decree-Law 8/2020, of March 17, on extraordinary urgent measures, the ICO line of guarantees establishes that the Ministry of Economic Affairs and Digital Transformation will grant up to EUR 100,000 million to face the liquidity needs established in said Royal Decree. Companies and freelancers had access to these guarantees through their financial institutions, by formalizing new financing operations or renovating existing ones.

Subsequently, according to Royal Decree-Law 25/2020, of July 3, a Guarantee Line of EUR 40,000 million was approved, from the Ministry of Economic Affairs and Digital Transformation, with the aim of meeting mainly the needs of SMEs and self-employed derived from new investments.

The Parent company adhered to and granted financing through both guarantee facilities, which finalised in June 2022.

Eurocaja Rural S.C.C. has approved a total of 55 operations for the self-employed, SMEs and other companies, with a financing limit of EUR 3,299 thousand.

ICO facility in the context of the war in Ukraine

On 29 March 2022 the Government approved, via Royal Decree-Law 6/2022, a response plan to Russia's invasion of Ukraine. This plan contains, amongst other measures, an ICO guarantee facility of EUR 10,000 million, for the purpose of guaranteeing access to liquidity by companies affected by the rising costs of energy and raw materials as a result of the conflict.

The guarantee facility has the following characteristics: all companies and self-employed individuals can be beneficiaries, except for those from the financial and insurance sectors; the deadline for applying for these guarantees is 1 December 2022; and banks must keep working capital facilities open to their customers until 31 December 2022.

Subsequently, the Council of Ministers' agreement dated 10 May 2022 approved the first tranche of this guarantee facility for EUR 5,000 million, this being contingent on the European Commission's authorisation of the guarantee facility (eventually received on 2 June 2022).

The prolonged nature of the conflict and its impact has required a review to adapt and extend the initially-adopted European Temporary Framework. The European Commission amended the European Temporary Framework on 20 July 2022 and 28 October 2022 to prolong all the measures set out in the Temporary Crisis Framework until 31 December 2023, (ii) increase the ceilings set out for limited amounts of aid and (iii) introduce additional flexibility for liquidity support.

In line with the decision by the European Commission, the Council of Ministers approved Royal Decree-Law 19/2022 of 22 November, extending until 31 December 2023 the guarantee facility included in the Plan in response to Russia's invasion of Ukraine aimed at guaranteeing the liquidity of self-employed individuals and companies. In addition to extending the guarantee facility, certain amendments to the configuration of the first tranche activated in May were introduced by agreement of the Council of Ministers. Therefore, the first tranche of the facility was divided into two parts, one of EUR 3,500 million for SMEs and self-employed individuals and another of EUR 1,500 million for large companies, in order to guarantee access to financing for companies of all sizes.

Likewise, the maximum guarantee thresholds were raised to EUR 2,000,000 for companies of a general nature, EUR 250,000 for primary agricultural companies and EUR 300,000 for fishing and aquaculture companies, which will continue to retain the previous conditions.

Lastly, on 27 December a direct aid scheme of EUR 450 million was set up for those companies suffering from the most severe impact of gas price rises, such as those in the ceramic sector.

Eurocaja Rural has no credit risk, either with individuals or companies, nor does it have any counterparty risk with the financial institutions of either country.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

At 31 December 2022 and 2021, the Group's balance under "Investments in Joint Ventures and Associates" is nil. The relevant information on the investments in subsidiaries that were fully consolidated at 31 December 2022 and 2021 is included in Note 1.

13. NON-CURRENT ASSETS FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS FOR SALE

The breakdown of this heading in the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros			
	2022		2021	
	Asset	Liability	Asset	Liability
Tangible assets awarded	20.029	-	22,561	-
Impairment adjustments	(4,483)	-	(4,555)	-
Total	**15,546**	**-**	**18,006**	**-**

The fair value of the foreclosed assets calculated by independent valuers does not differ significantly from the value at which they are carried.

The detail of the changes in this heading in the consolidated balance sheet in 2022 and 2021 is as follows:

	Thousands of euros	
	Asset	Liability
Balance as of 31 December 2020	**22,690**	**-**
Additions	3,161	-
Disposals	(3,290)	-
Balance as of 31 December 2021	**22,561**	**-**
Additions	1,892	-
Disposals	(4,424)	-
Balance as of 31 December 2022	**20,029**	**-**

At 31 December 2022 and 2021 the detail of non-current assets is shown in Note 5.a.

At 31 December 2022 and 2021, the classification of foreclosed assets according to their purpose is as follows:

			Thousands of euros
2022	**Gross value**	**Impairment**	**Net book value**
Primary housing and similar	11,542	(2,570)	8,972
Secondary housing	2,994	(761)	2,233
Premises, warehouses and industrial buildings,	4,318	(507)	3,811
Land and similar	1,007	(582)	425
Others	168	(63)	105
Total	**20,029**	**(4,483)**	**15,546**

			Thousands of euros
2021	**Gross value**	**Impairment**	**Net book value**
Primary housing and similar	14,520	(2,978)	11,542
Secondary housing	3,562	(456)	3,106
Premises, warehouses and industrial buildings,	1,680	(473)	1,207
Land and similar	2,186	(570)	1,616
Others	613	(78)	535
Total	**22,561**	**(4,555)**	**18,006**

The changes in 2022 and 2021 in the impairment losses on non-current assets and disposal groups classified as held for sale by the Group were as follows:

	Thousands of euros	
	2022	**2021**
Opening balance	**(4,555)**	**(5,133)**
Provisions (Note 32)	(512)	(170)
Recoveries (Note 32)	577	748
Uses (*)	7	-
Closing balance	**(4,483)**	**(4,555)**

(*) Corresponds to the use of provisions as a result of the sale of foreclosed assets.

As mentioned in Note 2.d), in 2012 the Parent incorporated Viveactivos, S.A.U. and Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U., to which all the assets foreclosed or received in payment of debts referred to in Article 1.1 of Royal Decree Law 18/2012, of 11 May, subsequently replaced by Law 8/2012, of 30 October, were transferred.

14. PROPERTY, PLANT AND EQUIPMENT

The breakdown of this heading in the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Own use (net of accumulated depreciation)	68,035	63,059
Investment property (net of accumulated depreciation)	6,505	6,700
Impairment losses	(838)	(838)
Total	**73,702**	**68,921**

The breakdown of this heading in the consolidated balance sheet and of the changes in this heading in 2022 and 2021 is as follows:

	Thousands of euros				
For Own Use	**Computer Equipment**	**Furniture, installations and others**	**Buildings**	**Real Estate Investments**	**TOTAL**
Cost Value					
Balance at 31.12.20	**18,200**	**40,444**	**59,586**	**7,418**	**125,648**
Additions	974	2,730	5,947	-	9,651
Disposals	-	(220)	(2,827)	-	(3,047)
Transfers	-	7	(7)	-	-
Balance as 31.12.21	**19,174**	**42,961**	**62,699**	**7,418**	**132,252**
Additions	1,943	2,709	7,830	7	12,489
Disposals	(16)	(30)	(662)	-	(708)
Transfers	-	-	-	-	-
Balance at 31.12.22	**21,101**	**45,640**	**69,867**	**7,425**	**144,033**
Accumulated Depreciation					
Balance at 31.12.20	**(13,261)**	**(24,485)**	**(18,977)**	**(516)**	**(57,239)**
Additions	(1,516)	(2,012)	(2,996)	(202)	(6,726)
Disposals	-	168	1,304	-	1,472
Transfers	-	-	-	-	-
Balance at 31.12.21	**(14,777)**	**(26,329)**	**(20,669)**	**(718)**	**(62,493)**
Additions	(1,544)	(2,028)	(3,481)	(202)	(7,255)
Disposals	-	22	233	-	255
Transfers	-	-	-	-	-
Balance at 31.12.22	**(16,321)**	**(28,335)**	**(23,917)**	**(920)**	**(69,493)**
Impairment losses					
Balance as 31.12.20	**-**	**-**	**(722)**	**-**	**(722)**
Additions	-	-	(116)	-	(116)
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31.12.21	**-**	**-**	**(838)**	**-**	**(838)**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance at 31.12.22	**-**	**-**	**(838)**	**-**	**(838)**
Net value at 31.12.21	**4,397**	**16,632**	**41,192**	**6,700**	**68,921**
Net value at 31.12.22	**4,780**	**17,305**	**45,112**	**6,505**	**73,702**

At 31 December 2022 and 2021 the Group has no property, plant and equipment that is temporarily out of service or retired from active use.

At 31 December 2022 and 2021 the Group had no signed commitments to purchase or sell tangible assets for significant amounts.

At 31 December 2022 and 2021, the Group did not have fully depreciated property, plant and equipment with an original cost of EUR 27,809 thousand and EUR 26,166 thousand, respectively, that are still in use.

In accordance with the provisions of Bank of Spain Circular 4/2004, the Parent Company revalued the "Buildings for own use" and for free disposal on January 1, 2004. The accounting impact of this revaluation was EUR 17,875 thousand net of taxes. Likewise, the Parent Company does not carry out periodic valuations unless there is evidence of potential impairment, however, the Directors of the Parent Company annually commission an independent expert to analyse the market for said asset, registering, where applicable, any impairment that may occur in the consolidated income statement. In this way, the Directors understand that the fair values of property, plant and equipment do not differ significantly from the recognised amounts.

There are no tangible assets of significant amount for which there are restrictions on use or ownership, or which the Entity has delivered as security for debt performance.

Rights of use by lease

The Group holds rights of use through leasing mainly of buildings, premises and offices for the performance of its activities.

The breakdown of the rights of use under finance leases and of the changes therein in 2022 and 2021 is as follows:

	Thousands of euros		
	Land and buildings	Others	Total
Balances as of 31 December 2020	**10,311**	**298**	**10,609**
Additions	3,852	95	3,947
Disposals	(2,827)	(205)	(3,032)
Depreciation	(2,536)	(123)	(2,659)
Other movements	1,303	156	1,459
Balances as of 31 December 2021	**10,103**	**221**	**10,324**
Additions	3,079	48	3,127
Disposals	(662)	(17)	(679)
Depreciation	(2,902)	(95)	(2,997)
Other movements	234	-	234
Balances as of 31 December 2022	**9,852**	**157**	**10,009**

The breakdown of the lease liabilities associated with the rights of use (which are recognised under "Financial Liabilities at Amortised Cost" in the consolidated balance sheet) at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Lease liabilities	9,588	10,346
For current leases	-	-
For non-current leases		
	9,588	**10,346**

Also, the impact on the consolidated income statement of the rights of use under the Group's leases at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Expenses for amortisation of rights of use		
Land and buildings	2,902	2,536
Others	108	123
Interest expense on lease liabilities	10	1
	3,020	**2,660**

Finally, the Group has excluded from the general treatment of leases those contracts with a term of 12 months or less, as well as those contracts where the value of the leased item is low. Although these exclusions were not material, their impact on the Group's consolidated income statement at 31 December 2022 and 2021 is presented below:

	Thousands of euros	
	2022	**2021**
Short-term lease expenses	532	712
Low value lease expenses	-	-
	532	**712**

These lease expenses are recognised income statement. under "Other Operating Expenses" in the consolidated annual accounts.

15. INTANGIBLE ASSETS

The breakdown of the balance and movement in this heading in the consolidated balance sheets at 31 December 2022 and 2021 is as follows:

	Thousands of euros			
	Cost	**Amortisation**	**Impairment**	**Net value**
Balance as of 31.12.20	**4,022**	**(3,337)**	**-**	**685**
Additions	305	(218)	-	87
Disposals	-	-	-	-
Balance as of 31.12.21	**4,327**	**(3,555)**	**-**	**772**
Additions	416	(255)	-	161
Disposals	-	-	-	-
Balance as of 31.12.22	**4,743**	**(3,810)**	**-**	**933**

16. OTHER ASSETS AND OTHER LIABILITIES

The breakdown of the balances of these asset and liability headings in the consolidated balance sheet for 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Assets		
Prepayments:		
Other prepayments	2,112	2,180
Rest of other assets		
Stocks	573	306
Other concepts	357	3,628
Total other Assets	**3,042**	**6,114**
Liabilities		
Accruals	8,096	6,598
Other liabilities		
Other concepts	62,875	12,604
Social work fund	8,576	7,506
Total other liabilities	**79,547**	**26,708**

17. FINANCIAL LIABILITIES AT AMORTISED COST

The breakdown of this heading on the liabilities side of the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Central banks (Note 17.1)	567,852	570,233
Credit institutions (Note 17.2)	285	4,303
Customers (Note 17.3)	7,095,228	6,627,194
Debt securities issued (Note 17.4)	1,197,337	1,196,525
Other financial liabilities (Note 17.5)	145,533	71,135
Total	**9,006,235**	**8,469,390**

17.1 Central bank deposits

The breakdown of the balances of this heading in the consolidated balance sheets is as follows:

	Thousands of euros	
	2022	2021
Bank of Spain		
Time deposits	567,852	570,233
Total	**567,852**	**570,233**

At 31 December 2022 and 2021, the Parent Company had a Credit Policy Agreement with the Bank of Spain with a pledge of securities and other assets, the limits of which amounted to EUR 688,592 thousand and EUR 931,157 thousand, respectively. At 31 December 2022, the amount drawn down under this agreement was EUR 572,000 thousand (31 December 2021: EUR 572,000 thousand).

This amount drawn down is secured by fixed-income securities recognised under "Financial Assets at Fair Value through Other Comprehensive Income" for an equivalent amount, in addition to the asset-backed securities described in Note 10.

17.2 Deposits from credit institutions

The breakdown of this heading on the liabilities side of the consolidated balance sheet at 31 December 2022 and 2021, based on the nature of the instrument, is as follows:

	Thousands of euros	
	2022	2021
Current accounts / intraday deposits	88	3,269
Time deposits	197	1,034
Repurchase agreements	-	-
Total	**285**	**4,303**

The breakdown by remaining term to maturity of this heading is detailed in Note 5.c).

As of 31 December 2022 and 2021, the nominal amount of the repurchase agreements is EUR 0 thousand.

The average annual interest rate during 2022 and 2021 on deposits from credit institutions was 0.68% and 0.08%, respectively.

17.3 Customer deposits

The breakdown, by counterparty and type of financial liability, of this heading on the liability side of the consolidated balance sheets at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Public administrations	813,843	870,339
Current accounts / intraday deposits	739,198	834,269
Time deposits	74,645	36,070
Other financial companies	694,217	567,549
Current accounts / intraday deposits	49,424	34,760
Time deposits	19,126	12,303
Repurchase agreements (*)	625,667	520,486
Non-financial companies	1,040,109	934,498
Current accounts / intraday deposits	876,334	826,513
Time deposits	163,775	107,985
Households	4,547,059	4,254,808
Current accounts / intraday deposits	3,435,087	3,054,287
Time deposits	1,111,972	1,200,521
Total	**7,095,228**	**6,627,194**
By currency		
In Euros	7,093,669	6,626,817
Foreign currency	1,559	377
Total	**7,095,228**	**6,627,194**
By interest rate modality		
Fixed interest rate	6,394,419	5,980,051
Variable interest rate	700,809	647,143
Total	**7,095,228**	**6,627,194**

(*) At 31 December 2022 and 2021, there were repos with central counterparties (MEEF) for a nominal amount of EUR 699,500 thousand and EUR 460,000 thousand, respectively, in which the contracting entities were Bankinter and Société General at 31 December 2022 and Ibercaja Banco and Unicaja Banco at 31 December 2021. The effective amounts recognised at 31 December 2022 and 2021 were EUR 625,301 thousand and EUR 520,972 thousand, respectively, and the interest accrued at those dates was EUR 1,936 thousand and EUR 3,188 thousand, respectively, recognised under "Interest Income". In 2022 and 2021, the average rate of these sales was -1.861% and -0.58%, respectively.

The amount shown as "Valuation Adjustments" under the "Customer Deposits" caption relates practically in full to accrued interest. The average annual interest rate during 2022 and 2021 on customer deposits was 0.00% and 0.01%, respectively.

The breakdown by remaining term to maturity of this heading is detailed in Note 5.c).

17.4 Debt securities issued

The debt securities issued include bearer or orderly debt, such as cash or treasury bonds, bonds, mortgage securities, debentures, promissory notes, certificates of deposit or similar instruments.

The negotiable securities issued by the Parent Company that are in the possession of third parties outside the Group, valued at amortised cost, are detailed by instrument in the following table:

	Thousands of euros	
	2022	**2021**
Mortgage securities		
Mortgage bonds issued (Maturity 2024)	500,000	500,000
Mortgage bonds issued (Maturity 2031)	700,000	700,000
Premiums/Discounts Issue (Maturity 2024)	(345)	(345)
Premiums/Discounts Issue (Maturity 2031)	(3,948)	(3,948)
Valuation adjustments		
Accrued interest	2,867	2,867
Premiums/Discounts	779	345
Transaction Costs	(2,016)	(2,394)
Total	**1,197,337**	**1,196,525**

"Mortgage Securities" section includes the outstanding balance held by third parties in the issue of Mortgage Notes issued under the Base Prospectus for Fixed-Income and Structured Securities registered in the official registers of the Spanish National Securities Market Commission. The name of the issue is "I Issue" and "II Issue" of Cédulas Hipotecarias Caja Rural Castilla La Mancha Sociedad Cooperativa de Crédito". Mortgage bonds are securities that represent a debt for their issuer, bear interest and are repayable on the date(s) stipulated in the terms and conditions of the issue.

The nominal amount of the securities forming these issues is Euros 500,000 thousand, represented by 5 thousand covered bonds each with a par value of Euros 100 thousand for the issue maturing in 2024 and Euros 700,000 thousand, represented by 7 thousand covered bonds each with a par value of Euros 100 thousand for the issue maturing in 2031. The issue price is 99.93% (maturity in 2024) and 99.44% (maturity in 2031), therefore the effective amount of the issue is Euros 499,655 thousand and Euros 696,052 thousand, respectively and the effective amount per unit is Euros 99,931 thousand and Euros 99,436 thousand, respectively. Details of the issue are as follows:

The details of the broadcast are as follows:

ISIN	Balance issued (in euros)	Date of issue	Expiration date	Single VN (in euros)	Interest
ES0457089011	500,000,000	27/05/2016	27/05/2024	100,000	0.8840
ES0457089029	700,000,000	22/09/2021	22/09/2031	100,000	0.1250

Covered bonds in this issue earn interest for the holders at a fixed annual nominal rate from the date of disbursement (included) until their redemption date (excluded) of 0.884% and 0.125% per annum calculated on an Act/unadjusted Act basis. The last coupon shall be paid upon maturity of the issue (maturity dates on 27 May 2024 and 22 September 2031). Payments of coupons and the principal will be made by Banco Cooperativo Español, S.A. in the issue maturing in 2024 and by Cecabank, S.A. in the issue maturing in 2031.

The changes in 2022 and 2021 in "Debt securities issued" were as follows:

	Thousands of euros	
	2022	**2021**
Opening balance	1,196,525	1,002,585
Emissions	-	700,000
Redemption	-	(500,000)
Premiums/Discounts Issue	-	(2,118)
Accrual of premiums/discounts Issue	434	(1,439)
Transaction Costs	378	(1,642)
Net movement of accrued interest	-	(861)
Closing balance	**1,197,337**	**1,196,525**

The movement in the outstanding nominal value of the issues during the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Nominal outstanding at the beginning of the year	1,200,000	1,000,000
Nominal issued	-	700,000
Nominal value redeemed	-	(500,000)
Nominal value outstanding at year-end	**1,200,000**	**1,200,000**

In 2022 and 2021, the mortgage bonds bore interest of EUR 5,250 thousand and EUR 7,889 thousand, respectively. Also, in 2022 and 2021 these mortgage bonds bore interest of EUR 813 thousand and EUR 778 thousand, respectively, on the assumption of risk premium and issue costs, which were included in the consolidated income statement under "Interest Expenses" (see Note 26).

17.5 Other financial liabilities

All the financial liabilities recognised under this heading in the consolidated balance sheet are classified under "Financial Liabilities at Amortised Cost" and, accordingly, are measured at amortised cost. It includes the amount of the obligations payable that are in the nature of financial liabilities not included under other headings.

The breakdown of other financial liabilities, grouped by type of financial instrument, is as follows:

	Thousands of euros	
	2022	**2021**
Bonds payable	18,029	28,902
Revenue accounts	110,243	24,640
Special accounts	8,293	8,507
Contribution to the DGF (Note 2.f)	7,120	7,249
Financial guarantees	1,848	1,837
Total	**145,533**	**71,135**

18. PROVISIONS

The breakdown of this heading in the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Pensions and other post-employment defined benefit obligations (Note 3.r)	710	854
Commitments and guarantees granted	2,622	2,342
Remaining provisions	14,052	12,334
Total	**17,384**	**15,530**

The movement in these headings in 2022 and 2021 is as follows:

	Thousands of euros			
	Pensions and other obligations	**Commitments and guarantees granted**	**Remaining provisions**	**Total**
Balance as of 31 December 2020	**698**	**1,844**	**12,306**	**14,848**
Provisions (Note 31)	-	887	17,140	18,027
Recoveries (Note 31)	-	(369)	(12,735)	(13,104)
Other movements	156	(20)	(4,378)	(4,242)
Balance as of 31 December 2021	**854**	**2,342**	**12,334**	**15,530**
Provisions (Note 31)	-	606	7,803	8,409
Recoveries (Note 31)	-	(142)	-	(142)
Other movements	(144)	(184)	(6,085)	(6,413)
Balance as of 31 December 2022	**710**	**2,622**	**14,052**	**17,384**

The provisions recorded by the Group represent the best estimate of future obligations. The Parent Company Directors consider that there is no significant risk that the materialisation of these estimates, taking into account the amount of these provisions, will mean a material adjustment to the book value of the Group's assets and liabilities in the next accounting period. The financial effect estimated in the calculation of provisions and the amount of their recovery was not material in 2022 and 2021.

The Group quantifies the provisions taking into account the best information available on the consequences of the event giving rise to them. These provisions are re-estimated at each accounting close and are used to meet the specific obligations for which they were originally recognised; they are reversed, in full or in part, when these obligations cease to exist or are reduced.

The Group periodically reassesses the risks to which its activity is exposed in accordance with the economic context in which it operates. Once the provisions have been initially measured and recognised, they are reviewed at each date of the consolidated balance sheet and adjusted, where appropriate, to reflect the best estimate at that time.

The provisions recorded are used to meet the specific obligations for which they were originally recognised and are reversed, in full or in part, when these obligations cease to exist or are reduced.

The following items are recorded in each of the provision items:

- *Pensions and other obligations*: This corresponds to the provisions recorded to cover the commitments assumed by the Group with its employees, as described in Note 3-r) to these notes to the financial statements.

- *Commitments and guarantees granted*: this includes the amount set aside for general and specific provisions for contingent liabilities, understood as those transactions in which the Group guarantees obligations to a third party arising from financial guarantees granted or other types of contracts, and contingent commitments, understood as irrevocable commitments that may lead to the recognition of financial assets.

- *Remaining supplies*: This item includes provisions for legal proceedings, as well as others of a similar nature, in which it is considered probable that the Group will have to divest itself of resources that incorporate profit. Similarly, it includes the coverage of various risks, for which provisions have been made to cover unresolved issues for which the Group estimates a probable outlay, as well as the coverage of probable outlays that the Group estimates it will have to make as a result of its normal activity. The final date for the outflow of resources depends on each of the contingencies and, therefore, in some cases the obligations do not have a fixed settlement date and, in others, depend on the legal proceedings in progress. The amounts to be provisioned are calculated in accordance with the best estimate of the amount required to settle the related claim, based, inter alia, on the individual analysis of the facts and legal opinions of internal and external advisors.

19. OFF-BALANCE SHEET EXPOSURES

19.1 Guarantees granted

The breakdown of the guarantees granted, understood as the amounts that the Group must pay on behalf of third parties in the event that those originally obliged to pay do not do so, at the end of 2022 and 2021 is shown below:

	Thousands of euros	
	2022	**2021**
Financial guarantees granted	30,617	26,207
Other commitments granted	36,548	90,389
Total	**67,165**	**116,596**

A significant portion of these amounts will mature without any payment obligation materialising for the Group and, therefore, the aggregate balance of these commitments cannot be considered to be a real future need for financing or liquidity to be granted to third parties by the Group.

The income obtained from the financial guarantees is recognised under "Fee and commission income" in the consolidated income statement and is calculated by applying the rate established in the contract from which the guarantee arises to the nominal amount of the guarantee.

At 31 December 2022 and 2021, the Group had no assets to guarantee transactions carried out by itself or by third parties.

19.2 Loan commitments granted

The breakdown of "loan commitments granted" and "contingent commitments granted" at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Credit commitments	506,021	490,990
Other contingent commitments	-	3,420
Total	**506,021**	**494,410**

This item comprises irrevocable commitments to provide financing in accordance with certain pre- agreed conditions and deadlines. All the credit commitments of the Parent Company are immediately available.

The breakdown of credit commitments in 2022 and 2021, grouped by counterparty, is as follows:

	Thousands of euros	
	2022	2021
Available from third parties		
Credit institutions	8,000	60
Public Administrations	82,232	68,178
Other resident sectors		
Credit cards	88,481	76,913
From accounts with immediate availability	243,544	262,533
Others	83,626	83,065
Non-residents	138	241
Total	**506,021**	**490,990**

The average 2022 interest rate offered for these commitments is 1.01% (0.99% in 2021).

20. OTHER ACCUMULATED COMPREHENSIVE INCOME

This heading in the consolidated balance sheets at 31 December 2022 and 2021 includes the net amount of the changes in the fair value of the financial assets at fair value through other comprehensive income which, in accordance with Note 9.3, should be classified as an integral part of the Group's equity. These changes are recognised in the income statements when the assets in which they arise are sold.

The changes in the balance of this heading in 2022 and 2021 are presented below:

	Thousands of euros	
	2022	2021
Opening balance	**7,584**	**14,510**
Changes in the fair value of debt securities (Note 10.4)	(18,880)	(7,155)
Changes in the fair value of equity instruments (Note 10.4)	(108)	(133)
Changes in fair value of cash flow hedges	2,774	362
Changes in fair value due to exchange rate differences	-	-
Closing balance	**(8,630)**	**7,584**

21. SHAREHOLDERS' EQUITY

The changes in "Equity - Capital" and "Equity - Reserves" in those years are presented in the consolidated statement of changes in equity for 2022 and 2021, which forms an integral part of the statement of changes in equity.

21.1 Authorised Capital

As indicated in Royal Decree 84/1993, of 22nd January, which approves the Regulation for the development of Law 13/1989, of 26th May, and in the Statutes of the Parent Company, the share capital is made up of the capital contributions made for this concept by the shareholders who comply with the legally established conditions.

With the publication by the Bank of Spain of its Circular 7/2012 of 30 November, compulsory and voluntary contributions are equated so that both have equal rights, both economic and political. This modification implied the revision of nomenclature in the statutes of the Parent Company, which were duly approved in the General Assembly of 19 April 2013, although in practice it has no effect on the members of the Parent Company, as prior to said circular there was already equality of rights between both types of contributions.

As of 31 December 2022, the capital of the Parent Company amounts to EUR 103,234 thousand (EUR 102,555 thousand at 31 December 2021), made up of 1,472,682 shares with a nominal value of EUR 70.10 (1,462,989 shares at 31 December 2021 with a nominal value of EUR 70.10) which is fully subscribed and paid up.

The Statutes of the Parent Company contemplate, among others, the following aspects in relation to its share capital:

- The Bank's share capital, which will be variable, is set at a minimum of EUR 4,808 thousand and will be fully subscribed and paid up.

- All the contribution certificates will be registered and will have a nominal value of EUR 70.10. Each individual must hold at least one contribution certificate. However, in the case of a legal person, the minimum number of shares to be held shall be five.

- The total amount of the contributions directly or indirectly controlled by each partner may not exceed 3.5% of the share capital in the case of a legal entity, and 2.5% in the case of an individual. Under no circumstances may any of the legal entities that do not have the status of cooperative societies hold more than 50% of the share capital.

Furthermore, as explained in Note 3, at the General Assembly held on 28 April 2006, the Parent Company's Bylaws were modified to adapt the contributions to the capital of the cooperatives to the requirements established by Bank of Spain Circular 4/2004, in order to be considered as "Equity instruments".

On 15 June 2012, the General Assembly agreed to admit contributions to the Share Capital in a maximum amount of EUR 123 million and for a maximum period of 5 years, delegating the execution of this agreement to the Governing Council. In accordance with this delegation, at its meeting on 26 February 2013 the Governing Board decided to make voluntary contributions to the share capital of up to EUR 41,202 thousand, the main features of which are as follows

- Nominal value: EUR 60.11

- Expiration: Indefinite

- Representation: Nominative titles

- Remuneration: The one established at any time by the General Assembly of the Parent Company for the obligatory contributions. However, remuneration is conditioned to the existence of net results or sufficient free resources and compliance by the company with the solvency ratio or minimum equity requirements.

At 31 December 2013, the share capital, after the capital increase process that was open from 13 March to 7 August 2013, was set at EUR 50,321 thousand in contributions, and no distinction was made between voluntary and mandatory contributions.

On 29 April 2016, the General Assembly approved an increase in the nominal value of the shares by EUR 5.71 per share, raising the nominal value of the shares from EUR 60.11 to EUR 65.82. This increase in the nominal value of the shares was carried out on the basis of the balance sheet at 31 December 2015. The maximum amount of this increase is limited to the use of EUR 4,8 million of the Entity's voluntary reserves, which finally amounted to EUR 4,843 thousand at 31 December 2016.

The Extraordinary Governing Council of 30 November 2016 approved a second capital increase to be carried out in December for a maximum amount of During the month of December, subscriptions to the capital increase amounted to 36,881 thousand euros. The Governing Council decided on 20 December to extend this period to January 2017. The total capital increase at 31 January 2017 amounted to 37,256 thousand euros.

The General Meeting on 28 April 2017 approved the modification of the Entity's concentration limits from 5% of the capital stock in the case of a legal entity, and 1.5% in the case of an individual, to those present, where the total amount of the contributions of each partner may not exceed 3.5% of the capital stock in the case of a legal entity or joint venture, and 2.5% in the case of an individual.

At the General Assembly held on 30 June 2020, an increase in the par value of shares by Euros 4.28 per share was approved, raising the par value from Euros 65.82 to Euros 70.10 per share. This increase in the par value of shares was based on the balance sheet at 31 December 2019. The maximum amount of the capital increase is limited to the use of Euros 6.1 million of the Entity's voluntary reserves, ultimately amounting to Euros 6,194 thousand at 31 December 2020.

The Entity's contributions meet all the requirements of Royal Decree 84/1993 and Bank of Spain Circular 5/1993 for inclusion in the capital stock, which are, as detailed in the Entity's bylaws, as follows:

- Their possible remuneration is effectively conditioned by the existence of net positive results or sufficient unrestricted reserves to satisfy it, in the latter case subject to the prior authorisation of the Bank of Spain.
- It lasts indefinitely.
- Any such repayment shall be subject to the condition that the minimum capital requirement, reserves, own resources or solvency ratio is not insufficient.

The interest for 2022 will be set by the General Assembly in 2023.

21.2 Reserves

The breakdown, by item, of the balances of these captions in the consolidated balance sheet is as follows:

	Thousands of euros	
	2022	**2021**
Reserves of the Parent Company (*)		
Accumulated earnings	417,970	386,313
Mandatory reserves (Mandatory Reserve Fund)	-	-
Voluntary reserves	-	-
Revaluation reserves	10,150	10,225
Other reserves	(2,363)	(2,618)
	425,757	**393,920**
Reserves of consolidated companies		
Eurocaja Rural, Mediación Operador Banca y Seguros Vinculado, S.L.U.	1,225	1,042
TEC Soluciones de Negocio, S.L.U.	(2,291)	(3,790)
Viveactivos, S.A.U.	7	5
Rural Broker, S.L.U.	237	213
Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U.	4	14
	(818)	**(2,516)**
Total	**424,939**	**391,404**

The contributions made to the Mandatory Reserve Fund (not distributable among the members) from the application of the surpluses from previous years have been carried out following that indicated in Law 13/1989, of 26th May, on Credit Cooperatives, partially modified by Law 20/1990, of 19th December, on the Tax Regime of Cooperatives and in the Statutes of the Parent Company. According to the current bylaws of the Entity, this Fund will be endowed with 75% of the available surplus of each financial year.

22. CONSOLIDATED RESULTS

The contribution by company to consolidated profit, net of consolidation adjustments, for 2022 and 2021 is as follows:

	Thousands of euros			
	2022		2021	
	Group	**Minority**	**Group**	**Minority**
Eurocaja Rural (Parent Company)	48,561	-	35,055	-
TEC Soluciones de Negocio, S.L.U.	4,728	-	3,730	-
Eurocaja Rural Mediación Operador Banca y Seguros Vinculado, S.L.U.	631	-	593	-
Viveactivos, S.A.U.	(395)	-	(118)	-
Rural Broker, S.L.U.	184	-	173	-
Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U.	(91)	-	(23)	-
Total	**53,618**	**-**	**39,410**	**-**

23. EDUCATION AND DEVELOPMENT FUND

In accordance with the provisions of Law 13/1998 on Credit Cooperatives, Law 27/1999 on Cooperatives and the Articles of Association of the Entity, the Education and Promotion Fund will be used for activities that fulfil one of the following purposes

a) The training and education of Caja Rural's members and workers in the principles and values of cooperation, or in specific matters of their corporate or labour activity and other cooperative activities.

b) The dissemination of cooperativism, as well as the promotion of inter-cooperative relations.

c) The cultural, professional and welfare promotion of the local environment or the community in general, as well as the improvement of the quality of life and community development and environmental protection actions.

The General Assembly shall establish the basic lines of application of the Education and Promotion Fund, with the management of the Fund falling to the Governing Council.

In order to fulfil the aims of the Fund, it may collaborate with other companies and entities, and may contribute all or part of its endowment.

The Education and Promotion Fund cannot be disbursed, and its provisions must be shown on the liabilities side of the consolidated balance sheet separately from other items, in accordance with the rules governing the activities of credit institutions.

During the years 2022 and 2021, considering the basic lines established in the General Assembly, the Education and Promotion Fund has been applied to these purposes, through the development of the following activities:

	Thousands of euros	
	2022	**2021**
Training	694	651
Cooperative and professional promotion	2,900	2,589
Cultural and welfare promotion	256	280
Eurocaja Rural Foundation	537	462
Educational institutions	3	2
Total	**4,390**	**3,984**

The number of aid measures granted in 2022 and 2021 is presented below:

	Thousands of euros	
	2022	**2021**
Less than EUR1,000	463	271
More than EUR 1,000	112	122
Total	**575**	**393**

The Education and Promotion Fund's expenditure and investment budget for 2022 amounts to EUR 4,429 thousand (EUR 4,090 thousand in 2021).

The movements in the Education and Promotion Fund during the financial year 2022 and 2021 were as follows:

	Thousands of euros	
	2022	2021
Opening balance	**7,506**	**7,763**
Amount committed in previous year (*)	(3,998)	(4,291)
Maintenance costs for the year	(4,390)	(3,984)
Surplus	509	218
Uncommitted amount (**)	8,349	7,200
Amount invested in available-for-sale financial assets (Note 9)	600	600
Closing balance	**8,576**	**7,506**

(*) Represents the application of the surplus for 2022 and 2021, respectively, and the amount invested in financial assets at fair value through other comprehensive income.

(**) In 2022 and 2021, this relates to the mandatory contributions to welfare funds recognised in the consolidated income statement amounting to EUR 4,952 thousand and EUR 3,509 thousand, respectively, together with the surplus amounting to EUR 3,024 thousand and EUR 3,691 thousand, respectively (Note 27).

24. INCOME TAX EXPENSE/INCOME FROM CONTINUING OPERATIONS

The Group entities file their tax returns separately. The Parent Company has the last four years open for inspection. Due to the different interpretations that can be made of the tax regulations applicable to the operations carried out by the Company, certain contingent tax liabilities could exist for the years pending inspection, which are not susceptible to objective quantification. However, in the opinion of the Directors of the Parent Company, as well as its tax advisors, the possibility of said contingent liabilities materialising in future inspections is remote and, in any case, the tax debt that could be derived from them would not significantly affect these consolidated annual accounts.

The reconciliation between the consolidated profit for the year and the taxable profit for 2022 and 2021, excluding the income tax expense arising from transactions recognised directly in equity, is as follows:

	Thousands of euros	
	2022	2021
Consolidated accounting profit before tax (*)	**58,570**	**42,919**
Increases (decreases) due to permanent differences	(33,802)	(24,330)
Adjusted consolidated accounting profit	24,768	18,589
Increases (decreases) due to temporary differences	13,644	2,630
Offsetting of tax losses from previous years	-	-
Taxable income	**38,412**	**21,219**
Full fee (25% cooperative, 30% non-cooperative)	13,555	6,500
Deductions and bonuses	(333)	(27)
Liquid quota	13,222	6,473
Withholdings	(340)	(474)
Payments on account	(10,810)	(6,122)
Tax receivable/payable	**2,072**	**(123)**

(*) Corresponds to the accounting profit before taxes and mandatory provisions to welfare funds recorded in the consolidated income statement (Note 23).

The amount payable to the tax authorities is included under "Current Tax Assets" in the consolidated balance sheet.

At 31 December 2022 and 2021, the reconciliation of the consolidated income tax expense (income) is as follows:

	Thousands of euros	
	2022	**2021**
Adjusted consolidated accounting profit	**24,768**	**18,589**
Accrued tax (25% Cooperative Income, 30% Extra-cooperative Income)	9,669	5,784
Adjustments to prior year's corporate income tax expense	20	77
Income Tax Expense/ (Income)	**9,689**	**5,861**

The balance of the "Tax Assets" caption includes the amounts to be recovered for taxes in the next twelve months ("Current Tax Assets") and the amounts of taxes to be recovered in future years, including those arising from tax loss carryforwards or credits for tax deductions or tax credits to be offset ("Deferred Tax Assets"). The balance of "Tax Liabilities" includes the amount of all liabilities of a tax nature, distinguishing between current and deferred liabilities, except for tax provisions, which are included under "Provisions" in the consolidated balance sheet.

The Group companies have availed themselves of the tax benefits relating to the tax credits and tax relief provided for in the corporate income tax legislation.

On 30 November 2013, Royal Decree-Law 14/2013 of 29 November entered into force, which amended the revised text of the Corporate Income Tax Law, establishing that, with effect from tax periods commencing on or after 1 January 2011, impairment losses on loans or other assets arising from the possible insolvency of debtors not related to the taxpayer, as well as provisions or contributions to social welfare systems and If applicable, pre-retirement, which have generated deferred tax assets, will be included in the tax base in accordance with the provisions of the Corporate Income Tax Law, with the limit of the positive tax base prior to their inclusion and the offsetting of negative tax bases. The entry into force of this rule has not had any effect on the Group to the extent that it has sufficient positive tax base for the application of the reversal of existing deferred tax assets.

Also, the aforementioned Royal Decree establishes that deferred tax assets corresponding to provisions for impairment of receivables or other assets arising from possible insolvencies of debtors not related to the taxpayer, as well as those arising from provisions or contributions to social welfare systems and, where appropriate, early retirement, shall become a claim against the tax authorities (and may be monetised) in the event that the taxpayer presents accounting losses or the entity is subject to liquidation or judicially declared insolvency. The amount of the monetisable tax assets at 31 December 2022 was EUR 23,132 thousand, of which EUR 22.121 thousand related to provisions for impairment of receivables. At 31 December 2021, the amount of tax assets qualifying for recognition as a result of the tax audit was EUR 22,299 thousand, of which EUR 21,387 thousand related to impairment losses. The Entity considered that the classification of the monetisable deferred tax assets as a tax asset rather than as a financial asset was appropriate since they were based on a tax standard.

Subsequently, on 28 November 2014, Law 27/2014 on Corporate Income Tax was published, which is in force for tax years beginning on or after 1 January 2015, except for the fourth to seventh final provisions which came into force on 29 November 2014.

The main amendments to Law 27/2014 are as follows:

- The tax losses pending compensation as of 1 January 2015 may be compensated in the following tax periods, without any time limit.

- Modification of the general tax rate from the current 30% to 25%. However, the Law establishes that Financial Institutions and their tax consolidation groups will maintain the tax rate of 30% although the tax rate for cooperative activities is set at 25%.

- Limitation to the inclusion of monetizable deferred assets in the tax base and offsetting of tax bases to 70% for 2017 and subsequent years.

On 3 December 2016, Royal Decree-Law 3/2016 was published, adopting measures in the field of taxation aimed at consolidating public finances and other urgent measures in the social field. This Royal Decree, in relation to corporate income tax, includes, inter alia, the following measures with effect from 1 January 2016:

- Limitation on the compensation of negative tax bases: The compensation of negative tax bases from previous years for large companies (with a turnover of more than EUR 60 million) is limited to 25 per cent of the tax base.

- Limitation on the application of tax credits for double taxation: A new limit is established for the application of tax credits for international or domestic double taxation, generated or pending application, which is set at 50 per cent of the total tax liability, for companies with a net turnover of at least EUR 20 million.

- Reversal of impairment of investments: The reversal of impairments on investments that became tax-deductible in tax periods prior to 2013 must be carried out at least on a straight-line basis over five years.

The breakdown of "Tax Assets" and "Tax Liabilities" at 31 December 2022 and 2021, respectively, is as follows:

				Thousands of euros
		2022		2021
	Assets	Liabilities	Assets	Liabilities
Current	2,005	5,447	1,235	2,485
Deferred	41,655	968	38,058	6,364
Total	**43,660**	**6,415**	**39,293**	**8,849**

The detail of deferred tax assets and deferred tax liabilities is as follows:

	Thousands of euros	
	2022	**2021**
Deferred tax assets	**41,655**	**38,058**
Impairment losses on financial assets	22,121	21,387
Opening fees pending accrual	13	13
Pension insurance premiums	694	595
Allocation to other special funds and early retirements	2,077	1,432
IFRS reserves 9	-	316
Others	16,750	14,315
Deferred tax liabilities	**968**	**6,364**
Revaluation of assets	696	6,092
Others	272	272

The changes in current and deferred tax assets and liabilities in 2022 and 2022 are as follows:

	Thousands of euros							
	2022				**2021**			
	Tax assets		**Tax liabilities**		**Tax assets**		**Tax liabilities**	
	Current	**Deferred**	**Current**	**Deferred**	**Current**	**Deferred**	**Current**	**Deferred**
Opening balance	**1,235**	**38,058**	**2,485**	**6,364**	**1,700**	**37,395**	**1,765**	**8,671**
Additions	2,141	5,174	7,287	879,152	1,252	5,264	4,906	1,718,953
Disposals	(1,371)	(1,577)	(4,325)	(884,548)	(1,717)	(4,601)	(4,186)	(1,721,260)
Others								
Closing balance	**2,005**	**41,655**	**5,447**	**968**	**1,235**	**38,058**	**2,485**	**6,364**

Law 35/2006, of 28 November, established a tax rate of 30% for tax periods commencing on or after 1 January 2008. However, according to the corporate form of the Entity (Cooperative Society) the tax rate for cooperative activities is set at 25%.

The following are the Group's estimated reversal periods for deferred tax assets and liabilities:

	Thousands of euros	
	Assets	**Liabilities**
2023	864	53
2024	846	58
2025	828	60
2026	812	78
2027 and subsequent years	38,305	719
Total	**41,655**	**968**

25. RELATED PARTIES

25.1 Balances and transactions with related parties

The Group's balances with related parties at 31 December 2022 and 2021 are as follows:

	Thousands of euros	
	Other related parties (*)	
	2022	2021
ASSETS		
Credits	14,856	9,064
LIABILITY		
Deposits	29,920	28,157
Other liabilities	-	-
MEMORANDUM ACCOUNTS		
Contingent liabilities	438	243
Available	2,165	60
Deposited securities	5,359	1,312
PROFIT AND LOSS		
Income:		
Interest income, commissions collected and other	233	86
Expenses:		
Interest and commission expenses	18	5

(*) Includes balances with members of the Governing Board, senior management and companies related to all of them.

The loans and credits granted to members of the Governing Council and to companies related to the aforementioned directors have accrued an annual interest rate of between 0.00% and 6.16% in 2022 (annual interest rate of between 0.0% and 9.95% in 2021).

25.2 Remuneration of Directors and Senior Management

The gross remuneration received by the members of the Parent Company's Governing Board, corresponding to the 2022 and 2021 financial years was as follows:

	Thousands of euros									
	Short-Term Remuneration		Post-employment benefits		Other long term benefits		Severance payments		Equity instruments	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Mr. Javier López Martín	270	253	-	-	-	-	-	-	-	-
Mr. Gregorio Gómez López	57	50	-	-	-	-	-	-	-	-
Mr. Francisco Buenaventura Mayol Solis	56	50	-	-	-	-	-	-	-	-
Mr. Francisco Martin Gómez*	55	50	-	-	-	-	-	-	-	-
Mr. José Luis Álvarez Gutiérrez	53	49	-	-	-	-	-	-	-	-
Mr. Santiago Mendez Villarrubia	56	49	-	-	-	-	-	-	-	-
Ms. Ángela María Bejarano De Gregorio	56	48	-	-	-	-	-	-	-	-
Mr. José Luis Cuerda Tena	20	15	-	-	-	-	-	-	-	-
Mr. José María Arcos González	21	15	-	-	-	-	-	-	-	-
Ms. María del Carmen Aguado Puebla	19	14	-	-	-	-	-	-	-	-
Ms. María Jesús Rincón Mora	20	15	-	-	-	-	-	-	-	-
Ms. Inés Teullet García	18	14	-	-	-	-	-	-	-	-
Mr. Jesús Rodriguez Bahamontes	19	14	-	-	-	-	-	-	-	-
Mr. Alberto Fernando Azaña Rodríguez*	8	14	-	-	-	-	-	-	-	-
Ms. Susana Castro Garcia*	12	-	-	-	-	-	-	-	-	-
Total	**740**	**650**	-	-	-	-	-	-	-	-

(*) Members who are also employees of the Entity.

Mr. Alberto Fernando Azaña Rodríguez ceased to be a director in July 2022 and was replaced by Ms. Susana Castro Garcia

Short-term remuneration" includes the amounts corresponding to allowances and expenses for attending the Governing Board or the Committees to which the director belongs. In addition, the directors who are employees of the Company have received remuneration amounting to EUR61 thousand in 2022 (EUR 75 thousand in 2021).

Additionally, the Parent Company has taken out a civil liability insurance policy that covers the members of the Governing Board.

The Parent Company does not have any obligations with the current members of its Administrative Bodies, or with those who preceded them, in terms of pensions and life insurance, except for those corresponding to the Directors representing employees that derive from those established in general terms in the Collective Agreement.

The Parent Company, in accordance with the provisions of article 32 of Law 10/2014 dated June 26th , on the organisation, supervision and solvency of credit institutions, applies the requirements in terms of remuneration policy to the members of the group identified, specifically on "senior management, employees who assume risks, those who exercise control functions and any worker who receives a global remuneration that includes him in the same remuneration scale as that of senior management and employees who assume risks".

1º) The remuneration of this member of staff is equal to or exceeds Euros 500 thousand and is equal to or higher than the average remuneration paid to members of the board of directors or equivalent body and that of senior management personnel of the entity or;

2º) The member of staff carries out their professional activity in an important business unit and, due to its nature, this activity has a significant effect on the risk profile of the business unit where it is carried out".

In addition to the members of the Governing Board, the professionals who made up the identified group during the 2022 financial year are the Management Committee of the savings bank, made up of 8 members, and the heads and those responsible for the Audit and Regulatory Compliance departments, and the Money Laundering Prevention and Financial Risk Units, a total of 13 professionals, whose total remuneration amounted to 2,625 thousand; in 2021, the group identified consisted of 8 members, and the heads of the Audit and Compliance Department, the Money Laundering Prevention Unit and the Financial Risk Unit, a total of 13 professionals, whose total remuneration amounted to 2.487 thousand.

The Parent Company has the commitment to compensate in case of dismissal or cessation of certain members of the Management Committee with additional amounts to those legally established. As of 31 December 2022 and 2021 no provision has been made for this contingency.

26. INTEREST INCOME AND EXPENSES

The breakdown of the balances of these headings in the consolidated income statements for 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Interest income		
Non-trading financial assets mandatorily measured at fair value through profit or loss (Note 8)	319	317
Financial assets designated at fair value through profit or loss (Note 9)	-	-
Financial assets at fair value through other comprehensive income (Note 10)	3,859	13,342
Financial assets at amortised cost (Note 11)	116,060	81,615
Derivatives - hedge accounting, interest rate risk (Note 7)	3,835	1,991
Other Assets (Note 16)	25	3,109
Total	**124,098**	**100,374**

	Thousands of euros	
	2022	**2021**
Interest expenses		
Deposits	6,813	11,940
Debt securities issued (Note 17,4)	4,219	4,888
Other interests	1,441	557
Total	**12,473**	**17,385**

27. FEE AND COMMISSION INCOME

The sections "Income from commissions" and "Expenses from commissions" of the consolidated income statement, include the amount of all commissions in favour of or paid or to be paid by the Parent Company accrued during the year, except those that are an integral part of the effective interest rate of the financial instruments. The criteria followed for recording them in results are detailed in Note 3.

The breakdown by product that has generated the commission income or expense during the years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Commission income		
Securities - Transfer Orders	144	173
Payment advice	342	-
Custody	139	139
Payment services	28,172	24,339
Distributed but unmanaged customer resources (note 33.2)	23,387	21,247
Loan commitments given	28	4
Financial guarantees granted	466	347
Loans granted	2,912	2,856
Currencies	95	27
Other	8,387	7,669
Other	**64,072**	**56,801**

	Thousands of euros	
	2022	2021
Commission expenses		
Values	37	52
Clearing and Settlement	-	-
Other	12,254	10,975
Total	**12,291**	**11,027**

28. OTHER INCOME AND OTHER OPERATING EXPENSES

The breakdown of "Other Operating Income" in the consolidated income statements for 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Other operating income		
Sales and other income from the provision of non-financial services	9,095	8,426
Other non-recurring income	30	11
Other concepts	231	57
Total	**9,356**	**8,494**

The breakdown of "Other Operating Expenses" in the consolidated income statements for 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Other operating expenses		
Contribution to the Deposit Guarantee Fund (Note 2.f)	7,120	6,598
Mandatory allocation to social works and funds (Note 22)	4,952	3,509
Other concepts	5,456	4,265
Total	**17,528**	**14,372**

The expenses associated with the contribution to the Single Resolution Fund have amounted to EUR 3,440 thousand in 2022 (EUR 2,355 thousand in 2021). These expenses are included in Other items (Note 2.f).

29. STAFF COSTS

The breakdown of the balance of this heading in the consolidated income statements for 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Salaries and bonuses for active personnel	37,064	33,025
Social Security contributions	11,341	10,067
Contributions to defined benefit plans	243	368
Severance payments	1,449	2,155
Other staff costs	113	50
Total	**50,210**	**45,665**

In 2022 and 2021, the figures relating to the average number of Group employees and their distribution by professional category were as follows, set out in terms of annual average and percentage:

	2022		2021	
	Men	**Women**	**Men**	**Women**
Senior Management	1	-	1	-
Group I	5	1	5	1
Group II				
- - Level I	3	2	2	-
- - Level II	19	2	20	1
- - Level III	17	5	18	5
- - Level IV	3	2	5	2
- - Level V	4	5	4	4
- - Level VI and VII	252	235	247	217
- - Level VIII, IX, X and XI	187	285	186	261
Group III	2	-	2	-
Parent Company of the Group	**493**	**537**	**490**	**491**
Employees of other Group companies	24	31	21	39
Total Group	**517**	**568**	**511**	**530**

The total number of employees in the Group in 2022 and 2021 and their distribution by professional category are as follows:

	2022		2021	
	Male	**Female**	**Male**	**Female**
Senior Executives	1	-	1	-
Group I	5	1	5	1
Group II				
- Level I	3	2	3	1
- Level II	18	2	19	3
- Level III	16	5	17	4
- Level IV	3	2	4	2
- Level V	4	4	4	4
- Levels VI and VII	256	246	238	220
- Levels VIII, IX, X and XI	199	303	192	263
Group III	2	-	2	-
Group Parent	**507**	**565**	**485**	**498**
Employees of other Group companies	22	30	24	33
Total Group	**529**	**595**	**509**	**531**

At 31 December 2022 and 2021, the company has 6 employees with a disability of 33% or more.

The remuneration of the personnel of the Parent Company is determined by that established in current labour legislation in general and in particular by the applicable Collective Bargaining Agreement for Cooperative Credit Companies, distributed into twelve ordinary payments, 4 extraordinary bonuses and three quarters of a monthly payment, as a participation in the company's surplus, as established in article 35 of the XXI Collective Bargaining Agreement, aid for studies and holiday allowance.

Social loans granted for personal care and the purchase of housing are considered to be remuneration in kind and are valued at the difference between the interest rate agreed in the applicable Collective Bargaining Agreement and the current Assets Rate and the market reference interest.

30. OTHER ADMINISTRATIVE EXPENSES

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousands of euros	
	2022	**2021**
Of buildings, facilities and equipment	5,734	3,066
Computing	10,735	12,215
Communications	3,434	3,592
Advertising and publicity	1,660	1,311
Legal expenses	549	482
Technical Reports	1,990	1,798
Monitoring and fund transfer services	2,572	2,371
Insurance premiums and self-insurance	753	776
By governing and control bodies	639	546
Representation and travel expenses of staff	515	351
Association fees	154	103
Outsourced administrative services	213	183
Contributions and taxes	899	1,248
On properties	*684*	*584*
Others	*215*	*664*
Other expenses	148	158
Total	**29,995**	**28,200**

31. PROVISIONS / REVERSAL OF PROVISIONS

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousands of euros	
	2022	**2021**
Provision (release) for contingent liabilities and commitments (Note 18)	464	517
Allocation (release) of other provisions (Note 18)	7,803	4,406
Total	**8,267**	**4,923**

32. OTHER GAINS AND LOSSES

The detail of the balances of these headings in the consolidated income statements is as follows:

	Thousands of euros	
	2022	**2021**
Gains/losses on derecognition of non-financial assets and investments, net		
Other equity instruments	-	-
Other Gain/(loss)	774	(249)
Total	**774**	**(249)**

	Thousands of euros	
	2022	**2021**
Gains/losses on non-current assets and disposal groups classified as held for sale not eligible for discontinued operations		
Net provision for foreclosures (Note 13)	65	578
Gain/(loss) on sales of foreclosed assets	71	(324)
Other concepts	-	-
Total	**136**	**253**

33. OTHER INFORMATION

33.1 Business segment information

The fundamental business of the Parent Company is retail banking, without there being any other significant business lines that require, in accordance with the regulations, the Company to segment and manage its operations in different business lines.

The Parent Company carries out its activity in the national territory and the typology of the clientele is similar throughout the territory. Therefore, the Parent Company considers a single geographical segment for all the operations of the Parent Company.

33.2 Trust and investment services

The breakdown of the Group's off-balance sheet customer funds at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Funds and Investment Companies	328,646	377,035
Pension Fund	189,111	198,963
Insurance Products	132,327	166,229
Resources marketed but not managed by the Group	**650,084**	**742,227**

The Parent Entity does not directly manage funds under administrative or financial agreements, but rather only performs marketing tasks.

The net commission income generated by the above activities during 2022 and 2021 was as follows:

	Thousands of euros	
	2022	**2021**
Marketing commissions		
Investment Companies and Funds	2,334	2,011
Pension Fund	1,837	1,858
Insurance	19,216	17,378
Total	**23,387**	**21,247**

In addition, the Group's Parent Company provides administration and custody services for its customers. The fixed income and equity securities entrusted by third parties to the Company as of 31st December 2022 and 2021 in relation to this service are as follows:

	Thousands of euros	
	2022	**2021**
Securities owned by third parties		
Equity instruments	45,083	47,317
Debt instruments	8,595	28,474
Total	**53,678**	**75,791**

33.3 Information from issuers in the mortgage market and on the special accounting register

As indicated in Note 11.3 and Note 17.4, the Parent Company has issued mortgage bonds and mortgage certificates.

On 3 November 2021 Royal Decree Law 24/2021 of 2 November was published which transposes in its first book Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond supervision. The aim of this transposition is to harmonise the legislation on the mortgage market of the member states and facilitate access to financing of credit institutions.

The entry into force of this legislation on 8 July 2022 has entailed a change in the way that assets guaranteeing outstanding issues of covered bonds are considered. Therefore, the information included for 2022 is prepared based on the new methodology set out in Royal Decree Law 24/2021. Information for 2021 is prepared based on the previous legislation, Royal Decree 716/2009, is included for informative purposes and is not comparable with information for 2022.

a) Asset transactions

The nominal value of the total outstanding mortgage loans and credit facilities at 31 December 2022 and 2021 amounted to EUR 3,511,923 thousand and EUR 3.004.252 thousand, respectively, of which the eligible loans and credit facilities (disregarding the limits on their calculation established in Article 12 of the aforementioned Royal Decree) amounted to EUR 2.354,846 thousand and EUR 2.267,017 thousand, respectively.

The following table shows the nominal value of the total loans and credits with mortgage guarantee of the Entity, as well as those that are eligible in accordance with the provisions of the applicable regulations for the purpose of calculating the limit of the issue of mortgage bonds and mortgage certificates:

	Thousands of euros	
	2022	2021
Total loans (a)		
Mortgage units issued	**145,216**	**165,595**
Of which: Loans held on balance sheet	145,216	165,595
Mortgage transfer certificates issued	**334**	**359**
Of which: Loans held on balance sheet	334	359
Loans that support the issuance of mortgage bonds and covered bonds	**1,541,252**	**3,231,959**
Eligible loans (b)	2,354,846	2,267,017

(a) Drawn down balance pending collection of the loans and credits guaranteed by mortgages registered in favour of the Entity (including those acquired through mortgage participations and mortgage transfer certificates), even if they have been removed from the balance sheet, regardless of the percentage represented by the risk on the amount of the last valuation (loan to value).

(b) Loans eligible for the issue of mortgage bonds and covered bonds according to Article 8 of Royal Decree 24/2021 of 2 November for 2022 and Article 3 of Royal Decree 716/2009, without deducting the limits on their calculation established by Article 12 of Royal Decree 716/2009 for 2021.

(c) Data for 2022 has been prepared based on the new legislation (Royal Decree 24/2021 of 2 November) and is not comparable with 2021 data (Royal Decree 716/2009).

The following is a breakdown of the principal of the securitised loans and mortgage credits according to different attributes of these amounts, as of 31 December 2022 and 2021:

	Thousands of euros	
	2022	2021
	Loans that have supported the issuance of mortgage bonds (a)	Loans that have supported the issuance of mortgage bonds (a)
1 ORIGIN OF OPERATIONS		
1.1 Originated by the Entity	145,550	165,954
1.2 Subrogated from other entities	-	-
2 CURRENCY		
2.1. Euro	145,550	165,954
3 PAYMENT STATUS		
3.1 Normalisation of payment	145,488	164,992
3.2 Other situation s	61	962
4 AVERAGE RESIDUAL MATURITY		
4.1 Up to ten years	135,008	154,249
4.2 More than ten years and up to twenty years	10,541	11,705
4.3 Over twenty and up to thirty years	-	-
4.3 Over thirty years	-	-
5 TYPES OF INTEREST		
5.1 Fixed	-	-
5.2 Variable	145,550	165,954
5.3 Mixed	-	-
6 TYPE OF COLLATERAL		
6.1 Assets/Finished Buildings	145,550	165,954
6.1.1 Residential	145,550	165,954
Of which: Public housing	*1*	*7*

(a) Outstanding balance of loans secured by a mortgage, whatever their percentage of risk over the amount of the last valuation (loan to value) previously securitised.

In accordance with the criteria established in Article 12 of the aforementioned Royal Decree, the amount that can be computed to cover the issue of mortgage securities at 31 December 2022 and 2021 was EUR 145,550 thousand and EUR 165,954 thousand, respectively.

The detail of the mortgage bond portfolio at 31 December 2022 in accordance with the new legislation (Royal Decree 24/2021 of 2 November is as follows:

	Thousands of euros
	2022
Amount of eligible loans	2,354,846
Overall coverage amount	1,541,252
Number of loans	21,761
Average loan amount	71,22
Amount issued pending maturity	1,200,000
Average LTV	55.24%
Delinquency reg 90 days	0.00%
Average ratee	2.40%

The detail at 31 December 2021 was:

	Thousands of euros
	2021
Amount of eligible loans	3,231,959
Overall coverage amount	2,267,017
Eligible %.	70,14%
Number of loans	37,246
Number of eligible loans	29,339
Average amount	86,77
Average loan amount	77,27
Legal investment limit (80%)	1,813,614
Amount issued pending maturity	1,200,000
Average LTV	58.68%
Eligible average LTV	52,96%
Delinquency reg 90 days	1.60%
Average ratee	1.04%
Eligible Average Type	1,02%

In relation to the nominal and updated values, calculated in accordance with the provisions of article 23 of said Royal Decree, the Parent Company has issued and has mortgage certificates as of 31 December 2022 and 31 December 2021.

The distribution of the nominal values of eligible and unsecured mortgage loans and credits for the issue of mortgage bonds and covered bonds according to the percentage that the risk represents of the amount of the last available valuation for mortgage market purposes, as of 31 December 2022 and 2021, is as follows:

	Thousands of euros				
2022	**Lower or equal to 40%**	**More than 40% and lower or equal to 60%**	**More than 60% and lower or equal to 80%**	**More than 80%**	**TOTAL**
Loans eligible for the issuance of Mortgage Bonds and Mortgage Certificates (a)					
-On housing	229,271	436,795	741,189	-	1,407,255
-On the rest	66,006	66,437	1,555	-	133,998

	Thousands of euros				
2021	**Lower or equal to 40%**	**More than 40% and lower or equal to 60%**	**More than 60% and lower or equal to 80%**	**More than 80%**	**TOTAL**
Loans eligible for the issuance of Mortgage Bonds and Mortgage Certificates (a)					
-On housing	450,280	702,007	901,293	208	2,053,788
-On the rest	95,601	97,831	19,797	-	213,229

(a) Loans eligible for the issue of mortgage bonds and covered bonds, less the limits on their calculation established in article 12 of Royal Decree 716/2009, and which have not been previously securitised.

(b) The loan to value is the ratio resulting from dividing the risk in force at the date of the information on the amount of the last valuation.

(c) Loans that secure issues of mortgage bonds and mortgage certificates according to Royal Decree Law 24/2021 of 2 November.

As of 31 December 2022 and 2021, the Entity has not identified any replacement assets for the issue of live mortgage bonds, since it does not consider it necessary to do so.

b) Liability transactions

The following table shows the issues made and collateralised (own shares) from the Entity's mortgage loan and credit portfolio at 31 December 2022 and 2021:

	2022		2021	
	Average residual		Average residual	
Mortgage securities	**Nominal value**	**Average residual maturity**	**Nominal value**	**Average residual maturity**
1 Mortgage bonds issued outstanding	**-**	**-**	**-**	**-**
3 Mortgage units issued (a)	**136,803**	**4.43**	**155,910**	**4.95**
3.1 Issued by public offering	-	-	-	-
3.2 Remaining emissions	136,803	4.43	155,910	4.95
4 Mortgage transfer certificates issued (a)	**-**	**-**	**-**	**-**
4.1 Issued by public offering	-	--		-
4.2 Remaining -	-	-	-	-
5 Mortgage bonds	**1,200,000**	**5.68**	**1,200,000**	**6.68**
5.1 Issued by public offering	-	-	-	-
5.2 Remaining emissions	1,200,000	5.68	1,200,000	6.68

(a) *Amount of mortgage units and mortgage transfer certificates issued corresponding* exclusively to the mortgage loans and credits recorded on the assets side (retained on the balance sheet).

In accordance with prevailing legislation, the Entity has a set of policies and procedures to guarantee compliance with the regulations governing the mortgage market, for which it is responsible. These policies and procedures include, inter alia, criteria on the following points:

- Relationship between the amount of the loan and appraised value of the mortgaged property, as well as the influence of other supplementary and the selection of appraisal companies.

- Relationship between the borrower's debt and income, as well as the verification of the information reported by borrowers, and their solvency.

- Avoid imbalances between the flows from the hedge portfolio and those deriving from the payments made as a result of the securities issued.

33.4 Agency contracts

Appendix I shows the list of agents with whom the Parent Company has maintained "agency agreements" in force during 2022 and 2021.

33.5 Audit fees

Fees for the services provided to the Group by KPMG Auditores, S.L. for the years ended 31 December 2022 and 2021 are as follows:

	Thousands of euros	
	2022	2021
Audit services	93	93
Other audit-related services	26	-
Other services	15	-
Total	**134**	**93**

“Audit Services" in 2022 and 2021 includes the fees for the financial statements of the various Group companies for these years.

The main concepts included under the heading "Audit-related services" correspond to reviews required by different regulations or regulators.

The services contracted to our auditors comply with the independence requirements set out in the Accounts Auditing Act and other applicable regulations, and do not include work that is incompatible with the audit function.

33.6 Abandoned balances and deposits

The Parent Company does not have any balances that have been abandoned as defined in article 18 of Law 33/2003 dated November 3rd on the assets of public administrations.

33.7. Information on payment deferrals made to suppliers Third additional provision. "Duty to inform" of Law 31/2014, of 3 December

In accordance with the provisions of the second final provision of Law 31/2014 of 3 December, which modifies the third additional provision of Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, which establishes measures to combat late payment in commercial transactions, and with regard to the information to be included in the notes to the financial statements on payment deferrals to suppliers in commercial transactions calculated on the basis of the Resolution of 29 January 2016 of the Spanish Accounting and Audit Institute, the detail of the average period for payment to suppliers made by the Parent Company in 2022 and 2021 is as follows:

	Days	
	2022	2021
Average payment period of suppliers	26.07	17.15
Paid Transaction Ratio	28.36	17.04
Outstanding transactions ratio	19.47	26.54

	Thousands of euros	
	2022	2021
Total payments made	72,664	52,730
Total outstanding payments	801	1,286

The information on invoices paid in a period less than the maximum established in the delinquency regulations is as follows:

	2022	2021
Monetary volume paid	67,835,456,00	47,341,499,04
Percentage of total monetary payments to suppliers	93.35%	90.35%
Number of invoices paid	35,800	35,785
Percentage of the total number of invoices paid to suppliers	92.51%	87.97%

33.8 Customer service

Article 17 of Order ECO/734/2004, of 11 March, of the Ministry of the Economy establishes the obligation for customer service departments and services and, where appropriate, customer ombudsmen, of financial institutions, to submit an annual report to the Board of Directors explaining the performance of their duties during the previous year.

The summary of this report is as follows:

- Statistical summary of complaints and claims handled

In 2022, 3,088 claims and 61 complaints were dealt with, increasing the number of complaints in 692 files processed in this period with respect to 2021 and raising the number of claims by 34 files processed with respect to the previous year. 61 complaints and 2,954 claims were accepted for processing, with 134 claims rejected, not admitted or resolved without a ruling and a total of 264 files pending resolution at the end of 2022 (52 files at the end of 2021).

The statistical summary of the reasons for the complaints and claims resolved for the year 2022 is as follows:

2022	**Complaints**		**Claims**		**Total**	
Type of case	**Number**	**%**	**Number**	**%**	**Number**	**%**
Asset transactions	3	4.92%	648	24.89%	651	23.55%
Liability transactions	3	4.92%	888	34.12%	991	35.85%
Others	55	90.16%	1,067	40.99%	1.122	40.60%
Total	**61**	**100%**	**2,603**	**100%**	**2,764**	**100%**

The statistical summary for 2021 was as follows:

2021	**Complaints**		**Claims**		**Total**	
Type of case	**Number**	**%**	**Number**	**%**	**Number**	**%**
Asset transactions	2	7.41%	982	45.53%	984	45.05%
Liability transactions	3	11.11%	799	37.04%	802	36.72%
Others	22	81.48%	376	17.43%	398	18.23%
Total	**27**	**100%**	**2,157**	**100%**	**2,184**	**100%**

- Defaults:

Defaults arising in 2022 and 2021 as a result of claims received were as follows:

	Thousands of euros	
	2022	**2021**
Asset transactions	222.17	28.22
Liability transactions	0.30	0.25
Others	28.96	7.03
Total	**251.43**	**35.50**

At the end of the 2022 financial year there are 264 files with pending lawsuits (51 files at the end of 2021).

- Areas for improvement

The number of complaints and claims presented by customers of the Parent Company in the current year and the positive evolution, which shows its trend in recent years, show that it is not necessary to design specific action plans.

33.9 Environmental impact

Given the business activity carried on by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

33.10 Other commitments

At 31 December 2022 and 2021 the Group did not have any commitments in addition to those disclosed in the preceding Notes.

34. EVENTS AFTER THE BALANCE SHEET DATE

After 31 December 2022 until the date of formulation by the Parent Company's Board of Directors of its consolidated annual accounts, no significant event has occurred, which must be included in these consolidated annual accounts for them to adequately show a true and fair view of the Group's assets, financial situation and results.

ANNEX I
LIST OF FINANCIAL AGENTS FOR THE YEAR 2022

Name	Agency
Silvia Doñate Teruel	Alatoz, Albacete
Laura Garvi Martínez	Alcaraz, Albacete
Iluminada Buendia Romero	Corral Rubio, Albacete
Javier Jiménez Tárraga	Higueruela, Albacete
Jorge García Rey	La Gineta, Albacete
Rocio de los Angeles García Sánchez	Lietor, Albacete
Enrique Oñate Talaya	Madrigueras, Albacete
Rafael Muñoz Megias	Montealegre Del Castillo, Albacete
Diego Fernández Gabaldón	Ossa De Montiel, Albacete
María Flor Beteta Rubio	Socovos, Albacete
Marta González Rodriguez	Yeste, Albacete
Elena Castillo Gómez	Albaladejo, Ciudad Real
Coral Martín Rivero	Alcoba De Los Montes, Ciudad Real
Pedro Tapiador Ruiz	Alcolea De Calatrava, Ciudad Real
Juan Bautista Alañón Pardo	Aldea Del Rey, Ciudad Real
Antonio Sánchez Muñoz De La Nava	Almadén, Ciudad Real
Celia Mª Montero Úbeda-Portugués	Arenas De San Juan, Ciudad Real
Yonatan Nevado Almodóvar	Argamasilla De Calatrava, Ciudad Real
Raquel Privado Fernández	El Robledo, Ciudad Real
Leonor Martínez Martín	Granátula De Calatrava, Ciudad Real
Elena Alcaide Hontanilla	Horcajo De Los Montes, Ciudad Real
Victoria Nicolás Blasco	La Puebla De Don Rodrigo, Ciudad Real
Jose Antonio Segovia Mecinas	Moral De Calatrava, Ciudad Real
Jorge López Acosta	Poblete, Ciudad Real
Marta García Doral	Villarta de San Juan, Ciudad Real
María Del Carmen Bellón Navas	San Carlos Del Valle, Ciudad Real
Francisco Torres Bellón	Santa Cruz De Mudela, Ciudad Real
María Angeles Castillo Cabrera	Terrinches, Ciudad Real
Jesús Francisco Rivera Madrigal	Torralba De Calatrava, Ciudad Real
Miriam Granados Perea	Torrenueva, Ciudad Real
Francisco Javier Piñero Diaz	Villahermosa, Ciudad Real
Rocio Sánchez Felguera	Villamanrique, Ciudad Real
María Jose de la Gama Zarcero	Viso Del Marqués, Ciudad Real
María Asunción Mena García	Montiel, Ciudad Real
Luis Martínez Chana	Almonacid Del Marquesado, Cuenca
David Roldán Mejía	Casas De Haro, Cuenca
Esperanza Huerta Navarro	El Peral, Cuenca
Raymond Redondo De San Juan	El Provencio, Cuenca
Felipe Millán Honduvilla	Las Valeras, Cuenca
Julia Terrádez Valero	Mira, Cuenca
Jose Julián Fraile López	Villagarcía Del Llano, Cuenca
María Esther Medina Rodríguez	Villar De Cañas, Cuenca
Raquel Rejas Fernández	Casas de Fernando Alonso, Cuenca
Pedro Luis Pérez García	Segurilla, Toledo
Jesús Moreno De Castro	El Puente Del Arzobispo, Toledo
Jose María de la Flor Villarrubia	Cazalegas, Toledo
Yolanda Sánchez González	Pelahustán, Toledo
Laura Martín Talavera	Mejorada, Toledo
David Delgado Castells	Burgohondo, Ávila
Yurena Véguez López	Casavieja, Ávila
Lara Pato Sánchez	El Hoyo De Pinares, Ávila
David López Moreta	Fontiveros, Ávila
Laura Sánchez Soto	Gavilanes, Ávila
Gonzalo Sánchez García	La Adrada, Ávila
David Gómez González	Mombeltrán, Ávila
David Bermejo Carrasco	Solosancho, Ávila
María Beltrán Hernández	Casillas, Ávila
Carolina Charriel Jiménez	Lanzahita, Ávila
Antonio Pérez Benítez	Torrejón De La Calzada, Madrid
Jesús Cook Aroca	Soto del Real, Madrid
Silvia Villar Ramos	Sevilla la Nueva, Madrid
Sergio Farías Navarro	Velilla de San Antonio, Madrid

Elena Ramos Prados	Cenicientos, Madrid
Diego Alberto Caparros López	Venturada, Madrid
Rosa Isabel Fernández Jordá	Griñón, Madrid
Alejandra Barranco Gómez	Galapagar, Madrid
David Burgada Izquierdo	Cañada, Alicante
Ana Isabel Núñez García	Pinoso, Alicante
Francisco Miguel Romero Jover	Salinas, Alicante
Francisca Palencia Sellés	Algueña, Alicante
Daniel Juan Sepulveda	Novelda, Alicante
Yurema Frutos Ortega	Monóvar, Alicante
Alejandro López Bernabéu	Tibi, Alicante
Jaume Joan Albors Giménez	Muro de Alcoy, Alicante
Javier Domingo Hinojosa Rojas	El Altet, Alicante
Saúl Mira Vidal	Castalla, Alicante
Jesús Coello Picazo	Cocentaina, Alicante
Javier Seva Vera	San Vicente de Raspeig, Alicante
Eugenia Santamaria Cortes	San Juan de Alicante, Alicante
María Del Pilar Patiño Franco	Mutxamel, Alicante
Carlos Jose Cascales Climent	Busot, Alicante
Ángela Massó Carretero	Aspe, Alicante
Rosa Molina Berná	Albatera, Alicante
Lorena Martínez Rosado	L´Afàs del Pi, Alicante
María Isabel Herráez Vizcaino	Yecla, Murcia
Eva María López Sánchez	Almàssera, Valencia
María Jesús López de Lamo	Vinalesa, Valencia
Oscar Serrano Rojas	Quart de Poblet, Valencia
Francisco Biendicho Martínez	Masarrochos, Valencia
David Yuste Álvarez	La Pobla de Vallbona, Valencia
Juan de Dios del Campo Sanz	Aldaia, Valencia
Francisco Vicente Tecles Miñano	Alcàntera de Xúquer, Valencia
Salvador Piera Escolá	Alzira, Valencia
Daniel Libros Solaz	Paterna, Valencia
Jose Vicente Lázaro López	Rafelbunyol, Valencia
David Tejero García	Paiporta, Valencia
Raúl Sáez Utiel	Catarroja, Valencia
Omar Mancebo Vidal	Bétera, Valencia
Javier Llorca Climent	Villajoyosa, Alicante

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Silvia Villar Ramos	Sevilla la Nueva, Madrid
Sergio Farías Navarro	Velilla de San Antonio, Madrid
Elena Ramos Prados	Cenicientos, Madrid

EUROCAJA RURAL GROUP

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNEX II: ANNUAL BANKING REPORT YEAR 2022

In compliance with the provisions of article 87 and the Twelfth Transitional Provision of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, regarding the Annual Banking Report, the following information is published on a consolidated basis for the year 2022.

1. Entity Identification

Eurocaja Rural, Sociedad Cooperativa de Crédito, with registered office at Calle Méjico, 2. 45004 Toledo. NIF F45003993. It is registered in the Register of Cooperatives -Central Section- of the Ministry of Labour and Social Security in the Book of Registration of Cooperative Societies in volume XXI, page 2,051, entry no. 28, in the Commercial Register of Toledo in volume 475 Sec.Gral.Libro Sdes. F/18.H./TO-5618, as well as in the Bank of Spain's Register of Credit Institutions under number 3081.

2. Corporate Purpose

The purpose of the Fund is to serve the financial needs of its members and third parties by carrying out the activities of credit institutions. To this end, it may carry out all kinds of asset and liability operations and services permitted to other credit institutions, which it will preferably carry out in rural areas.

In order to facilitate and guarantee the business activities it carries out to achieve its corporate purpose, it may enter into corporate links or form consortia with any natural or legal person.

3. Scope of action

Its scope of action extends to the State, without prejudice to the possibility of carrying out legally permitted operations outside it.

4. Key indicators

	Year 2022
Indicator	Figures
Turnover (*) (1)	13,274,509
Gross profit before tax (*)	63,307
Number of full-time employees	1,133
Income tax (*)	9,689
Subsidies or public aid received	-
Return on assets (2)	0.55%

(*) Amount in thousands of euros.
(1) Defined as (i) loans and receivables plus (ii) customer funds (both deposits and off-balance sheet funds).
(2) Calculation: Net profit / Total balance sheet assets.

DIRECTORS’ REPORT 2022

Results

The Group's profit after tax at 2022 year-end amounted to EUR 53,618 thousand, an increase of 36.05% on 2021.

The Group's total assets amounted to EUR 9,682,811 thousand, up 6.63% on 2021.

Other demand deposits with credit institutions and central banks

The active management of the Group's cash has resulted in the net closing balance of these balance sheet items amounting to EUR 981,617 thousand in 2022 and EUR 1,036,953 thousand in 2021.

Financial assets at amortised cost. Clients

Under the heading of loans and receivables, specifically loans to customers without valuation adjustments and without repurchase agreements, the figure amounted to EUR 4,982,331 thousand in 2022, compared with EUR 4.663,302 thousand in 2021, representing an increase of 6.84%.

The Group's non-performing loans ratio stood at 1.69% at 2022 year-end, making it one of the best ratios in the sector in Spain.

The containment of the doubtful balance gives a clear idea of the effort being made to monitor and report irregular transactions, whether through the courts or amicably, as well as the high quality of the loan portfolio, which is the result of the traditional policy of control, minimisation and diversification of risk.

Likewise, and as a complement, it is convenient to make a review of the interest rate on financing operations, especially those related to cooperative members, in which in all cases the Group offers very competitive conditions in line with the market. All this policy is a consequence of the principle of solidarity and cooperation that drives the Group in the vast majority of its actions.

Financial liabilities at amortised cost. Customer deposits

Financial liabilities at amortised cost of customer deposits, without repurchase agreements, grew by 10.90% with respect to the figure at the end of 2021 to EUR 6,095,238 thousand, with the greatest increase in savings accounts.

With these data it is important to emphasize the confidence that Eurocaja Rural's clients continue to have in their Entity, as a consequence of the excellent global investment conditions that it offers, as well as the professionalism and closeness in the treatment.

Equity

In 2022, the Group's equity amounted to EUR 581,791 thousand.

According to the calculations made in accordance with the regulations in force at 31 December 2022, the computable capital amounted to EUR 528,992 thousand, implying a solvency ratio of 17.02%.

On 16 December 2022, the Group notified the CNMV of the relevant event regarding the results of the Supervisory Review and Evaluation Process. The Bank of Spain (BoE) has required the Entity, on a consolidated basis, once the results of the Supervisory Review and Evaluation Process (SREP) are known, to maintain a minimum Common Equity Tier 1 (CET 1) ratio of 8.375% and a minimum Total Capital ratio of 11.875% during 2023, both measures on transitional regulatory capital (Phase In).

These capital ratios include the minimum required by Pillar 1 (4.5% of CET 1 and 8.0% of Total Capital); the Pillar 2 Requirement (1.375%) and the capital conservation buffer (2.50%).

This means, together with what is mentioned in the investments caption regarding provisions for doubtful loans, that the Entity continues to strengthen its solvency.

Information on average period of payment to suppliers

The weighted average period for payment to suppliers in 2022 was 19 days (17 days in 2021), which means it is within the legal deadlines.

Outlook for 2023

The year 2022 has represented a firm step in the consolidation of the savings bank as the leading institution in its sector in its area of influence, which traditionally was centred on the provinces of Toledo, Guadalajara, Madrid and Ávila (in the towns bordering on the province of Toledo) and it has incremented the branches in other areas (Comunidad Valenciana and Castilla y León).

At the present date, the Entity has 436 branches. In 2023 new branches will continue to be opened in various localities in the provinces subject to the expansion plan, such as the provinces of Alicante, Valencia, Castellón, Madrid, León, Palencia and Valladolid. These openings will be complemented by others in various provinces of Castilla León, as well as other autonomous regions where the Entity is currently not located.

The Entity has a robust and healthy balance sheet enabling it to expand its commercial network, offering services to its new partners and clients, with a clear commitment to bring together traditional face-to-face financial services with new technologies, electronic banking and innovative products and services.

Events after the end of the year

There have been no events subsequent to the end of 2022 that have not been mentioned in the Entity's Annual Accounts.

Other information

A Code of Ethics and Conduct was approved in 2019, serving as a guide to promote the responsibility of all the organisation's employees and collaborators. This Code was revised and updated in November 2022.

The Governing Board is ultimately in charge of the existence and correct working of internal control over financial reporting (ICOFR), verifying its accuracy, as well as the mechanisms implemented for the generation and processing of information.

The Audit Committee's main purpose is to support the Governing Board in its oversight tasks by, inter alia, regularly reviewing the process, policies and criteria for preparing the economic and financial information. It is also in charge of checking compliance with internal standards, regulations and laws affecting Eurocaja Rural's activities, whilst ensuring that the ethics and values governing the Entity are upheld. The consolidated Group, together with the Financial Risk Unit and the Strategic Information Department are in charge of specifically and individually defining all of the mechanisms, procedures and tools for adequately processing the financial information.

On the other hand, the Entity is aware of those areas, departments and units with an impact on the financial information and therefore, of the potential related risks with regard to financial information. Both quantitative and qualitative criteria are followed for all types of risks to be identified, whilst also taking into consideration other operational, financial, legal or reputational risks in addition to the risk of error. This process is carried out at least once a year, although it is also carried out when unforeseen circumstances arise that bring to light possible errors in the financial information.

Lastly, within the framework of specific control activities, the implementation of which aims to mitigate the risks deriving from possible errors, inaccuracies or irregularities in financial information, Eurocaja Rural has controls in place that guarantee that the accounting close process is carried out appropriately, including the permanent reconciliation of inventories and accounting, specific review of accounting entries, etc., all of which are performed to ensure the accuracy, reliability and integrity of the information. In addition, the statements are validated by matching controls defined by the Bank of Spain to ensure consistency between the information.

The Company did not conduct any own share transactions or research and development (R&D) activities in 2022 or 2021.

Annex III

Consolidated Non-Financial Information Statement

In accordance with Law 11/2018, of 28 December 2018, amending Spain's Code of Commerce, the revised Spanish Companies Act, enacted by Royal Legislative Decree 1/2010, of 2 July 2010, and Spanish Audit Law 22/2015, of 20 July 2015, regarding the disclosure of non-financial and diversity information, the Eurocaja Rural Group has prepared a consolidated Non-financial Information Statement for 2022 which, in accordance with article 44 of the Code of Commerce, forms part of this consolidated directors' report and is attached as a separate document.

EUROCAJA RURAL GROUP

CONSOLIDATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Mr. Javier López Martín Chairman	Ms. Inés Teullet Garcia Vice-Chair
Mr. Francisco Buenaventura Mayol Solís Secretary	Mr. Francisco Martín Gómez Vice-Secretary
Ms. Angela María Bejarano de Gregorio Board Member	Mr. José Maria Arcos González Board Member
Ms. María Jesús Rincón Mora Board Member	Ms. Maria Carmen Aguado Puebla Board Member
Mr. Jose Luis Cuerda Tena Board Member	ABSENT DUE TO ILLNESS Mr. Félix López Garcia Board Member
Mr. Luis Fernando Oliva Cabello Board Member	Ms. Esther Redondo García Board Member
Mr. Adolfo Aranzana Bernal Board Member	Ms. Susana Castro García Board Member

In accordance with article 44.6 of Royal Decree of 22 August 1885, approving the Spanish Code of Commerce and article 253 of Royal Legislative Decree 1/2020 of 2 June, approving the amended Spanish Companies Act, annual accounts, directors' report and non-financial information statement have been signed by all of the directors except for Mr. Félix López Garcia, due to illness.

Independent verification of Non-Financial Information Statement 2022

Independent verification report with regards to non-financial information statement to comply with the law 11/2018 and Delegated Act (EU) 2021/2178

Eurocaja Rural, Sociedad Cooperativa de Crédito and its subsidiaries

Analistas Financieros Internacionales

Índice

1. Introduction

This report is the result of the verification carried out by Analistas Financieros Internacionales (hereinafter, Afi) on the Non-Financial Information Statement of Eurocaja Rural, Sociedad Cooperativa de Crédito and its subsidiaries (hereinafter Eurocaja or the entity).

The report on non-financial information is part of Eurocaja's management report. It focuses on environmental and social issues, as well as on human rights issues, respect for human rights and the fight against corruption and bribery.

The focus of the non-financial information statement is not the reporting and disclosure of Eurocaja's achievements, but rather the identification of non-financial risks associated with the areas outlined above, the way they are managed, the results obtained from such action and the key indicators that will enable to assess future performance.

In this area, Afi acts as an independent provider and performs the legally required verification of the information included in the statement of non-financial information.

2. Relevant Regulation

The report is prepared in compliance of the requirements set out in :

- Law 11/2018, of December 28, 2018, amending the Commercial Code, the revised Corporate Enterprises Act approved by the Royal Legislative Decree 1/2010, of July 2, 2010, and Audit Law 22/2015, of July 20, 2015, as regards non-financial information and diversity.

  This law 11/2018 stems from the need to transpose into Spanish law Directive 2014/95/EU of the European Parliament and of the EU Council of October 22, 2014, amending Directive 2013/34/EU as regards to the disclosure of non-financial information and diversity information by certain large companies and certain groups.

  This directive aims to identify risks to improve sustainability and increase the confidence of investors, consumers, and society at large by increasing the disclosure of non-financial information, such as social and environmental factors.

- Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

3. Scope of the report

The verification process carried out by Afi begins with the compilation of the information that Eurocaja has or produces on:

a) Description of the business model.
b) Environmental issues.
c) Social and human resources issues.
d) Respect for human rights
e) Anti-corruption and anti-bribery.
f) Relations with society at large

The aim is also to identify indicators associated with the areas described above. Performance indicators that are quantified over time, with which a set of KPIs (Key Performance Indicators) can be established, are particularly relevant.

In addition, the disclosure of quantitative and qualitative information referred to in Article 10.3 of Delegated Regulation (EU) 2021/2178, concerning taxonomy, is verified.

The subject of this report is the analysis and verification of Eurocaja's information, which explains the conclusions drawn from the verification analysis carried out in each of the six areas listed above.

4. Verification Process

As mentioned above, the regulations require verification of the information included in the statement of non-financial information. This verification must be carried out by an independent provider, in this case Afi.

In this case, the verification process carried out is based on:

- Compilation of documentary information relating to the areas indicated in the regulations.
- Identification of key elements derived from the Entity's activity.

5. Conclusions

The verification of Eurocaja Rural's available information in relation to environmental and social issues, as well as employees, human rights and anti-corruption and anti-bribery reveals that:

I. Eurocaja Rural falls within the scope of Law 11/2018 and Delegated Regulation (EU) 2021/2178.

II. The report prepared by Eurocaja Rural complies with the requirements established in terms of the content of the non-financial information statements, including the use of GRI standards and taxonomy disclosure.

III. The report is incorporated as part of the Entity's 2022 Management Report.

IV. Eurocaja Rural appointed the Sustainability Committee as the area in charge of decision-making during the management of the verification project.

V. The report has been produced within the timeframe stipulated in the regulations. Likewise, the present verification has been carried out within the same timeframe.

VI. On March 16, 2022, auditors other than Afi issued their independent assurance report on the consolidated Non-Financial Information Statement of Eurocaja Rural, Sociedad Cooperativa de Crédito and its subsidiaries for the financial year 2021, expressing a favorable conclusion.

6. Limited Assurance Conclusions

Afi concludes that, because of the procedures performed and evidence obtained, no matters have come to our attention that cause us to believe that the information presented by Eurocaja Rural, Sociedad Cooperativa de Crédito and its subsidiaries in its Non-Financial Information Statement for the year ended December 31, 2022, is materially misstated. The conclusion is issued in terms of negative assurance.

Analistas Financieros Internacionales S.A.
Roberto Oliver Martínez

Madrid, March 22, 2023

Afi

CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION 2022

EUROCAJA RURAL, S.C.C.

Index

1. PURPOSE

The Royal Legislative Decree 18/2017, of November 24, which amend the Commercial Code, the revised text of Corporate Enterprises Act approved by the Royal Legislative Decree 1/2010, of July 2, and Audit Law 22/2015, of July 20, as regards non-financial information and diversity, and the subsequent Law 11/2018, of December 28, aim to set the obligation to include a non-financial statement focus on the comprehension of the evolution, results and situation associated with the Company. Although, the impact that has its developed activity in environmental and social area, as well as the labour activity, which includes that measures adopted to fulfil the equity of management. In addition, opportunities between women and men, non-discrimination and inclusion of the disabled persons and universal accessibility, the respect to human rights and the fight against bribery and corruption.

The present statement of non-financial information aims to respond for legal requirement, setting answers for the different areas with the legal required information, in accordance with the Global Reporting Initiative selected methods.

The included areas in this present epigraph deals with Eurocaja Rural Group’s perspective, included by Eurocaja Rural, Sociedad Cooperativa de Crédito; Tec Soluciones de Negocio, S.L.U.; Eurocaja Rural Mediación Operador Banca Seguros Vinculado, S.L.U.; Rural Broker, S.L.U.; Viveactivos, S.A.U. y Eurocaja Rural Sociedad de Gestión de Activos, S.A.U. In this way, it must be included in this group Fundación Eurocaja Rural, as it sets as a catalyst vehicle of the Social Corporative Responsibility and the interaction with the environment in which the Company is set, taking in consideration The Foundation’s Social Statements, although at least one and a half of its Protectors have the condition of Eurocaja Rural’s Exponent or employees.

2. ENTITY MODEL INFORMATION

2.1 Description of the Entity

Eurocaja Rural, Sociedad Cooperativa de Crédito (from now on, the Caja or the Entity) is a credit institution constituted the 27th of February of 1963 by the name of “Caja Rural Provincial de Toledo”. It´s current denomination was approved unanimously by the General Assembly in April of 2018. The Entity has its own legal personality and total capacity of act, foundational nature and a charitable-social nature of non-profit making.

The Entity is the main Entity of the Consolidated Group (from no won the Group). The business and the Consolidated Group’s risks, as well as the Entity ones, practically are the same, so the Consolidated Companies set a small part of the actual risks. Therefore, the 31st of December 2022 the total active of the Head’s Group rise the amount of EUR 9,724,675 thousand (EUR 9,118,914 thousand at 31st December 2021), its equity reach EUR 573,677 thousand (EUR 541,771 thousand at 31st December 2021) and the profit of the year rise to the amount of EUR 53,316 thousand (EUR 37,771 thousand in 2021) which represent the 100% of the Consolidated Group’s balance, EUR 9,682,785 thousand (EUR 9,080,478 thousand in 2021), EUR 573,161 thousand (EUR 540,953 thousand in 2021) and EUR 53,618 thousand (EUR 39,410 thousand in 2021), respectively.

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Usually, the Entity developed its habitual and typical activity, that is the reception of public funds as a deposit, loan, temporary assignment of financial assets or similar that let entailing the financial needs of their partners or third parties. To this end, it may develops all kinds of active, passive and service transactions allowed to the rest of credit institutions, with preference attention to the financial needs of their members, inclusive their insurance, which develops and provides mainly in rural areas. To guarantee and provide the business activity developed to achieve their social objective, it may be possible to establish corporate links or consortium with anybody natural or legal personality. Its activity's field, from a statutory point of view, it extends to the Government, without prejudice of developing legal transactions out of it.

The Entity has its social address in Calle Méjico number 2, Toledo, developing its activity throw 436 offices organized along all the national territory, of which 88 entity agencies (417 offices in 2021, of which 99 been entity agencies) and a total number of 1.072 employees (983 employees in 2021).

2.2 Entity's activity field

In legal terms, the Entity is governed by the Law 27/1999, of July 16, on Cooperatives Institutions and in Law 13/1989, of May 26, on Cooperative Credit Institutions and other complementary provisions, as well as by the Law 10/2014, OF June 26, on planning, supervision and solvency of Credit Institutions and their developing law (Royal Legislative Decree 84/2015, of February 13 and the Circular 2/2016 OF February 2.

The Entity is compound by The Deposit Guarantee Fund of Credit Institutions (DGF), created by the Royal Legislative Decree 18/1982, of September 24, and The Single Resolution Fund created by the European Parlament and of the Council of July 15, 2014 and it is registered in the Cooperative´s Registry – Central Section – Ministry of Labour and Social Security in the book of Registration of Cooperative Societies in volume XXI, folio 2,051 entry nº 28, as well as in the Register of Credit Institutions of the Bank of Spain with the number 3081.

The Fund is governed by its regulations, which were approved by the General Assembly held on 30 June 1993 and, in matters not provided for therein, by Law 13/1989 and Royal Decree 84/1993, on Credit Cooperatives, and their implementing regulations, without prejudice to the provisions that may be approved, in the exercise of the competences attributed to them in the matter, the Autonomous Communities of their field of activity. Also, it would be applied those regulations, which general character, regulate the Credit Institutions activity, as well as the rest of provisions that may be applied. With additional character it will be applied the Cooperatives regulatory.

Finally, the Entity is subject to certain legal regulations, which manage, among other things, aspects such as:

- Maintenance of a minimum percentage of resources deposited in the Bank of Spain to cover the minimum reserve ratio.
- Distribution of part of the net surplus for the year to the Compulsory Reserve Fund and Education and Promotion Fund.
- Maintenance of a minimum level of own resources in accordance with the Regulation (EU) Nº 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms.

- Annual Contribution to the Deposit Guarantee Fund of Credit Institutions ant he Single Regulation Fund, as an additional guarantee to that provided by the Fund's own resources to its creditors.

2.3 Organization and structure of the Entity

2.3.1 Structure of the Eurocaja Rural Group

The Entity, together with its dependents societies TEC Soluciones de Negocio, S.L.U., Eurocaja Rural Mediación Operador Banca y Seguros Vinculado, S.L.U., Rural Broker, S.L.U., Viveactivos, S.A.U., y Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U., in which maintain a 100% of participation, makes a consolidated group of entities, Group Eurocaja Rural (from now on, the Caja or the Entity).

- TEC Soluciones de Negocio, S.L.U. established in February 2005, mainly dedicated to the activity of computer services and developments and has it address in Toledo.
- Eurocaja Rural Mediación Operador de Banca y Seguros Vinculado, S.L.U., established in July 2007, mainly dedicated to the activity of insurance as an insurance operator of insurance-bank vinculated. It has its address in Toledo.
- Viveactivos, S.A.U. y Eurocaja Rural, Sociedad de Gestión de Activos, S.A.U., was established in December 2012, has them address in Toledo, and their social object consist on the development of activities framed in the inmobiliary sector, especially, in the administration and ownership's transfer, as a direct or indirect form of the provided assets, in concrete: (i) promotion of land, as well as the urbanization, subdivision, etc., of land, in order to promote its sale, and (ii) promotion of buildings, with the object, also of promoting their sale.
- Rural Broker, S.L.U. is an insurance brokerage dedicated to the activity of private insurance and reinsurance mediation and has its address in Toledo. The entity is registered in the General Direction of Insurances and Pension Fund since 7th of April of 2014.

In addition, as indicated in the introduced section of this non-financial information statement, the Foundation should be included within the scope of the Group, insofar as is set as a pipeline and collaborative vehicle of the Corporate Social Responsibility and with the scope in which the Entity is present, taking in to consideration, additionally, in order to it is established in the Foundation's regulations that at least one and a half of its Protectors have the condition of Eurocaja Rural's Exponent or worker.

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2.3.2 Organization of Eurocaja Rural

The governing bodies of Eurocaja Rural are regulated by the Entity's Statutes at Chapter IV "Of the corporate bodies and management of the Entity". In this regard, the 39th article of the Entity's Statutes set that the corporate bodies of the Entity are: the General Assembly, the Governing Council, the Auditors and the Resources Committee. Otherwise, article 61.1 includes the figure of the Executive Committee. Finally, the Statutes provide that "there shall also be a Directorate-General, with the functions and powers provided for in these Statutes, and with the powers that would have been conferred to him in the deed of power".

The essential roles and functions of the main bodies are as follows:

- **General Assembly:** Constituted by the partners to deliberate and make agreements, it is the supreme organ of expression of the social will. The resolutions of the General Assembly, adopted in accordance with the Laws and the Entity's Statutes constrain all members. The General Assembly is organized in two consecutive phases: Preparatory Boards and Delegates Assembly.
- **Governing Council:** The Governing Council is the governing body, which is responsible of the senior management, supervision of managers and representation of the Entity, in accordance with the Law, the Entity's Statutes and the general policy established by the General Assembly. It is the responsibility of the Governing Council to establish the general guidelines for the Ceja's action, and any powers that are not reserved by Law or the Corporate Statutes to other corporate bodies. The representation of the Entity, attributed to the Governing Council, extends in and out of court to all acts related to the activities that create its corporate purpose.
- **Executive Committee:** The Governing Council of Eurocaja Rural has appointed an Executive Committee from among its members, compound by seven members, which includes, in addition to the President and the Secretary of the Governing Council, at least and as necessary, two Directors of recognized commercial and professional reputation and possession of an adequate knowledge and experience for the exercise of their functions. The Governing Council may delegate, on a temporary basis, to the Executive Committee, some of its powers that, having the legal nature of being delegated, specifically indicated in the constitution and operation agreement of the former, that is not provided will be governed by the dispositions of the Corporate Statutes relating to the Governing Council.

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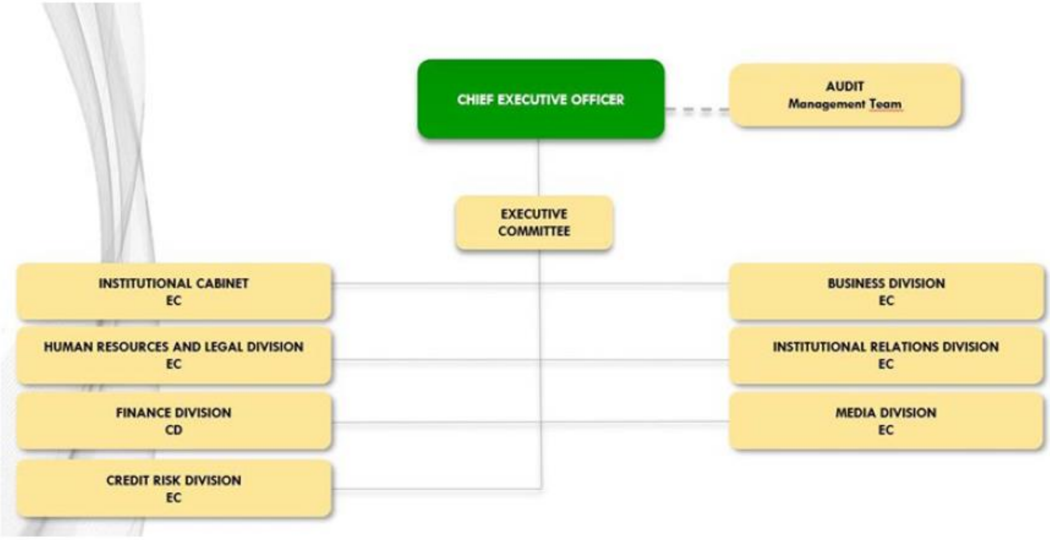
Moreover, the General Management and the management team of Eurocaja Rural are structured as follows:



2.4 Markets in which the Entity operates

Although, the statutory scope of the Caja extends to the entire national territory, and it is expected that it could develope legal operations permitted outside of it. Eurocaja Rural is an entity with strong roots in its area of origin, the Community of Castilla- La Mancha, but also with a presence in other areas such as the Community of Madrid, Ávila, Valladolid, Palencia, León, the Valencian Community and the Region of Murcia. In 2022, Eurocaja Rural has become the only credit institution that provides complete financial services to the inhabitants of 66 towns.

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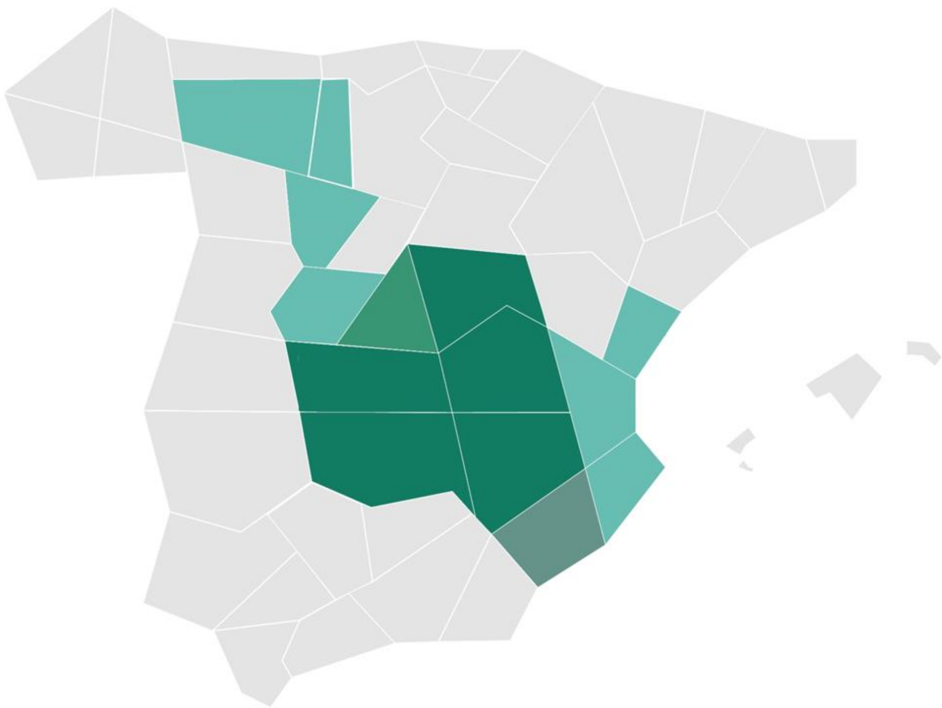

2.5 Entity’s main business lines

Eurocaja Rural, Sociedad Cooperativa de Crédito has 436 customer service points (417 customer service points in 2021), including offices and financial agencies in the five provinces of Castilla la Mancha, Madrid, Ávila, Valladolid, León, Palencia, Valencian Community and Murcia.

The Entity’s social objective is to serve the needs of its partners and third parties through the exercise of activities typical of credit institutions.

Main lines of business are considered those lines of business and associated services that represent important sources of income, benefits or franchise value for the Entity. According to the methodology established by the European Banking Authority (EBA) for the definition of the main lines of business, the Entity's main line of business is Retail Banking (which includes the distribution of insurance and investment products), without the rest of the activities having significant relevance within the business model.

2.6 Sectorial context and challenges for the Entity.

In 2.022 there have been a huge number of events that have marked, and some of them will continue doing so in the successive ones, the economy at all levels. Runaway inflation, the Ukraine's war and the new Central Banks' monetary policy have hindered the growth of the economy.

The big challenges to be faced in the short and medium term for financial institutions are:

- Slowdown of the Spanish economy. The growth forecast for 2023 from the Bank of Spain stands at 1.3%, removing the risk of recession.
- Impact of the Bank Tax. Duration of the same once announced that it will last, at least, during the years 2023 and 2024.
- Slowness tax. It is expected a gradual and controlled increase of Bank's slowness tax, which will lead to an increase in provisions.
- Evolution of Ukraine's conflict. The geopolitical and economical context will be conditioned by this. A possible resolution would positively impact the economy.
- Monetary policy. The pace of interest rate rises is estimated to moderate, but it is not rejected that the inflation's levels would force Banks to take more drastic measures
- Payment of customer deposits. The current market conditions will foreseeably cause that entities begin remunerating deposits.
- Inflation evolution. It will continue beating the monetary policy of the Central Banks as a major risk factor of the economy. According to Bank of Spain estimation, an inflation rate of 4.9% in 2023 will continue causing a deterioration in the purchasing power of the families.
- Cybersecurity. It is becoming increasingly relevant and is reflected in the increase in spending on this concept given the increase in incidents.
- Sustainable finance. The entities will continue to adapt to perform the established objectives.
- Aid protocol for Government is promoted mortgages payment. Measure that will last two years and that the member entities must implement by modifying the conditions of the affected loans.
- Financial exclusion risk. Part of the population has restricted the face-to-face Access to financial services due to the massive closure of bank branches, especially in the rural areas.

Eurocaja Rural faces the proposed challenges from its business model, which based on the proximity and knowledge of the client with guarantees. The multi-channel nature, with face-to-face offices and electronic banking, allows us to cover the demand of each client, continuing to expand its presence in other territories. All this accompanied by solvency data verified in the financial indicators of the Eurocaja Rural Group.

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3. MAIN RISKS.

Risk management's main mission is to preserve the patrimonial solvency and financial soundness of the Entity through the identification, assessment, control and monitoring of the risks inherent to our activity, while maintaining an optimal profitability-risk relationship within the tolerance levels determined by the Governing Council.

That management is understood by the Entity from a double perspective:

• A threat to avoid. Inadequate risk management would have very negative effects on the Entity's profitability, financial soundness and solvency.

• An opportunity. On the contrary, advanced risk management will allow us to obtain sustainable competitive advantages and a positive differentiation from other entities.

The Entity dedicates the necessary efforts to carry out this function, emphasizing prudent management and correct identification, measurement and control of the different risks, with the aim of maximizing the relationship between profitability and risk. For all this, it is necessary to have the corresponding organization and means.

The basic principles that govern risk management in our Entity are the following:

• Risk profile appropriate to the strategic objectives, among which is a high level of solvency.

• The Governing Council defines the Entity's risk policy and delimits the attributions of the different decision levels. In this sense, it delegates the execution of said policies to the Risk Committee and this, in turn, to the various Committees set up for this purpose.

• Establishment of well-defined and communicated policies and procedures in the Entity to facilitate the management of different risks.

• Prudence. The Entity's principle is not to carry out speculative activities, so its trading portfolio is irrelevant.

• Segregation of functions. The risk analysis, monitoring and control functions are totally independent from the generating units.

• Global vision of risk, which requires a solid function of admission, identification and monitoring of authorized risk

• Consistency with the Entity's sustainable growth strategy.

• Pricing policy and capital allocation appropriate to the level of risk assumed.

• Integration of risk management tools and policies in daily operations, which implies the existence of robust methodologies for risk measurement, the establishment of limits to ensure that exposures to different risks are within authorized levels and the existence of adequate information systems to carry out efficient management.

• Ensure an adequate internal control framework over risk management processes based on independent internal and external reviews.

• Adaptation of the risk management model to the size of the Entity and the diversity and complexity of the activities it carries out.

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These principles are transferred to the internal policies regarding the assumption, monitoring and control of risks, including them in the corresponding manuals and being subject to continuous control. Among the regular tasks faced by the Entity, the preparation, approval and integration into the management of a Risk Appetite Framework as well as a Recovery Plan that contemplates the requirements established, among other legal texts, by Directive UE/2014/ 59 (BRRD), Law 11/2015, on recovery and resolution of credit institutions and investment service companies, published on June 18, 2015 and Royal Decree Law 12/2015, of November 6, by which the aforementioned Law is developed. Both documents are approved by the Entity's Governing Council, and the second one is presented to the Bank of Spain in accordance with current legislation.

The Risk Appetite Framework is a self-control measure that reflects the policies and limits approved by the Governing Board, establishing quantitative and qualitative metrics for all material risks that affect the Etntity and promoting comprehensive and systematic management of all of them. It is the tool for monitoring risk levels so that they do not reach those set by the Governing Council.

For its part, the Recovery Plan is the process that allows the Savings Bank to autonomously detect and manage a possible crisis scenario with the aim of restoring its financial position. It includes aspects such as the description of the group, a specific governance framework, indicators that make it possible to identify the occurrence of crises and the analysis of the range of potential measures that would allow the Entity to return to its target levels under different scenarios.

• Credit and concentration risk. Credit risk arises from the possible loss caused by the failure of the Group's counterparties to meet their contractual obligations. In the case of reimbursable financing granted to third parties (in the form of credits, loans, deposits, securities and others) it arises as a result of the non-recovery of the principal, interest and other concepts in the terms of amount, term and other conditions established in the contracts. In the case of off-balance sheet risks, it arises from the failure of the counterparty to meet its obligations to third parties, which requires the Entity to assume them as its own by virtue of the commitment it has undertaken. Credit risk is the most significant risk to which the Group is exposed as a result of carrying on its banking business and is understood to be the risk that the counterparty will be unable to fully repay the amounts due. Credit risk management in the Eurocaja Rural Group is a comprehensive and homogeneous process that extends from the time the customer requests financing through the branch network until the full amount of the funds lent is returned. In addition, the different basic criteria for credit risk acceptance at the savings bank are established, as well as the minimum documentation required to comply with the regulations in force at any given time, always with reference to fundamental aspects of liquidity, security, profitability and collateral business.

• Counterparty risk. It is the risk of an economic loss as a consequence of a wholesale counterparty that (basically the activity of the Treasury and Capital Markets Area) stops complying with its payment obligations and, as a consequence of this, a bankruptcy occurs for the Entity. The body responsible for supervising the Entity's counterparty risk is the Assets and Liabilities Committee.

• Structural interest rate risk. This risk is understood as the sensitivity of the Parent Entity's financial margin to variations in market interest rates. The responsibility for managing this risk is entrusted to the Entity’s Assets and Liabilities Committee, as the Parent Entity. Periodically, the entity's Assets and Liabilities Committee analyses and follows the evolution of the structural risk of the balance sheet, taking the corrective measures that are decided at any time.

• Liquidity risk. This risk reflects the Group's possible difficulty in having liquid funds, or in being able to access them, in a sufficient amount and at the appropriate cost, so that it can meet its payment obligations at all times. The body responsible for supervising the Entity's liquidity risk is the Assets and Liabilities Committee.

• Operational risk. It is the possibility of suffering losses as a consequence of the inadequacy or failure of processes, technical equipment and/or human systems, or due to external events. Historically, the Entity's exposure to this risk has been low, with mitigating factors for this risk, including: (i) The computer platform that supports the Entity's basic banking activity, which has Business Continuity Plans that guarantee an adequate response to any type of contingency that may impact the availability of the systems; (ii) Subscription by the Entity of a comprehensive banking policy that covers some of the main operational risks; (iii) Subscription by the Entity of various industrial multi-risk policies; (iv) Subscription by the Entity of an insurance policy for civil liability of administrators and senior officials.

• Risk of excessive leverage. This risk is defined as the possibility of incurring losses as a result of falling asset prices derived from the need to reduce an entity's leverage or mismatches between its assets and its obligations. The measurement methodology for this type of risk is the leverage ratio, a measure that is incorporated into the Entity's Risk Appetite Framework.

• Market risk. Market risk (or price risk) is defined as that which arises as a consequence of changes in market prices, caused either by factors specific to the instrument itself or by factors that affect all instruments traded on the market. Given the small size of the trading portfolio, the mechanism used as a risk assessment instrument is comparison with monthly market values. Additionally, they are estimated at the time of product acquisition, as well as when exposures are considered appropriate using the VaR methodology.

• Business risk. It is defined as the possibility of suffering losses derived from hypothetical adverse events (internal or external) that negatively affect the Entity's ability to achieve its objectives and, as a consequence, its benefits (income statement) and your solvency. The Entity's Risk Appetite Framework incorporates a category of indicators called "Profitability Indicators" the indicators in this category are ROA, ROE and Efficiency Ratio.

• Reputation risk. It is the risk derived from a negative perception on the part of customers, counterparties, shareholders, investors and regulators, which may affect the ability to maintain or establish business relationships and continue access to financing sources. Notwithstanding the foregoing, the Entity's reputation is affected by the situation of the Spanish financial sector. Future situations with a relevant adverse impact from the point of view of the reputation of these Entities could have a significant impact on the image of the Entity, which in these circumstances would deploy a communication strategy aimed at minimizing said impact and would proceed to undertake the other actions deemed necessary. To manage this aspect, on November 29, 2022, the Governing Council renewed the policy for the management and control of reputational risk, the objective of which is to define the guidelines that identify reputational risk signals and activate appropriate mitigation instruments, through a clear assignment of tasks and responsibilities, thus guaranteeing the correct management of reputational risk by the Entity.

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• Legal risk. It is the risk derived from regulatory changes that could affect the entity in its different areas. Poor regulatory adaptation to said modifications or new regulations could result in sanctions for the Entity.

• Capital risk. It is defined as the risk that the Entity has insufficient quantity and/or quality of capital to meet the minimum regulatory requirements set by the authorities, respond to market expectations and support business growth. The Entity's Risk Appetite Framework includes limits for the CET1 and Total Capital Ratio indicators.

• Sustainability Risk: environmental risks (derived from climate and environmental change), social and good governance risks are considered sustainability risks.

As a consequence of the mechanisms and procedures established for the proper control of the various types of risk that may affect the Entity, no circumstance or incident that has affected the normal functioning of the Entity can be highlighted in this regard.

Material analysis in relation to non-financial information

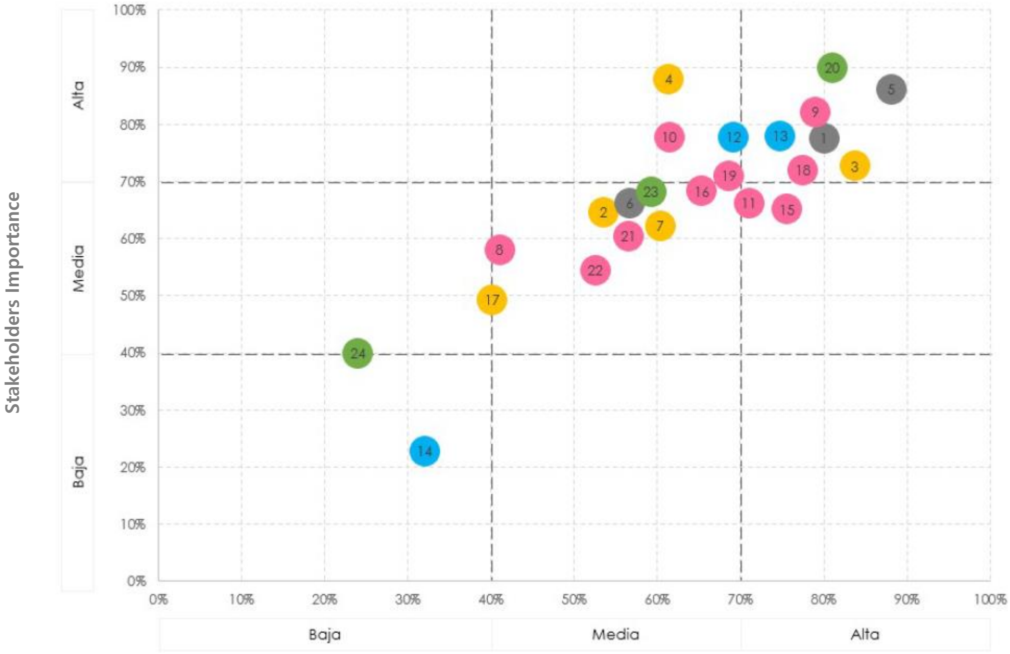
The Eurocaja Rural Group periodically performs an analysis to identify those aspects that, in accordance with the guidelines of the GRI (Global Reporting Initiative). Standards, especially GRI 101 "Fundamentals" and GRI 102 "General Disclosures", are most relevant for its different stakeholder groups. In this way, the aspects that influence the Group's ability to generate value and that are of interest to the groups and people with whom it is related are identified.

As a consequence of the publication of Law 11/2018, this analysis has been more clearly aligned with the non-financial risks identified in the Eurocaja Rural Group, so that the result of the identification of relevant aspects reflects which risks are more materials both from the internal perspective and from the perspective of the stakeholders.

To assess whether an issue is material in the context of sustainability, a combination of factors internal and external to the Eurocaja Rural Group has been considered. Any reference to materiality contained in this Statement of Non-Financial Information (EINF) must be understood to be related to the field of sustainability.

The Entity approved its materiality matrix in June 2022 and involves the identification of the most relevant interest groups for the Entity, and what are the most relevant or material economic, environmental, social and governance aspects for said interest groups (materiality external) and for business strategy and business action (internal materiality). In this way, the entity's impacts on said interest groups are identified, and allows reflection on how to manage them. The materiality analysis is based on identifying and prioritizing priority economic, environmental, social and governance issues for customers, employees, suppliers, collaborating social entities and authorities (external materiality) as well as for the Entity's strategy according to its potential impact (internal materiality). This relevant study, achieve by the entities within the framework of strategic planning, makes it possible to identify and evaluate the economic, social and environmental aspects that are relevant to their approach to sustainable development, as well as to determine the information not financial to disclose. Thus, said matrix is presented in the Entity as follows:

Eurocaja Rural Materiality Matrix



Eurocaja Rural Strategic Importance

Legend

- Economic
- Sustainable
- Environmental
- Social
- Gobernative

Priority		Subject	Area
High	5	Profitability, solvency and risk management	
	20	Support for the natural environment	
	9	Responsible and transparent marketing	
	1	Strategy of the Entity	
	3	Technology at the service of people	
	13	Responsible communication	
	18	Health and safety of people	
Medium - high	4	Mission, Vision and Values of the Entity	
	12	Ethics, integrity and good governance	
	10	Quality of customer service	
	19	Contribution to economic development and social progress	
	15	People development	
	11	Data protection	
Medium	16	Equality, diversity and work-life balance	
	23	Environmental Management System	
	7	Sustainable finance	
	6	Business model	
	2	Sustainability strategy	
	21	Social and financial inclusion	
	22	Supporting society and the economy in times of crisis	
	8	Face-to-face attention and accessibility	
	17	Responsible purchasing	
Medium - low	24	Environmental education and awareness	
	14	Fiscal transparency and tax contribution	

Thus, the most relevant non-financial risks for Group’s stakeholders, which can influence their evaluations and decisions in a more significant way, are those derived from “Information about the Company" (especially in relation to "Consumers”) and "Fight against Corruption and Bribery", taking into account the financial activity in which the Group is engaged. In addition, taking into account its status as a credit institution that employs a significant number of people, all aspects associated with "Social Issues and Personnel Related" acquire an equally relevant character.

However, also taking into account its status as a financial institution, the aspects related to "Environmental Issues" and "Regarding Human Rights" are considered to have less impact, at least directly, confronted with Entity’s stakeholders. Specifically, with regard to environmental issues the following are not considered relevant to the Group's activity: current and foreseeable effects of the Group's activities on the environment, actions to combat food waste, consumption of materials premiums other than those expressly indicated in this report, water consumption, greenhouse gas emissions and biodiversity issues. With regard to issues regarding respect for Human Rights, the breakdown of relevant information in relation, for example, to the elimination of forced or compulsory labour or to the effective abolition of work, is not relevant according to the Group's activity. In the description of these issues in this NFIS, taking into account their relative importance, no quantitative information indicators have been provided.

4. ENVIRONMENTAL REPORTING

4.1 Pollution

The entity continues with it purpose of achieving maximum energy efficiency in order to prevent, as far as possible, the performance of actions that may contribute to the pollution of our natural environment.

This strategy of protection and respect for the environment has been implemented across all business lines, remaining latent in the common management performed by all departments, offices and agencies.

4.2 Circular economy and waste prevention and management

It is a fundamental guideline of Eurocaja Rural the management and the suitable recycle of the waste spent by the Entity. In this way, all paper is destroyed, for which we have a Company that ensures us the destruction of the documentation, respecting the indications of the data protection regulations, as well as that of corporate social responsibility.

According to the latest Environmental Report of the company dedicated to this task (DESDOCO S.L.), Eurocaja Rural issued some 11,710 kilos of paper last year (LER Code 200101- Paper and cardboard) compared to 9,636 kilos in 2021, which were destroyed and subsequently recycled. This meant that 162.77 medium-sized trees (133.94 in 2021) were not felled or the equivalent of 69.09 months of average energy savings in a home (56.85 months in 2021), 111.25 m3 of unconsumed water (91.54 m3 in 2021) and 42.16 m3 of unused landfill (34.69 m3 in 2021). The entity also recycles other waste generated such as*:

- LER Code160604 (Alkaline batteries except 160603) 36.5 kg
- LER Code 080318 (Print toner waste) 238 kg
- LER Code 200199 (Digital support) 184 kg
- LER Code 200101 (paper and cardboard) 11,710 kg

*Note: Data for the financial year 2022. First year in which this new classification is made, having continuity in successive reports.

On the other hand, the management of halogenated, non-halogenated waste and reagents produced by the laboratory is entrusted to an external company (DILABO S.A.) that issues a certificate of its transport. They are as follows*:

- LER Code 140602 (Halogenated solvents) 398 kg
- LER Code 140603 (Non-halogenated solvents) 454 kg
- LER Code 180103 (Biological waste) 57 kg
- RLE code 160506 (Chemicals) 307 kg
- RL code 150110 (Packaging) 78 kg

*Note: Data for 2022. First year in which this new classification is made, having continuity in successive reports.

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Finally, the management of construction and demolition waste generated, is intended, among other things, not to burn waste. Moreover, there are no uncontrolled discharges, because our main objective is to protect the environment and natural resources.

4.3 Sustainable use of resources.

The challenges associated with sustainability and the implementation of the necessary measures to address the transition towards a sustainable economy, are generating risks and opportunities that have drawn the attention of regulators, supervisors, central Banks, private agents and other bodies.

In case of climate change and environmental emergency requires the adoption with total urgency of the specific measures, which are necessary to combat and contain this threat before is too late. This highlights the potential of destabilization of the financial system and the real economy due to the risks derived from the climate change. However, taking the appropriate actions to ensure an orderly transition to a low-emission economy is not easy. A transition process that is too slow clearly jeopardizes compliance with the agreed global goals, which can lead to scenarios of high instability and environmental, economic, and financial disasters. However, a quick and messy transition is not without its risks either.

In order to guarantee an orderly transition, regulators, supervisors, central banks and other interest groups are incorporating the analysis and management of financial risks and opportunities associated with sustainability into their work agendas.

The challenges derived from sustainability mean, for all organizations, unprecedented changes to adapt to the new standards. In the case of the financial sector, it is observed that the general trend is the transformation towards a more sustainable business model through the progressive adaptation of its policies towards a more active participation in sustainability and the management of the risks that it entails.

The transformation by the financial sector lies in the fact that, although the integration of sustainability could initially be considered voluntary, it has evolved to become a regulatory, supervisory and even other interest group requirement.

In Eurocaja Rural, S.C.C. these challenges and the issues associated with sustainability have always been a major concern for the Entity. It should be noted that, from its origins and derived from its status as a Credit Cooperative, ethical management, concern for the impact of banking activity on society, good corporate governance and environmental protection have been priority values for the Entity.

This concern of the Entity was reflected in the preparation in 2019 and subsequent updates of its Ethical Code. In it, the Entity is actively and responsibly committed to the conservation of the environment, respecting legal requirements, following the recommendations and procedures established by the Entity itself, also extending to other concerns in social and/or government matters.

This commitment is also reflected in the extension that Eurocaja received in 2020 of the Distinction of Excellence in Equality, Reconciliation and Corporate Social Responsibility, granted by the Castilla La Mancha Community Board.

The United Nations Global Compact for sustainable development and corporate social responsibility, launched in 2000, is a call to companies and organisations to align their strategies

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and operations with ten universal principles on human rights, labour, the environment and anti-corruption. It is backed by a UN mandate aimed at fostering the Sustainable Development Goals (SDG) in the private sector.

Its mission is to mobilise a global movement of sustainable companies to create a better world. It also has the peerless ability to unite companies with other players that work to promote sustainable development: governments, civil society and the UN itself.

The United Nations Global Compact is the world's largest corporate sustainability initiative with over 20,000 signatories in more than 175 countries, and has 76 local networks.

The Spanish Network of the UN Global Compact has been one of the initiative's leading national platforms since its inception, as well as the local network with the greatest number of signatories.

The organisations that sign up to the compact undertake to implement socially responsible measures that are based on the initiative's guiding principles and to report progress annually via Progress or Sustainability Reports.

With the aim of supporting and developing the Ten Principles of the United Nations Global Compact within our sphere of influence, Eurocaja Rural, at the beginning of 2022, undertook the necessary actions for its accession as a partner. With this, the Entity takes another step in the development and implementation of sustainability in its performance and is committed to making the Global Compact and its principles part of the strategy, culture and daily actions.

Eurocaja Rural thus renews its commitment to compliance with and monitoring its fundamental responsibilities in terms of human rights, environment, labour and the fight against corruption.

Finally, we would like to highlight the invaluable work of the Eurocaja Rural Foundation, through which the Entity channels Corporate Social Responsibility actions.

The approval of the General Sustainability Policy in March 2022 is another step in the Entity's sustainability strategy, which sets out the commitments assumed and the framework for integrating sustainability into Eurocaja, in line with the mission, vision and values of the Entity. Due to its transversal nature, it requires a progressive incorporation into the activities, general policies, habits and culture of Eurocaja.

The General Sustainability Policy is inspired by the best practices contained in international conventions and protocols, codes of conduct and internationally applicable guidelines in this area.

According to the above, the Entity advocates the sustainable and efficient use of the resources it has and that is why it has implemented a series of measures in this regard. In this way, the lighting of the new facilities of the offices of the Entity, the areas of toilets and lobbies have an on and off control by motion detector system, which results in energy savings.

Eurocaja Rural facilities also have light use systems that regulate the level of lighting depending on the contribution of natural light received from the outside. This measure of use is simply based on the fact that the points of light are strategically placed taking advantage of natural light, and, therefore, the number of points to be used is lower.

On the other hand, elevators use lighting where, after a while, if nobody makes use of them, the lights are automatically disconnected, incorporating, in addition, lower consumption motors and a trip optimization system.

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In this line of respect for the environment, the Entity has carried out a contractual modification, communicated to customers with sufficient notice required by the regulations, which establishes as a means of communication with customers, unless expressly requested otherwise, the electronic means.

Finally, the use that Eurocaja Rural makes of water is entirely responsible, our irrigation systems are supplied from a well located in the enclosure of the Central Services whose flow is not potable, despite this and trying to preserve, as far as possible, the aquifers we have reduced irrigation cycles, being, at the moment, at the limit for the survival of our plants.

4.4 Climate Change

The entity aims to reduce greenhouse gas emissions by improving energy efficiency and developing telecommunications services.

Thus, the air-conditioning of the facilities is designed to meet the needs of the different areas that make up the office. The office premises are isolated in the ceiling area from both heat and cold. To this end, the regulation and control equipment is responsible for reducing the thermal power supplied as the demand for the premises varies, in order to obtain greater energy efficiency, reducing energy consumption by 30% and 40% with the latest equipment installed.

Such is the evolution in this sense that we proceeded to sectorize the areas to be air-conditioned, or to detect through thermostats the unfitted or unused areas of the offices to prevent them from receiving the climate that the rest of the office has. In other words, the conditioning provided by the air-conditioning machines is focused on the workstations, thus avoiding unnecessary consumption and achieving greater efficiency in the emissions produced.

The photovoltaic plant installed in the Head Office Building on C/Méjico nª2 (Toledo) has been produced a total amount of 105MWh, it supposed a saving of CO2 emissions of 33,659.2 Kg, amount equivalent to 1,484 trees planted.

Work was also undertaken in 2021 to replace the air recovery systems in workstation areas:

> *"HEAT RECOVERY UNIT, INVERTER MODEL RCE 11500-EC / V / F7+F7+F8 VERTICAL*
> *Highly-efficient recovery unit, VERTICAL model RCE-11500-EC*
> *with a highly efficient EC inverter motor, cross-flow aluminium plate*
> *heat exchanger with an efficiency in excess of 73%, motorised by-pass*
> *valve with temperature measuring probes, F7 in-take filters and*
> *F8 outflow filters. ECODESIGN standards 2018"*

As a consequence of the adoption of these measures, the Entity consumed 4,532,679.70 kW at 450 cost centres in 2022 (4,592,185 kW at 418 centres in 2021), which results in 10,072.62 kW per centre (10,986.09 Kw in 2021), whereas the consumption of an average family home is 15,315 kW. Furthermore, the Entity consumed 54,603.97 litres of type-A diesel and 1,673.41 litres of petrol in 2022 (figures calculated on the basis of the historical fuel prices published on the website of the Ministry for the Ecological Transition and the Demographic Challenge).

In addition, the Entity during the year 2022 has executed the pertinent steps to obtain the "Certificate of CARBON FOOTPRINT with scope I and II" of 2021, which has finally been obtained and registered in the public registry of the Ministry for the Ecological Transition at the beginning of 2023. This registry is voluntary and was created with the aim of promoting the calculation and reduction of the carbon footprint by Spanish organizations. AENOR has verified compliance with the GHG PROTOCOL guidelines in the calculations made by the Entity associated with the carbon footprint. The verified data by the Entity up the date of this report are:

	2019	2020	2021		
Emissions (TnCO2e)	**SSCC**	**SSCC**	**SSCC**	**Offices**	**TOTAL**
Scope 1: Direct GHG emissions	**48.40**	**22.84**	**46.21**	**17.28**	**63.49**
Refrigerant gas leak					
Associated with the consumption of diesel B generator set			0.03		0.03
Leakage of CO2 extinguishers			-	-	-
Associated with diesel consumption vehicles			41.50	17.28	58.78
Associated with vehicle gasoline consumption			4.69		4.69
SF6 gas leak transformation center			-	-	-
Scope 2: Indirect GHG emissions	**192.14**	**117.75**	**185.57**	**800.32**	**1,065.89**
Associated with electricity consumption			185.57	880.32	1,065.89
Total emissions	**240.54**	**140.59**	**231.78**	**897.61**	**1,129.39**

The carbon footprint is defined as the amount of greenhouse gases (directly or indirectly emitted) by the development of the activity of an organization. Quantifies the impact generated by an activity on global warming. It makes it possible to identify all the sources of greenhouse gas emissions and to establish, based on this knowledge, effective reduction measures. Therefore, it is not just a calculation element, but a first step on the path of improvement and the commitment to reduce greenhouse gas emissions.

This commitment to preventing climate change has been reflected in the financial sphere. In this sense, on the occasion of the first anniversary of the issuance of the sustainable mortgage bond, it has prepared and published an annual report on the impact of the portfolio of Eligible Sustainability Projects financed and/or refinanced by Sustainable Debt Instruments (sustainable bonds).

The sustainable rating implies that the Entity undertakes to allocate the funds obtained to green and social projects, as established in the sustainability framework of the issuance.

At the end of June 2022, the Entity has allocated a total of 700 million euros to eligible projects within the framework of sustainable bonds of Eurocaja Rural according to the categories detailed in the framework of issuance of sustainable bonds. In addition, within the framework of sustainable bonds, the Entity undertook to publish certain indicators of environmental and social impact on the financed and/or refinanced operations.

The Entity has requested an independent verification from a qualified body of said report. The report has been verified with satisfactory results on September 22, 2022 by DNV GL Business Assurance Spain, S.L.U.

In relation to credit investment, the Fund contemplates the bonus of the rate of various products for compliance with ESG (environmental, social and governance) requirements.

Eurocaja will promote the contracting of sustainable investment products, complying with the transparency requirements throughout the contracting process, reporting on the sustainability risks existing in investment decisions, as well as the profitability of each financial product.

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4.4.1 Response to the European Union Taxonomy Regulation

Among the EU's ambitions, the need to establish an internal market to foster sustainable development across the continent has taken on considerable importance in recent years. This internal market is based on balanced economic growth and a high degree of protection for and improvement to the quality of the environment, thereby ensuring sustainability and the transition to a more secure economy; one that protects and is protected from the climate and based on a more efficient use of resources. Against this backdrop, article 10.3 of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, specifies the disclosure obligations for financial undertakings for the period from 1 January 2022 until 31 December 2023. To this end, the required indicators are specified below.

Context information to support the quantitative indicators, including assets and the activities that cover the key results indicators, information on sources of data and limitations

Eurocaja is a rural savings bank which, given its nature and designation as a credit cooperative, as well as its local roots in the areas where it operates, is committed to sustainability. The Entity has drawn up a roadmap to integrate sustainability. One of its goals in this regard is the promotion of sustainable financing.

This commitment can be observed in the disclosure of key performance indicators as regards alignment with the new taxonomy. Pursuant to the requirements of article 10.3 of Commission Delegated Regulation (EU) 2021/2178, the Entity has disclosed information on the proportion in its total assets of exposures to taxonomy non-eligible and taxonomy-eligible economic activities. Eurocaja also voluntarily discloses information on the sustainability of other assets not aligned with the EU environmental taxonomy.

<u>The proportion in its total assets of exposures to taxonomy non-eligible and taxonomy-eligible economic activities</u>.

To determine the eligible and non-eligible activities, the recommendations established in Annex V of the Delegated Regulation are taken into account, specifically those detailed under section 1.2.1.1 GAR which apply to exposures to non-financial undertakings, and those contained in the Commission Q&A and in the Annex on voluntary reporting considerations of the EU Platform on Sustainable Finance

To build this metric, the Entity has taken into consideration Annex VI of the Delegated Regulation. Subsection 1.2.1.1, "GAR applying to exposures to non-financial undertakings", includes various steps to calculate the ratio (first step, second step and, finally, the Green Asset Ratio). The information requested in the first step refers solely to taxonomy-eligible activities (pursuant to that indicated in article 10.3.c). Disclosing this information during the first step is therefore consistent with the transitional period. Calculating the ratio based on GAR criteria is voluntary in 2022 and not mandatory, as per the EU Taxonomy Regulation.

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Accordingly, the proportion of loans and advances, debt securities or equity instruments financing taxonomy-eligible and taxonomy non-eligible economic activities for the objective of climate change mitigation and adaptation compared to total loans, debt securities or equity instruments of non-financial undertakings and all other covered on-balance sheet assets.

- Eligible economic activities: to determine the exposure to eligible economic activities, the methodology applied is as fellows:
    - Segment the loan portfolio and securities portfolio by counterparty type and extract exposures to financial and non-financial entities subject to non-financial information disclosure requirements under Directive 2014/95/EU, that is, large companies.
    - Extract the information on eligible activities according to the Taxonomy of said entities from the information published regarding the year 2021
    - Report on the book value of the grouped operations of said entities.

- Non-eligible activities: in this regard, exposures to loans and advances, debt securities or equity instruments are taken into consideration vis-à-vis large non-financial undertakings that engage in economic activities not envisaged in the taxonomy:

    As regards reporting this information, pursuant to the above, to enhance the transparency and comparability of the information disclosed, Eurocaja has voluntarily opted to organise the information based on the reporting template associated with this indicator.

Ratio of eligible economic activities to total assets: 4.32%[1].

Ratio of non-eligible economic activities to total assets: 13.91%[2].

b) The proportion in total assets exposed to central governments, central banks and supranational issuers; and the proportion in total assets exposed to derivatives.

This has been calculated as the exposure of loans, advances and debt securities vis-à-vis central governments, central banks and supranational issuers, based on data extracted from the lending portfolio and the securities portfolio.

As regards derivatives, all exposures to these instruments have been totalled in the securities portfolio. The proportion of derivatives has been taken into consideration in the denominator (total asset).

Ratio of public administrations over total assets: 17.09%

Ratio of derivatives over total assets: 0.11%

[1] To calculate the ratio, the exposure to central governments, central banks and supranational issuers has been excluded from the denominator (total assets). Non-mandatory voluntary information as per the Taxonomy Regulation for 2022.

[2] To calculate the ratio, the exposure to central governments, central banks and supranational issuers has been excluded from the denominator (total assets). Non-mandatory voluntary information as per the Taxonomy Regulation for 2022.

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c) The proportion in their total assets of exposures to undertakings that are exempt from the obligation to disclose non-financial information, pursuant to Articles 19a or 29a of Directive 2013/34/EU.

This indicator has been calculated as the exposure of loans and advances in the lending portfolio to non-financial counterparties that are not considered large companies. The exposures of debt securities and equity instruments have been excluded in this case given that, as they are issued on organised markets, the counterparties of these exposures are subject to non-financial information disclosure requirements.

Ratio of undertakings exempt from obligation to disclose information over total assets:7.03%

d) The proportion of the Entity's trading portfolio and portfolio of on-demand interbank loans in its total assets.

Eurocaja does not hold a trading portfolio. Consequently, this indicator has been calculated on the basis of the exposures of the Entity's on-demand interbank loans.

Ratio of trading portfolio and on-demand interbank loans over total assets:_ 0.43%

Description of compliance with Regulation (EU) 2020/852 in terms of the strategy of the financial undertaking, the process to design products and relationships with customers and counterparties. Additional or supplementary information on the strategies of the financial undertaking and the ratio of the financing of taxonomy-eligible economic activities over total activity

Eurocaja is aware that these challenges and sustainability-related issues have always been a major area of concern for the Entity. From its beginnings and in view of its nature as a Credit Cooperative, ethical management, concerns over the impact of the Entity's banking activity, good corporate governance and the protection of the environment have consistently been core values for the Entity.

To that end, Eurocaja has drawn up a roadmap aimed at fully integrating sustainability into the Entity's operations. The roadmap contains the initiatives to be implemented in the area of corporate governance, the business model and strategy, risk management and the Taxonomy. In this last area, Eurocaja has assumed the following commitments:

- To draw up an environmental taxonomy, i.e. define internally the activities to be considered sustainable from an environmental perspective, in line with the EU Taxonomy, but broadened in scope to include areas not included in the EU Taxonomy, but which are relevant for the Entity.
- Foster sustainable financing, through the design, issue and marketing of financial products and services that promote environmentally sustainable activities and that aid customers in their transition to a sustainable economy. In this regard, the Entity has undertaken to incorporate the taxonomy into its sustainable financing strategy, fusing it into the design of "green" products and in the inclusion criteria for financing approvals.
- In terms of improving the quality of non-financial data and reporting requirements, identify the main data gaps and reporting requirements to analyse to what extent operations are in line with the taxonomy and update current tools and procedures to compile this information.

- Expand non-financial disclosures by, for example, reporting on green asset ratios (GAR).

As has been shown, protection of the environment has always been a core objective in Eurocaja's activity. In view of its close relationship with the agricultural, forestry and livestock sectors, the Entity is acutely aware of the need to conserve and sustain the natural surroundings where these customers operate. In this respect, in addition to fostering sustainable financing, the Entity has also undertaken to take the following steps to protect the environment:

- Gradually reduce the Entity's environmental impact by identifying, measuring and managing its environmental footprint.
- Raise awareness within the Entity of the importance of mitigating and adapting to climate change, the sustainable use of resources, the circular economy, waste prevention and management, the prevention and control of pollution, the protection and recovery of biodiversity and ecosystems.
- Align the Entity's activity with the supervisor's expectations regarding the management of climate risks and those stemming from environmental degradation.

Furthermore, in line with the commitments stemming from the Entity's adherence to the UN Global Compact, Eurocaja has undertaken to adopt a preventative approach that benefits the environment, fosters initiatives to promote greater environmental responsibility, and favours the development and dissemination of technology that is respectful to the environment.

4.5 Protection of biodiversity

Eurocaja Rural is characterized by being an entity whose support to the rural environment is one of its fundamental objectives, including among its main activities the application and management of the Common Agricultural Policy (CAP) for the benefit of applicants.

That is why, due to the close relationship it maintains with the agricultural, forestry and livestock sector, the Entity is especially aware of the need to preserve and sustain the natural environment in which they operate. Consequently, the protection of the diversity of plant and animal species in the areas where the Entity operates is directly related to the activities promoted by it.

In this sense, the Entity has a laboratory that carries out analysis and studies of the different lands and species to cooperate with the agricultural sector in the development, viability and sustainability of the crops and lands in the area. The laboratory is accredited by the National Accreditation Entity (ENAC) according to the criteria set out in the UNE-EN ISO/IEC 17025 standard for physical-chemical testing activities on olive oil.

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5. INFORMATION ON SOCIAL AND PERSONNEL ISSUES

5.1. Employment.

5.1.1 Total number and distribution of employees by sex, age, country and professional classification.

Total number of employees of Eurocaja Rural Group work in Spain

	Female		Male	
	2021	2022	2021	2022
Under 30 years old	**110**	**131**	**86**	**94**
Area 1: Group C Level 3	1	-	-	-
Area 1: Group D Level 1	2	-	1	1
Area 1: Group E Level 2	4	11	4	7
Area 2: Group E Level 2	-	1	1	-
Area 3: Group D Level 1	-	1	1	-
Area 3: Group E Level 1	1	1	1	1
Group II - Level 6	-	3	1	-
Group II - Level 7	-	1	-	1
Group II - Level 8	13	7	11	12
Group II - Level 9	6	4	7	4
Group II - Level 10	37	37	16	25
Group II – Professional Access	44	63	44	43
III. B2	2	2	-	-
Between 30 and 50 years old	**332**	**383**	**311**	**342**
Area 1: Group A Level 1	1	-	1	1
Area 1: Group B Level 2	-	-	1	1
Area 1: Group C Level 1	3	2	-	-
Area 1: Group C Level 3	2	2	1	1
Area 1: Group D Level 1	3	3	2	1
Area 1: Group E Level 2	1	1	-	1
Area 3: Group A Level 1	1	1	-	-
Area 3: Group C Level 2	-	1	1	1
Area 3: Group D Level 1	1	-	3	4
Area 3: Group E Level 1	2	1	4	3
Group I	-	-	2	2
Group II - Level 1 (minimum)	1	2	2	2
Group II - Level 2	2	1	9	9
Group II - Level 3	2	3	7	8
Group II - Level 4	1	1	1	1
Group II - Level 5	1	1	3	3
Group II - Level 6	77	98	109	130
Group II - Level 7	73	75	53	62
Group II - Level 8	71	72	59	48
Group II - Level 9	46	48	27	31
Group II - Level 10	23	40	16	19
Group II – Professional Access	17	27	8	12
Group III - Assistants	-	-	1	1
II A	3	3	-	-
II. B, V.A	-	-	1	1
III. B2	1	1	-	-
Over 50 years old	**86**	**84**	**109**	**94**
Area 1: Group C Level 3	1	1	-	-
Area 1: Group D Level 1	1	1	-	-
Area 3: Group B Level 2	-	-	1	1
Group I	1	1	3	3
Group II - Level 1 (minimum)	-	-	1	1
Group II - Level 2	1	1	10	9
Group II - Level 3	2	2	10	8
Group II - Level 4	1	1	3	2
Group II - Level 5	3	3	1	1
Group II - Level 6	10	12	33	28
Group II - Level 7	60	57	42	35
Group II - Level 8	5	4	4	5
Group II - Level 9	1	1	-	-
Group III- Officials/Drivers	-	-	1	1

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Total employees	**528**	**598**	**506**	**530**

5.1.2 Total Number and distribution of the types of employment contracts, annual average of indefinite contracts, temporary contracts and part-time contracts, by sex, age and professional classification.

Annual average number of contracts by sex	Female		Male	
	2021	**2022**	**2021**	**2022**
Indefinite	460.02	525,44	445,35	475,15
Work or service	2.28	0,82	7,35	4,36
Eventually	36.79	19,83	24,53	16,04
Interim	16.66	17,82	12,74	10,03
Internship	2.69	0,36	0,97	0,20
Part-time	0.79	1,00	19,71	8,97
Average number of contracts	**519,23**	**565.26**	**510,66**	**514,74**

Annual average number of contracts by age of group	2021	2022
Under 30 years old	**179,08**	**189.65**
Indefinite	101.56	140,34
Work or service	7.36	2.40
Eventually	41.90	25.57
Interim	24.59	20.78
Internship	3.66	0.56
Between 30 and 50 years old	**641.16**	**705.75**
Indefinite	614.67	685.61
Work or service	2.28	2.78
Eventually	19.41	10.29
Interim	4.81	7.07
Over 50 years old	**209.64**	**184.60**
Indefinite	189.15	174.63
Partial Time	20.50	9.97
Average number of contracts	**1029.89**	**1080**

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Annual Average number of contracts by processional category	2021	2022
Indefinite	**905.38**	**1000.58**
Group I	6.00	6.00
Group II - Level 1	4.00	4.00
Group II - Level 2	20.28	18.07
Group II - Level 3	19.87	19.76
Group II - Level 4	5.00	5.00
Group II - Level 5	8.11	8.00
Group II - Level 6	231.18	248.39
Group II - Level 7	229.52	217.26
Group II - Level 8	162.71	156.63
Group II - Level 9	86.16	83.37
Group II - Level 10	72.25	93.71
Group II – Professional Access	16.56	94.53
Group III – Assistants	1.00	1.00
Group III- Official/Drivers	1.00	1.00
Area 1: Group A Level 1	1.16	1.10
Area 1: Group B Level 2	1.00	1.00
Area 1: Group C Level 1	3.19	2.70
Area 1: Group C Level 3	5.00	4.33
Area 1: Group D Level 1	9.00	7.25
Area 1: Group E Level 2	0.73	7.12
Area 3: Group A Level I	1.00	1.00
Area 3: Group B Level 2	1.00	1.00
Area 3: Group C Level 2	1.00	1.00
Area 3: Group D Level 1	5.33	4.94
Area 3: Group E Level 1	6.40	5.68
II A	3.00	3.00
II. B. V.A	1.00	1.00
III.B1. V.C1	0.72	-
III.B2	2.21	2.74
Work or service	**9.64**	**5.18**
Group II - Level 10	2.75	1.83
Group II – Professional Access	4.70	3.21
Area 1: Group E Level 2	1.81	-
Area 3: Group E Level 1	0.38	0.13
Eventually	**61.32**	**35.87**
Group II - Level 8	1.39	-
Group II - Level 9	2.62	1.49
Group II - Level 10	7.60	2.05
Group II - Professional Access	43.34	22.52
Area 1: Group E Level 2	4.77	8.08
Area 3: Group D Level 1	0.53	-
Area 2: Group E Level 2	0.53	0.45
Area 3: Group E Level 1	0.31	1.00
III.B2	0.74	0.26
Interim	**29.40**	**27.85**
Group II - Level 9	-	0.12
Group II - Level 10	1.87	1.99
Group II - Professional Access	26.82	25.43
Area 1: Group E Level 2	0.31	0.30
III.B2	0.40	-
Internship	**3.66**	**0.56**
Group II - Level 10	3.66	0.56
Part - time	**20.50**	**9.97**
Group II - Level 2	2.10	3.60
Group II - Level 3	1.94	0.16
Group II - Level 4	1.84	0.05
Group II - Level 6	5.07	0.85
Group II - Level 7	9.55	5.31
Average number of contracts	**1029.89**	**1080.00**

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5.1.3. Number of dismissals by sex, age and professional classification

	Females		Male	
	2021	2022	2021	2022
Under 30 years old	**-**	**1**	**-**	**2**
Group II – Professional Access	-	-	-	1
Group II – Level 10	-	1	-	1
Entre 30 y 50 years	**8**	**4**	**9**	**6**
Area 1: Group A Level I	-	1	-	-
Group II - Level 5	1	-	-	-
Group II - Level 6	1	-	1	4
Group II - Level 7	2	-	5	-
Group II - Level 8	1	2	1	1
Group II - Level 9	1	-	1	-
Group II - Level 10	1	1	1	-
Group II – Professional Access	1	-	-	1
Mayor de 50 years	**3**	**3**	**11**	**8**
Group II - Level 3	-	-	-	1
Group II - Level 5	-	-	-	-
Group II - Level 6	1	-	4	4
Group II - Level 7	2	3	7	3
Group II - Level 8	-	-	-	-
Group II - Level 10	-	-	-	-
Grand total	**11**	**8**	**20**	**16**

5.1.4. Average salaries and their evolution disaggregated by sex, age and professional classification or equal value (figures in thousands of euros)

	Female		Male	
	2021	2022	2021	2022
Under 30 years old	**23**	**23**	**22**	**23**
Area 1: Group D Level 1	17	-	16	17
Area 1: Group C Level 3	17	-	-	-
Area 1: Group E Level 2	14	15	14	15
Area 2: Group E Level 2	-	15	-	-
Area 3: Group D Level 1	-	26	24	-
Area 3: Group E Level 1	21	19	23	19
Group II - Level 6	-	38	36	-
Group II - Level 7	-	30	-	30
Group II - Level 8	31	34	31	33
Group II - Level 9	27	27	26	28
Group II - Level 10	24	26	23	25
Group II – Professional Access	20	21	20	21
III. B2	19	23	-	-
Between 30 and 50 years old	**32**	**34**	**36**	**38**
Area 1: Group A Level 1	34	-	36	38
Area 1: Group B Level 2	-	-	19	21
Area 1: Group C Level 1	22	24	-	-
Area 1: Group C Level 3	20	21	17	18
Area 1: Group D Level 1	17	17	17	18
Area 1: Group E Level 2	14	15	-	15
Area 3: Group C Level 2	-	36	34	38
Area 3: Group D Level 1	34	-	27	31
Area 3: Group E Level 1	28	29	21	24
Group II - Level 1 (minimum)	-	-	102	100
Group II - Level 2	81	78	77	82
Group II - Level 3	42	48	50	54
Group II - Level 4	61	65	61	66
Group II - Level 5	40	46	49	52
Group II - Level 6	39	41	40	42
Group II - Level 7	35	37	35	37
Group II - Level 8	30	33	31	32
Group II - Level 9	27	29	26	28
Group II - Level 10	24	25	24	24
Group II – Professional Access	19	21	20	20
Group III - Helpers	-	-	29	31
II. B. V.A	-	-	47	51
III. B2	21	26	-	-
Over 50 years old	**37**	**40**	**41**	**45**
Area 1: Group C Level 3	17	17	-	-
Area 1: Group D Level 1	17	18	-	-
Area 1: Group E Level 2	-	-	-	-
Area 3: Group B Level 2	-	-	61	66
Area 3: Group D Level 1	-	-	-	-
Group II - Level 1 (minimum)	-	-	71	75
Group II - Level 2	51	55	53	49
Group II - Level 3	43	46	51	58
Group II - Level 4	65	70	43	63
Group II - Level 5	49	52	54	56
Group II - Level 6	40	42	42	47
Group II - Level 7	37	39	34	38
Group II - Level 8	31	32	31	32
Group II - Level 9	29	29	-	-
Group III- Officials/Drives	-	-	43	46
Overall Average	**31**	**32**	**34**	**37**

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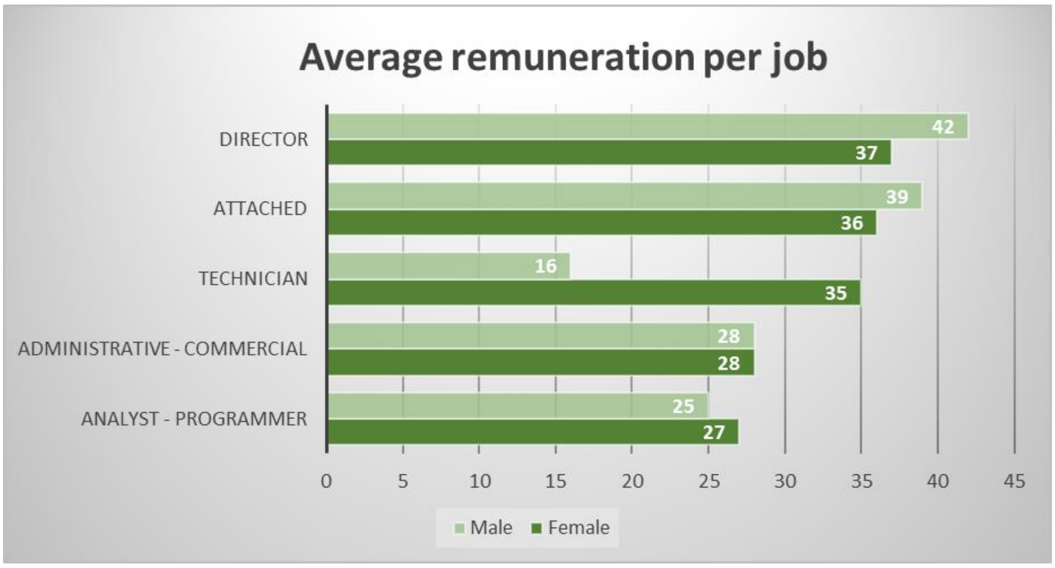
Note: In the month of December 2022, the different Councils that make up the Eurocaja Rural Group approved the granting of a special Bonus in the form of a graceful concession or a mere liberality, sporadic and occasional and therefore not consolable or enforceable in the future, consisting of the payment of an amount equivalent to an extraordinary salary for all employees of the Group.

5.1.5. Wage gap. Remuneration for equal or average jobs in the company (figures in thousands of euros).

	2021		
	Female	**Male**	**Wage Gap**
Director	37	42	12%
Attached	36	39	8%
Analyst – Programmer	27	25	-8%
Technical (*)	35	16	-119%*
Administrative – Commercial	28	28	0%

Note: The salary gap has been calculated as the difference between men's salary minus women's salary divided by men's salary for each of the jobs indicated in the attached table.



(*) It should be mentioned regarding the Technician position that the existence of a wage gap in favour of women due to the fact that in March of 2021 the hiring of a Technician (man) with a junior profile took place signing an internship contract.

			2022
	Female	**Male**	**Wage gap**
Director	40	44	9%
Attached	39	42	7%
Analyst – Programmer	24	28	14%
Technical (*)	37	25	-48%*
Administrative - Commercial	29	29	0%

Note: The salary gap has been calculated as the difference between men's salary minus women's salary divided by men's salary for each of the jobs indicated in the attached table.

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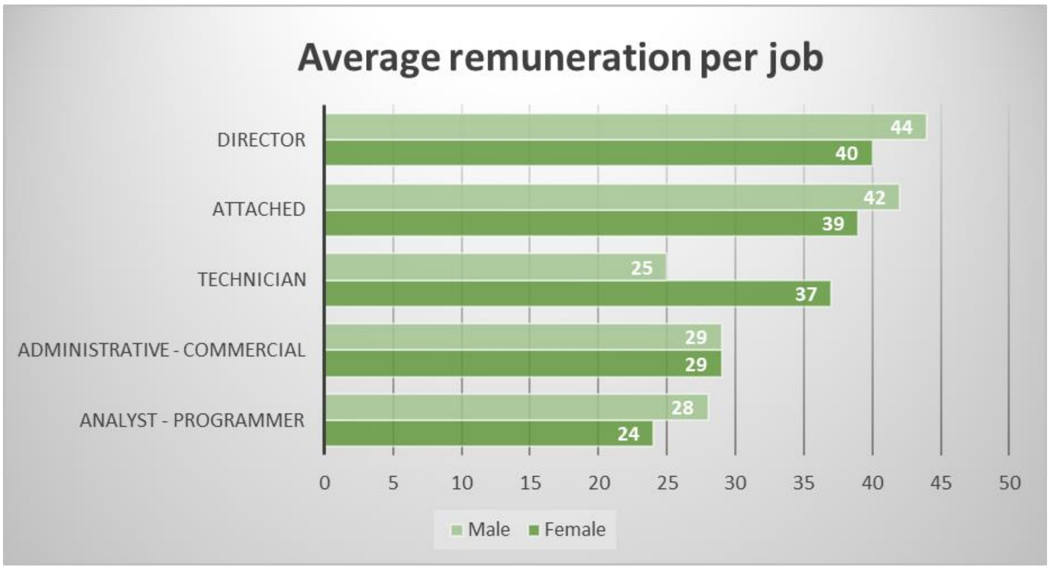

(*) It should be mentioning that in the position of Technician, a change of criteria has been performed in relation to the workers included in this position, regarding the existence of a positive gap in favor of women. This is because the Technician (man) maintains a junior profile

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5.1.6. The average remuneration of directors and executives including variable remuneration, allowances, indemnities, payment of long-term savings schemes and any other payment broken by gender (in thousands of euros)

Directors and Officers	2021	2022
Females	44	49
Male	77	87
Grand total	68	75
Wage Gap	43%	43%

The Governing Board and the Remuneration and Appointments Committee maintain established a representation target for the under-represented sex on the Governing Board and draw up guidelines on how to achieve this objective, in accordance with the indicated in article 31.3 of Law 10/2014, as well as by what was developed through Royal Decree 84/2015, of February 13.

In this sense, the Remuneration and Appointments Committee, in the session held on September 22, 2020, agreed as a whole to make the recommendation to the Governing Council of the Entity to promote, promote and favor the female candidacies that may be presented to the election of new Directors, respecting in any case the will of Partners and Delegates expressed in the electoral process, therefore increasing gender representation, in line with the recommendations issued by supervisory bodies within the framework of manuals and good corporate governance systems, through, for example, the provisions of the Unified Code of Good Governance of listed companies issued by the National Securities Market Commission, which, although not applicable to the Entity, must be taken into consideration in this regard. All this without prejudice to the fact that the appointment of the members of the Governing Council attends to a democratic process configured based on the will of the social mass manifested through the electoral process. In the partial renewal of the Governing Council of Eurocaja Rural carried out during the 2022 financial year, one more woman has been incorporated as a member of said Board.

Regarding the remuneration disparity observed in the average gross remuneration of the Directors during the year 2022, it is worth mentioning that the members of the Governing Council of Eurocaja Rural are entitled to a diet for attendance at each session of the Governing Council and the different Committees, this amount is identical for all, being approved in the General Assembly, updated annually according to IPC. It follows from the foregoing that the remuneration varies according to the meetings attended by each one, a criterion that would in no case be discriminatory. The Directors of the other investee companies do not receive remuneration for their position, having also increased the representation of women, which means a reduction in the average remuneration of the female gender with respect to previous years.

As for managers and directors, no salary gap has been detected in the Remuneration Policy Evaluation Report for 2021, issued by Ernst & Young, in January 2022. The Remuneration Policy Evaluation Report corresponding to the year 2022 is pending issuance.

At the consolidated level, there are differences in remuneration depending on the position held in each of the companies, without in any case these differences responding to discriminatory reasons based on sex.

5.1.7. Employees with disabilities

	Female		Male	
	2021	**2022**	**2021**	**2022**
Grade between 33% and 65%	2	3	3	2
Grade equal or higher then 65%	-	-	1	1
Total employees with disabilities	**2**	**3**	**4**	**3**

5.1.8. Implementation of digital switch-off policies

On 17 December 2021, the Entity's management and trade union representatives signed the Eurocaja Rural Group Protocol for the Use of Technological Resources, section 3.8 of which stipulates the following as regards the Group's digital disconnection policy:

"3.8. Digital disconnection. Eurocaja Rural employees shall be fully entitled to effective digital disconnection outside of established working hours, so as to ensure the rest and work-life balance of employees, as well as to prevent occupational health risks. The "right to disconnection" is the procedure that sets out to ensure that employee's rest, authorised absences, leave and vacation time, as well as their personal and family time, are respected outside of the legally established working hours or those stipulated in the collective bargaining agreement. Article 69 "Digital Rights" of the Collective Bargaining Agreement for Credit Cooperatives envisages the right to digital and workplace disconnection and establishes the measures required to ensure this right is upheld, as well as to regulate any possible exceptions."

Article 69 of the 22nd Collective bargaining agreement for Credit Cooperatives also regulates and supplements the right to employees' digital and workplace disconnection:

"Article 69. Digital rights.

Right to digital and workplace disconnection.

The signing parties consider digital disconnection a right, the regulation of which contributes to the health of employees. The digital disconnection is also necessary to ensure the viability of the work-life balance of employees, thereby underpinning the various measures approved in this regard.

To that end, and in accordance with that set out in article 20 bis of the Workers' Statute, the parties acknowledge that employees are entitled to digital disconnection in order to ensure that rest, authorised leave, as well as personal and family time are respected outside of the legally established working hours or those stipulated in the collective bargaining agreement.

For the purposes of regulating this right, all devices and tools that could conceivably extend the working day beyond those established legally or in the collective bargaining agreement shall be taken into account: mobile telephones, tablets, in-house mobile applications, e-mail and messaging systems or any other as may be employed.

To ensure this right is upheld and that all possible exceptions are regulated, the following measures are agreed:

The right of employees to not reply to digital devices outside of their working hours, nor during their rest, authorised absences, leave or vacation time is hereby recognised, except for the highly justified urgent grounds stipulated in point 3, the only exception being those persons designated as “on call” or similar.

In general, terms, all work-related communication shall take place within working hours.

Consequently, all efforts shall be made to avoid making telephone calls, sending e-mails or messages of any kind outside of working hours, except for the urgent situations stipulated in point 3.

Highly-justified exceptional circumstances are deemed to exist if there is a risk to persons or potential damage to the business, the urgency of which necessitate the adoption of special measures or an immediate response.

To better manage working hours, adoption of the following measures shall be considered good practice:

Programme automatic responses during absences, indicating the dates in which you will not be available, and designating the e-mail address and contact details of the person assigned your tasks during your period of absence.

Avoid scheduling mandatory training, meetings, video-conferences, presentations, information, etc. outside of each employee’s normal working hours.

Organise the sessions indicated in the paragraph above sufficiently in advance so that attendees may plan their working day.

Include the start and end times of sessions/meetings in e-mail invitations, as well as all documentation to be discussed, so that attendees may see and analyse the topics beforehand to avoid meetings overrunning unnecessarily.

To supplement these measures, the Company may also establish action protocols that expand upon, implement and/or improve those detailed in this article.”

5.2. Job organization

The maximum working day established for Eurocaja Rural workers is regulated in article 19 of the XXII Collective Agreement for Credit Cooperative Societies, this being 1,700 hours in annual calculation. Although, Eurocaja Rural, aware of the right of workers to reconcile their personal, family and work life, has implemented the realization of a continuous reference schedule, from Monday to Friday, from eight to fifteen hours in the morning, thus allowing workers to carry out a family life fully compatible with their work activity.

On the occasion of the entry into force of Royal Decree-Law 8/2019, of March 8, on urgent measures of social protection and the fight against job insecurity in the working day that includes in its article 10 the modification of article 34 of Royal Legislative Decree 2/2015, of October 23, throughout the year 2019 the registration of working hours was the subject of negotiation at sectoral level, having reached an agreement on January 16, 2020, by the Union of Credit Cooperatives (UNACC) and the Business Association of Credit Cooperative Entities (ASEMECC), with the Comisiones Obreras union (FCT-CC. OO.).

The third paragraph of the aforementioned Sectoral Agreement provides for the possibility that collective agreements are signed with the majority of the labor representation within each Company.

Therefore, on June 26, 2020, it was celebrated between the Entity and the Representatives of the Workers of the same, Collective Agreement regarding Day, Schedule and Registration of Working Day. The aforementioned Agreement includes, among other things, with the purpose of promoting the use of continuous working hours, flexible hours or other means of organizing working time, as well as guaranteeing the right to reconcile personal, family and work life, by virtue of the provisions of article 34.8 of Royal Legislative Decree 2/2015, of 23 October approving the revised text of the Workers' Statute Law, the possibility for the staff to carry out training and / or professional retraining from home, through online tools or tele training.

Similarly, as a conciliation measure, the Entity has granted the workers of the Entity the possibility of extending the twenty-two working days of paid annual leave established by Collective Agreement, adding two more working days, with maximum flexibility in the enjoyment of these. Likewise, since the entry into force of the XXII Collective Agreement, on September 18, 2021, the possibility of enjoying up to a maximum of five days of unpaid leave per year has been established, at the request of the worker.

In this line, the Entity has been promoting and applying numerous measures to reconcile personal, family and work life, thus providing a better quality of life to the people who work in it, implementing and developing actions of a marked social nature that have been maintained during the year 2022, which have also been included in the III Equality Plan, thereby guaranteeing its validity until the next financial year 2026. These measures include:

- Granting of two days of vacation in addition to those established in the Collective Agreement.
- "Marriage bonus", consisting of the payment of an additional extra payment in the month in which the worker marries.

- Extension of one additional week to maternity leave.
- Leave of two extra days with respect to the provisions of the Collective Agreement, for hospitalization of minor children.
- Granting of 5 calendar days of paid leave, or alternatively, 30 calendar days of unpaid leave, to attend assisted reproduction clinics or to follow national or international adoption processes.
- Study aid for children of the workers of the Entity.
- Right to a study aid to workers, of 90% of the amount of the texts and registration, with a maximum of 1,000 euros per year.
- Exclusive conditions for employee loans, which greatly improve market conditions and those established in the applicable Collective Bargaining Agreement.
- Special advance for preservation of umbilical cord stem cells.
- Granting of a special leave of up to five days for the father or mother in cases of serious illness of minor children, who require hospitalization or require home rest, once the days of leave established in the Collective Agreement have been exhausted, as well as the vacation days of the current year.

With regard to workers belonging to TEC Soluciones de Negocio, S.L.U., note that the State Agreement of Consulting Companies and Market Studies and Public Opinion applicable to the workforce, establishes a maximum working day in annual calculation of 1,800 hours per year. With regard to the companies Eurocaja Rural Mediación Operador Banca Seguros Vinculados, S.L.U. and Rural Broker, S.L., the Statewide Collective Agreement for Private Insurance Mediation Companies in force during the year 2022, which regulates the labor relations of the workers of both companies, establishes a maximum working day of 1,728 hours in annual calculation.

During the year 2021 and 2022, the number of total absenteeism hours in the Economic Group were 58,690.49 hours and 63,948.16 hours, respectively, distributed according to the following breakdown:

Type of Absence	2021	2022
Workplace accident	17.171.00	15.960.00
Non-working accident	308.00	294.00
Illness without accident	40.425.00	46.200.00
Extended IT	133.00	1.099.00
Personal reasons	653.49	367.16
Total Hours	**58.690.49**	**63.920.16**
Work absenteeism rate	**3.20%**	**3.37%**

Based on the declaration by the World Health Organization in January 2020. noting that the situation in relation to COVID-19 was a public health emergency of international importance, and in order to prevent the spread of the disease and maintain the social protection of workers, it was established that periods of isolation or contagion of workers as a result of the COVID-19 virus would be considered a situation assimilated to a work accident for the purposes of the economic benefit for disability of the Social Security system, in accordance with Royal Decree

6/2020, of March 10, which adopts certain urgent measures in the economic sphere and for the protection of public health.

Therefore, the absence number of hours, in terms of Workplace accident and labour illness, have been increased outstandingly during 2021 and 2022 with respect to previous years.

5.3. Health and Safety

In order to guarantee the health and safety of each of the workers, the Management of the Eurocaja Rural Group is committed to the integration of Prevention as a basic principle, in order to achieve a good working climate, as reflected in the objectives and goals described in the Company's Occupational Risk Prevention Policy.

By virtue of Law 31/1995 on the Prevention of Occupational Risks and especially Royal Decree 39/1997, which regulates the Regulations on Prevention Services. Eurocaja Rural is obliged to set up its own Prevention Service based on the number of workers on its staff. Given that one of the options for organizing its own prevention service is the joint prevention service. Eurocaja Rural is a member of the Joint Prevention Organization (OPM), a joint prevention service which takes on three of the four prevention specialties described by the Law, namely Safety in the Workplace. Industrial Hygiene and Ergonomics and Applied Psycho-sociology, with the fourth specialty of Health Surveillance being agreed with an External Prevention Service, recognized by the entity Prevención y Sanidad Industrial. S.L.

Objectives and goals

In accordance with the principles of its preventive policy. Eurocaja Rural establishes the following commitments:

- Strictly ensure compliance with current health and safety legislation.
- Remove all possible risks, evaluating and controlling all those that could not be avoided.
- Battle risks at source, including occupational risk prevention in the design of new processes and facilities.
- Introduce prevention management at all hierarchical levels of the company as another element and of the same importance as the rest of the entity's policies.
- Establish a system that guarantees workers periodic monitoring of their health status according to the risks inherent in the job.
- Inform and train all workers adequately so that they can carry out their work safely.
- Promote attitudes that favour the improvement of safety.
- Consult and involve workers through their representatives in prevention matters in all those aspects that may affect their safety and health.
- Establish a system of active controls and audits that allow for continuous improvement in health and safety.
- Demand that contractors, subcontractors and suppliers strictly comply with the legislation on occupational risk prevention.

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Workers' representation in formal committees:

To ensure the participation of workers in issues related to the prevention of occupational risks and by virtue of Articles 34 and 35 of Law 31/1995 on the Prevention of Occupational Risks, the Company has Prevention Delegates, elected by vote from among the workers' representatives, in a number that is appropriate to the total number of workers they represent.

In order to comply with Article 38 of Law 31/1995 on the Prevention of Occupational Risks. Health and Safety Committees have been set up as joint representative bodies composed of the Prevention Delegates and company representatives in equal numbers. For the Office Network there is a Health and Safety Committee, Branch Committee, constituted on October 1, 1996. The Central Services Health and Safety Committee was set up on 30 September 1996. Subsequently, dated 11/10/2022 the composition of the committees was modified and new ones were created being constituted the safety and health committee of Central Services the health and safety committee of the Toledo office network the health and safety committee of the Madrid office network the health and safety committee of the Albacete branch network and the health and safety committee of the Ciudad Real branch network.

The Union Delegates and the technicians of the prevention services attend the aforementioned Committees with voice and without vote. The periodicity of the meetings established by the labour risk prevention law is quarterly. In the 2022 financial year, the health and safety committees met 7 times. At the meeting held on November 14. The approval of different preventive protocols aimed at protecting the safety and health of workers was implemented such as the workplace harassment prevention protocol the risk prevention protocol in pregnancy recent childbirth or natural lactation as well as the risk prevention protocol in situations of external violence.

Evaluation and control of risks to the safety and health of workers.

Risk assessment is the process aimed at estimating the magnitude of those risks that could not be avoided, obtaining the necessary information to adopt all those preventive measures required for the reduction and control of risks to the safety and health of workers. This evaluation is reviewed whenever there are changes that affect working conditions in accordance with legislation and risk assessment procedures. If there are no changes affecting working conditions, the risk assessments will be reviewed every four years as agreed by the Safety and Health Committees on 5 September 2002.

In order to maintain and ensure the **control of risks that are** not eliminated, measures are established to ensure the adequate management of these **risks and the** implementation of the necessary preventive measures in terms of health and safety on the following aspects:

- ***Work equipment***: The machines, installations, apparatus and instruments are registered. maintained and revised in accordance with the legislation in force, so as to ensure the protection of the workers who use them. Likewise, all the equipment and installations are subjected to the industrial safety reviews applicable to them.
- ***Working conditions:*** The workplaces are designed and comply with the current legislation that applies to them according to the use to which they are destined.

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- ***Collective protection measures:*** When risks cannot be avoided, they are controlled through the use of collective protection measures, which will later be controlled in terms of their preventive effectiveness.

- ***Personal protective equipment:*** When risks cannot be avoided or sufficiently limited by technical, organizational or collective protective measures, workers are provided with Personal Protective Equipment suitable for the performance of their duties, ensuring that it is used appropriately

- ***Training of workers: Depending on*** the generic and specific risks of each job, 100% of workers receive the necessary training in prevention when they enter the job when there are changes in the functions they perform, or new technologies are introduced or changes in working conditions.

- ***Emergency measures: According*** to the size, activity and other characteristics of each work centre, the necessary first aid, firefighting and worker evacuation measures to be adopted in possible emergency situations are established. These measures are included in the corresponding self-protection, emergency or evacuation plans existing in each of the work centres.

- ***Coordination of business activities:*** Whenever work is to be carried out involving competing companies in a work centre, the exchange of preventive information is ensured, as well as the appropriate instructions regarding the risks existing in the work centre with the corresponding prevention and protection measures as well as the emergency measures to be adopted by these companies for the transfer of their respective workers.

Health and safety issues addressed in formal agreements with trade unions,

The consultation and participation of the workers in the design of all the preventive actions is considered as a basic aspect to reach the maximum levels in the matter of security and labour health.

Workplace accidents.

There were 21 work-related accidents in 2022 (as opposed to 16 in 2021) at Eurocaja Rural, nine women and 12 men (ten women and 6 men in 2021); eleven of these work-related accidents led to temporary medical leave (8 in 2021). The remaining ten accidents did not lead to any leave whatsoever.

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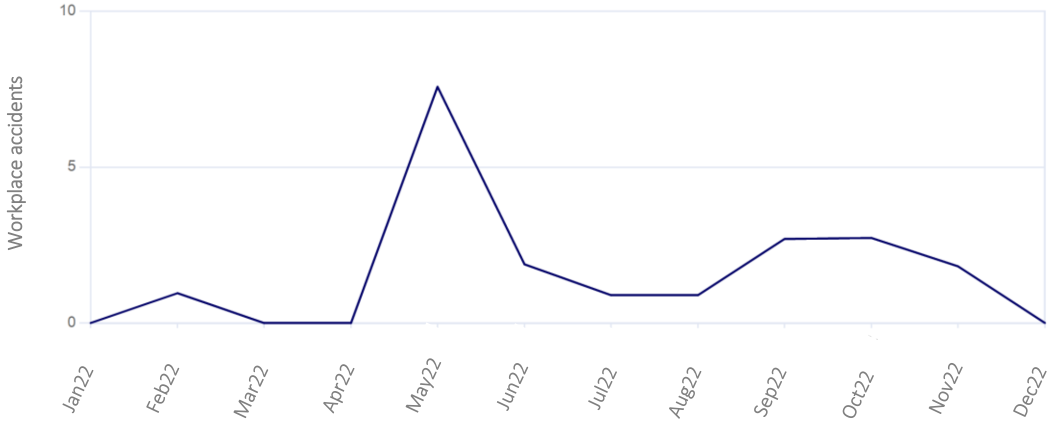
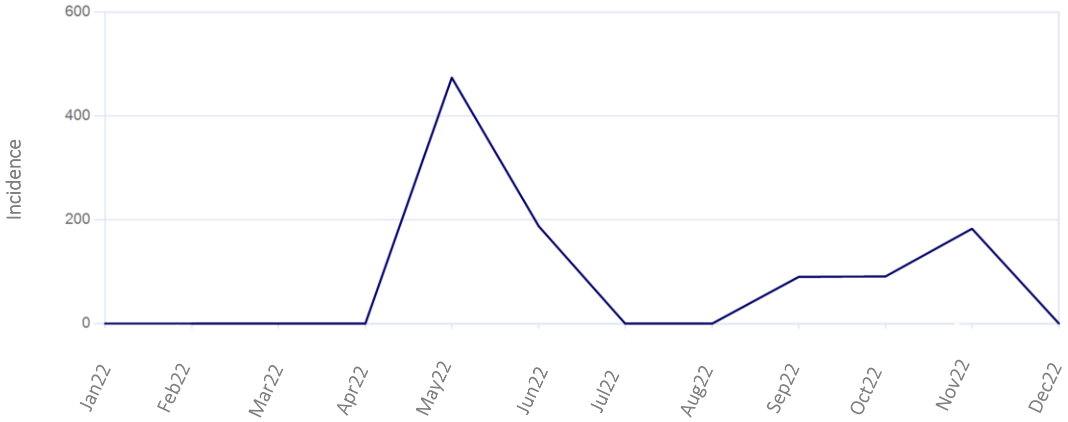
Workplace accidents evolution:



Incidence rate:



To the rest of the companies belonging to the Economic Group it should be noted that there has only been one accident without sick leave (1 woman) at the company TEC Soluciones de Negocio and none in the rest of the companies within the analyzed period.

5.4. Social relationship

The social relations in the Eurocaja Rural Group can be described as satisfactory being maintained with absolute transparency and giving priority in all cases to dialogue with the legal representation of the workers developing these in a climate of understanding and mutual respect without any type of labour conflict during the financial year 2022.

Thanks to an understanding among the parties, the following collective agreements were reached in 2022:

- III Equality Plan

The Entity's trade union representative bodies in 2021 were as follows:

- Central Services Works Council composed of nine members of the "Unión Sindical Obrera (USO)" Union.
- Works Council of the province of Toledo, made up of thirteen members of the " union elections Unión Sindical Obrera (USO)" trade union.
- Works Council of the province of Madrid composed of five members of the "Comisiones Obreras" Trade Union (CCOO)".
- Three Personnel Delegates in the province of Guadalajara, all from the "Unión Sindical Obrera (USO)" Union.
- Three Personnel Delegates in the province of Ciudad Real, all from the "Unión Sindical Obrera (USO)" trade union.
- Three Personnel Delegates in the province of Albacete, all from the "Unión Sindical Obrera (USO)" Union.
- A Personnel Delegate in the province of Cuenca, from the "Unión Sindical Obrera (USO)" trade union.
- A Personnel Delegate in the province of Avila, from the "Unión Sindical Obrera (USO)" trade union.
- A Union Delegate from the "Unión Sindical Obrera (USO)" Union.

During 2022 has been realized union elections in all provinces of Castilla – La Mancha, as well as in Valencia, Alicante, Valladolid, Ávila and the Central Services of the Entity.

The members of the Works Councils and the Personnel Delegates meet periodically in a place set up by the Company for this purpose, and are promptly informed of all those aspects that are reflected in the Workers' Statute, the Collective Bargaining Agreement and other applicable regulations, as well as any relevant information that must be made known to all the employees.

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- XXI COLLECTIVE AGREEMENT FOR COOPERATIVE CREDIT SOCIETIES

The XXI Collective Agreement for Cooperative Credit Companies regulates the labour relations of one hundred percent of the workers of Eurocaja Rural, S.C.C. and Fundación Eurocaja Rural who have an ordinary labour relationship with the Entity.

In the area of occupational health the Entity complies with the commitment established in Article 50 of the Collective Bargaining Agreement:

"*The protection of the safety and health of male and female workers is a basic and priority objective shared by the entities and trade unions that have signed this Convention. To achieve this objective preventive actions must be developed to eliminate or reduce risks at their source, based on their prior identification and subsequent evaluation, taking into account the nature of the activity, and adopting, where appropriate, the necessary measures to prevent risks arising from the work.*

1. The companies, together with the workers and/or their legal representatives specialized in the matter will seek the adequate compliance of the obligations established in the regulations on prevention of occupational risks, as well as the promotion of an adequate culture of prevention, including the training that the companies must provide and that the workers must take, in the terms of article 5.b of the Workers' Statute and article 19 of the Law on Prevention of Occupational Risks.

2. The natural framework for participation and desirable consensus for preventive action is that which is configured through the Prevention Delegates and the Health and Safety Committees. In each company, spaces of dialogue and work may be agreed upon that are appropriate to its own organization, as a fundamental way of channelling the rights of participation and consultation of the legal representatives of the workers in all those matters that are legally regulated.

3. The figure of the Prevention Delegate is fundamental for the implementation of the legally regulated right to participation and consultation. So that they can develop their function in an effective way:

a) They will be provided with the necessary training for the development of their functions according to Article 37.2 of Law 31/1995 on the Prevention of Occupational Risks.

b) Their hourly credit may be extended by agreement within the company.

4. In compliance with the duty to protect the safety and health of workers at their service in all aspects related to the work, undertakings shall take the necessary measures concerning the identification and evaluation of risks (safety, hygiene, ergonomics and psycho-sociology), the planning of preventive action, information, consultation, and training and participation of workers, action in cases of emergency, health surveillance, and the organization of preventive action.

5. Particular emphasis shall be placed on the prevention and health monitoring of risks arising from the tools commonly used in the banking profession, such as data display screens or similar, including verification of the requirements for the ergonomic design and layout of the workstation.

6. The risk of robbery, physical aggression or any other form of external violence perpetrated by non-company personnel, insofar as it is a work-related risk present at our entities, must be prevented and, therefore included in the Prevention Plan and considered in the risk assessment and in all preventive planning activity. Specifically, in the event of a robbery, all support and medical-psychological monitoring shall be provided to anybody requiring it.

7. Prevention of risks for pregnant, postpartum and breastfeeding women. The risk assessments shall take into consideration the specific risks facing female employees. Whenever a female

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employee notifies the Entity that she is pregnant, has recently given birth or is breastfeeding, an additional assessment shall be performed to establish an individual risk profile.

Whenever the tasks performed by a pregnant woman could put her or her baby in danger, she shall be entitled, by order of a medical practitioner, to be assigned to another task in suitable conditions, with no reduction in salary, and shall be entitled to return to her former post once the situation comes to an end.

8. The company may study the rates of collective absenteeism so that in the event that they exceed 4% in annual calculation, it can inform the workers' representation and agree on possible corrective measures. Chapter XIV.

- STATE COLLECTIVE AGREEMENT OF CONSULTING AND MARKET RESEARCH COMPANIES AND PUBLIC OPINION.

The State Collective Agreement of Consulting and Market Research Companies and Public Opinion also affects one hundred percent of the workers of TEC Soluciones de Negocio. S.L.U.

The Entity complies with the commitment in matters of Occupational Health established in Article 39 of the Collective Agreement:

"**1.** Data displays and/or display screens are defined as the cathode-ray array, which allows for large amounts of information (characters or symbols at high speed) to be displayed in conjunction with a numerical and/or alphabetical keyboard.

2. Premises and workstations where data screens are used must be designed equipped. maintained and used in such a way that they do not cause harm to the users of the screens.

3. The work station as well as the main and auxiliary furniture shall be placed in such a way as to avoid any damage to health or fatigue in addition to the performance of the activity.

4. When using these data screens special care must be taken to comply with the regulations in force at the time.

5. *In accordance with the literal wording of current Article 25 and sections 1 to 5 of current Article 26 of Law 31/1995 on the Prevention of Occupational Hazards.*

"Article 25. Protection of workers who are particularly sensitive to certain risks

1. The employer shall specifically ensure the protection of workers who by reason of their own personal characteristics or known biological condition including those who are recognized as having a physical, mental or sensory impairment are particularly sensitive to the risks arising from their work. To this end, it shall take account of these aspects in risk assessments and, on the basis of these assessments, shall adopt the necessary preventive and protective measures.

Workers shall not be employed in those jobs where, because of their personal characteristics, biological state or duly recognized physical, mental or sensory disability, they, other workers or other persons related to the company may put themselves in a situation of danger or, in general, when they are manifestly in states or transitory situations that do not respond to the psycho-physical requirements of the respective jobs.

The employer shall also take account in the assessment of risk factors which may affect workers' reproductive functions, in particular exposure to physical, chemical and biological agents which may have mutagenic or toxic effects on reproduction, both as regards fertility and the development of offspring, with a view to taking the necessary preventive measures.

"Article 26. Protection of maternity.

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1. The risk assessment referred to in Article 16 of this Act shall include the determination of the nature degree and duration of exposure of workers in a situation of recent pregnancy or childbirth to agents, procedures or working conditions that may adversely affect the health of workers or the foetus in any activity likely to present a specific risk. If the results of the assessment reveal a risk to the safety and health or a possible impact on the pregnancy or breastfeeding of such workers the employer shall take the necessary measures to prevent exposure to that risk, by adapting the working conditions or hours of the worker concerned. Such measures shall include, where necessary, the avoidance of night work or shift work.

2. When the adaptation of the conditions or working time is not possible or, despite such an adaptation, the conditions of a job may negatively influence the health of the pregnant worker or the foetus. and this is certified by the Medical Services of the National Institute of Social Security or the Mutual Insurance Companies, depending on the Entity with which the company has agreed to cover the professional risks, with the report of the doctor from the National Health Service who medically assists the worker, the latter must carry out a different job or function compatible with her condition. The employer must determine, after consultation with the workers' representatives the list of risk-free jobs for this purpose.

The change of post or function shall be carried out in accordance with the rules and criteria applied in cases of functional mobility and shall have effect until such time as the worker's state of health allows her to return to her previous post.

In the event that even when the rules set out in the previous paragraph are applied, there is no compatible post or function, the worker may be assigned to a post not corresponding to her group or equivalent category, although she shall retain the right to the full remuneration of her original post.

3. If such a change of post is technically or objectively impossible or cannot reasonably be required for justified reasons, the worker concerned may be declared to be in a situation where her contract is suspended on account of risk during pregnancy as referred to in Article 45(1)(d) of the Workers' Statute, for the period necessary to protect her safety or health and for as long as it is impossible for her to return to her previous post or to another post compatible with her condition.

4. The provisions of numbers 1 and 2 of this article shall also be applicable during the period of breastfeeding if the working conditions could negatively influence the health of the woman or her child and this is certified by the Medical Services of the National Institute of Social Security or the Mutual Insurance Companies, depending on the Entity with which the company has agreed to cover the professional risks, with the report of the doctor from the National Health Service who is medically assisting the worker or her child. The worker concerned may also be declared to be in a situation of suspension of the contract due to risk during the natural breastfeeding of children under nine months as referred to in article 45.1.d) of the Workers' Statute, if the circumstances set out in number 3 of this article occur.

5. Pregnant workers shall have the right to be absent from work, with pay, to carry out prenatal examinations and childbirth preparation techniques, with prior notice to the employer and justification of the need to carry them out within the working day".

6. In accordance with the literal wording of sections 2 and 4 of the current Article 35 of Law 31/1995 on the Prevention of Occupational Risks: "The Prevention Delegates shall be appointed by and from among the personnel representatives, within the scope of the representative bodies provided for in the rules referred to in the previous article, in accordance with the following scale:

From 50 to 100 workers: 2 Prevention Delegates

From 101 to 500 workers: 3 Prevention Delegates

From 501 to 1.000 workers: 4 Prevention Delegates.

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From 1.001 to 2.000 workers: 5 Prevention Delegates

From 2.001 to 3.000 workers: 6 Prevention Delegates

From 3.001 to 4.000 workers: 7 Prevention Delegates.

From 4.001 onwards: 8 Prevention Delegates".

- CONVENIO COLECTIVO ESTATAL PARA LAS EMPRESAS DE MEDIACIÓN DE SEGUROS PRIVADOS

This Collective Bargaining Agreement applies to the labour relations of private insurance mediation companies that is to say, all the employees of Eurocaja Rural Mediación Operador Banca Seguros Vinculados. S.L.U. and Rural Broker. S.L.

Both companies comply with the commitments in relation to occupational health established in Articles 52, 53, 54, 55 and 56 of the aforementioned Collective Bargaining Agreement:

"*Article 52 General provision*

It is the commitment of the parties, in compliance with the provisions of Law 31/1995, of 10 November, on the Prevention of Occupational Risks, to promote all measures necessary to establish an adequate level of protection for the health of workers against risks derived from working conditions, and this within the framework of a coherent, coordinated and effective policy to prevent such risks.

In accordance with the principles of preventive action. the measures that make up the general duty of prevention provided for above shall be applied in accordance with the following general principles:

a) Prevent and combat risks at source.

b) Assess the risks that cannot be avoided.

c) Replace the dangerous by the less dangerous or no dangerous. using personal protective equipment only when the risks cannot be avoided by acting on their causes.

d) Adopting measures that put collective protection before individual protection.

e) Planning and documenting prevention management must be an essential part of the company's objectives. Planning will be based on risk assessment: Preventive action in the company will be planned by the company based on the mandatory initial risk assessment that will be carried out specifically, taking into account the nature of the activity and any special risks.

Article 53 Health surveillance

Undertakings shall ensure that their staff are regularly and voluntarily monitored as regards their state of health, in accordance with the risks to which they are exposed, with particular regard to risks, which may affect pregnant or breastfeeding workers and staff who are particularly sensitive to certain risks.

In order to guarantee adequate health surveillance, the specific health surveillance protocols created by the Ministry of Health, Social Services and Equality for certain risks to which personnel may be exposed will apply.

Article 54 Representation and training of staff in occupational health and safety

The provisions of the Law on the Prevention of Occupational Risks will be followed with regard to prevention delegates and health and safety committees.

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The health and safety committee and the prevention delegates will have all those functions and competencies that the law attributes to them and, in particular, those of prevention of occupational risks and reduction of occupational accidents.

It is the criterion of the signatory parties to this general agreement on private insurance mediation that training in prevention, under the terms of article 19 of the Law on the Prevention of Occupational Risks, is part of the training programs and projects developed in companies as a complement to professional qualifications and to promote awareness of this subject at all levels of the company.

The Joint Committee for the Monitoring and Interpretation of the Agreement will analyse and assess possible own or sectorial initiatives in the field of prevention and occupational health.

Article 55 Specific prevention

With regard to new computer technologies, and in accordance with the official regulations on the subject, companies, after hearing the health and safety committee or the legal representation of the workers carrying out such functions, shall observe those preventive measures necessary so that the working conditions and means of work do not alter the health of the personnel providing sufficient ergonomic measures so that the working conditions of personnel who prefer to handle computer equipment do not especially affect the health of the personnel, such as ambient lighting, elimination of light reflections, anatomical and functional furniture, noise, etc.

The health and safety committee, or in its absence the legal representation of the workers, will have in this matter the competences that the Law of Prevention of Labour Risks and norms of development attribute to them.

Article 56 Maternity protection

Special protection will be given to maternity and paternity. and therefore these clauses will be covered by Articles 25 and 26 of Law 31/1995 on the Prevention of Occupational Hazards, regarding possible actions that companies may take to protect workers who are in a situation of risk to their health or that of the foetus during the gestation period, or to protect the mother and child during the nursing period.

Likewise, the provisions of Law 39/1999. to promote the reconciliation of family and working life of workers, and Organic Law 3/2007, of 22 March, for effective equality between women and men, and the leave regulated in Article 37.7.f) of the TRET, must be taken into account".

5.5. Job training

For the economic group Eurocaja Rural, the training of its workers is a key factor, with the firm objective of maintaining the highest standards of quality and training, always with the aim of offering the best service to its partners and customers.

The contents of the training can be classified into three main groups according to the training needs and the objectives derived from them:

a) Knowledge of the company itself: These are contents referring to the knowledge of the philosophy, organization, structure, system, products, image, etc. of the company. That is, the contents that provide knowledge of all those aspects that allow the employee to identify with the company and that give meaning to their own work.

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b) Professional knowledge: This is the content that provides the specific knowledge needed to perform the tasks that make up each job. These are not the members of the individual tasks, but rather they cover a broader view of the whole of a given function. This professional knowledge also includes the knowledge required by specific regulations.

c) Personal training: Integrates all the knowledge that is beyond professional techniques and that prepares the person considering him/her as a member of a working and social community. Thus, the person is considered as a whole, from an integral approach that makes training in the company not only professional, but also educational and highly enriching for the individual.

The needs analysis should reflect the knowledge, skills, abilities and attitudes necessary for the development of effective and quality work. The competencies identified will establish the standard of qualification that the staff is expected to possess: knowledge (concepts, ideas, principles, laws), know-how (rules of action, techniques), and self- worth (personal, social values).

Through this triple prism, the needs of Eurocaja Rural's staff have been evaluated, adapting the training actions to the needs detected.

It is important to highlight that during the 2022 financial year, the entity has made a significant training effort given that during this year actions have been carried out aimed at training the entire Eurocaja Rural staff in the use and management of the new banking platform adopted by the entity. This training activity required training the entire staff of the entity in a short space of time through a large group of internal trainers. This activity generates a volume of hours close to 50,000.

In addition to this specific action in 2022, we have embarked on a training plan in which we have continued to train our staff in the contents related to the Real Estate Credit Contract Law regulations. Mifid and insurance marketing regulations with the objective that the personnel that provides information on real estate credit products investment products or insurers have the necessary knowledge and skills to ensure the best possible service.

Within the training related to Mifid regulations, it is important to highlight that specific training on Green Mifid and ESG responsible investment has been introduced in 2022.

The regulatory context also means that entities must make a regulatory effort to adapt the knowledge and skills of our staff to the current reality. A reflection of this effort are the training sessions carried out in 2022 on content such as criminal compliance. General data protection regulation o Prevention of money laundering and financing of terrorism.

In addition to these contents, our vocation of service to partners and customers requires that we maintain high quality standards in the service. In this sense, the entity during 2022 has made a training effort in services such as the processing of the PAC or cybersecurity.

All these training actions encompass an effort that involves more than 98,000 hours of training carried out during the year, which are broken down as follows:

	2022	**2021**
Male Hours	48.060	33.650
Female Hours	50.237	32.685
Total Hours	**98.297**	**66.335**

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	2022	2021
Average training hours per employee	87.44	64.16
Average training hours per man	91.12	66.81
Average training hours per woman	84.20	61.63
Average training hours management team	34.38	55.38

The total hours by professional category have been:

Economic Group Employees

	2022	2021
Male Hours	47.839	33.472
Female Hours	50.183	32.420
Total Hours	**98.022**	**65.892**

Management team

	2022	2021
Male Hours	221	178
Female Hours	54	265
Total Hours	**275**	**443**

Note: Employees of the economic group include employees of Eurocaja Rural. Tec Soluciones de Negocio S.L.U., Eurocaja Rural Mediation Banking and Insurance Operator Linked. S.L.U. Rural Broker. S.L.U. that are part of the professional categories indicated in section 5.1.1. of this report.

Note 2: The decrease in training hours for the management team (women) in 2022 is due to the fact that in 2021, a component of the management team underwent specific long-term training in legal matters.

5.6. Universal accessibility for people with disabilities

Eurocaja Rural takes special care to ensure that all its centres are fully accessible. It is an indispensable condition that the premises meet the necessary characteristics in this particular to be able to designate it as valid to develop our activity. In the premises that we are already operating, we try to solve the problems of accessibility by eliminating all architectural barriers whenever this is possible. As it could not be otherwise, we attend to the requirements of our clients and the administration in order to solve specific problems, in the shortest time possible.

5.7. Equality

The Equality Policy of the Eurocaja Rural Group, more than a management tool or technique, is part of its essence, its principles and values, its social commitment to the workers that make up the Group.

Accordingly, Eurocaja Rural remains firmly committed to establishing and rolling out policies that enshrine equal treatment and equal opportunities for men and women that are free of direct or indirect discrimination on the basis of sex. The Entity also strives to drive and foster measures that ensure genuine equality at the very heart of the organisation, cementing equal opportunity for men and women as a strategic principal of it HR policy, pursuant to the definition of this principal contained in Organic Law 3/2007 of 22 March 2007, for effective gender equality.

Across all areas of the Entity's activity, including recruitment and promotion, remuneration policies, training, working and employment conditions, occupational health and measures to ensure a work-life balance, the principle of equal opportunities for men and women is a paramount consideration. Efforts are also made to combat indirect discrimination head on, which is understood as "a situation in which an apparently neutral provision, criterion or practice places a person of one sex at a particular disadvantage vis-à-vis persons of the opposite sex".

As regards communication, both internally and externally, the Entity conveys all decisions made in this respect and projects an image of the institution that is in keeping with the principle of equal opportunities for men and women.

The principles mentioned above are put into practice through various equality plans approved by the Entity -currently the Third Equality Plan-, which include the monitoring systems required to advance towards the goal of genuine equality between men and women at the Entity and, by extension, across wider society.

Eurocaja Rural applied its First Equality Plan in 2010, which was then extended before being replaced by the Second and now the Third Equality Plan. The aim was not merely to comply with legal provisions, but also to be consistent with the Entity's philosophy and social commitment.

From 2010 to the present day, the breakdown by sex of the workforce has changed considerably, so much so that at the 2022 year end, women represented over 53% of the Entity's total staff:

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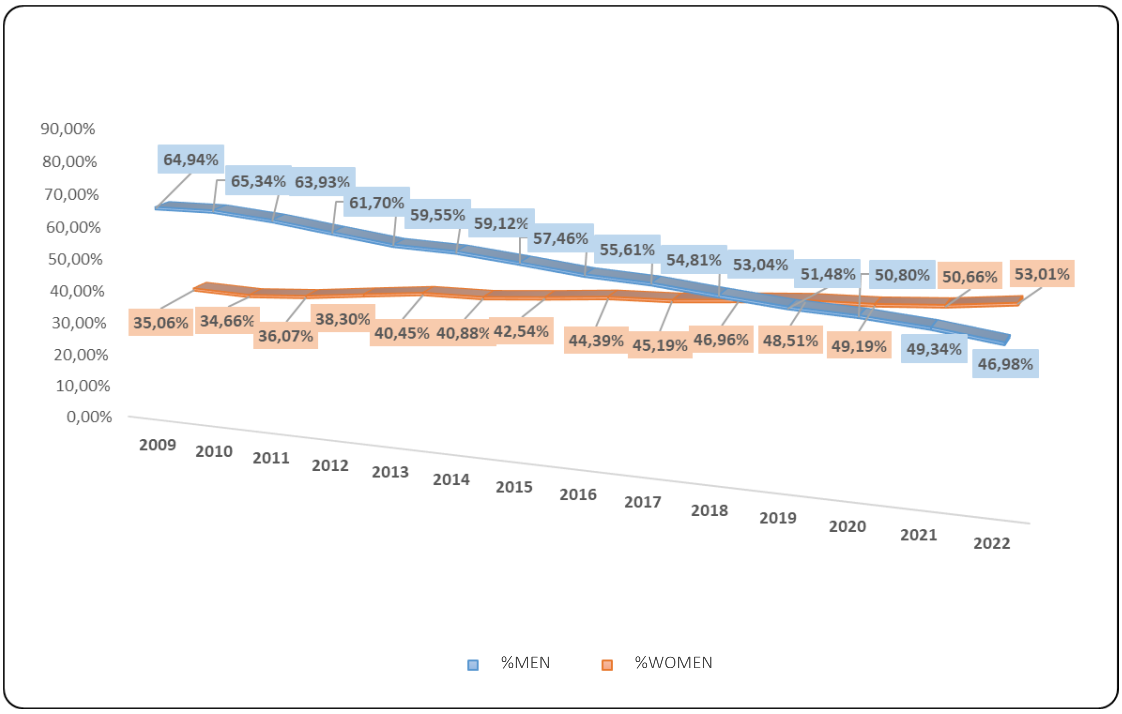

To ensure compliance with the objectives set in terms of equality is in charge of the Standing Committee on Equality. This Committee was created in order to carry out periodic follow-up and improvement in terms of equality and it is made up equally by the members appointed by the different Company Committees and Personnel Delegates and the same number of representatives from the company.

The main objectives of the Company's Equality Policy are listed below:

- To make progress in achieving a balanced presence of women and men on the Group's staff, at the different agreement levels and in positions of responsibility in the Entity.
- Avoid discrimination in access to employment on the basis of sex.
- To make effective progress in making training actions compatible with the reconciliation of work, personal and family life.
- To promote the reconciliation of the working, personal and family life of the workers.
- To promote a business culture sensitive to equal opportunities and the reconciliation of work, personal and family life.
- To improve the general knowledge of resources for the reconciliation of work, personal and family life, both internal and external, of the workers.
- Improve internal and external communication on equal opportunities.
- Preventing sexual and gender-based harassment
- To guarantee that the remuneration of the Entity's staff is not the result of any type of discrimination, being based on objective criteria.

Royal Decree Law 7/2021, of 27 April 2021, to transpose European Union directives into Spanish law (“RDL 7/2021”) modified the law on the regulation, supervision and solvency of credit institutions in order to adapt it to the new EU-wide legislative context. Included within these corporate governance requirements, section f) of article 33 of Law 10/2014, of 26 June 2014, on the regulation, supervision and solvency of credit institutions (LOSS per its Spanish acronym), stipulates that **entities and consolidated groups of credit institutions** must apply **solid corporate governance procedures, which should include, among other matters, non-discriminatory remuneration policies and practices in terms of gender** (understood as those based on equal pay for men and women performing the same job or work of equal value).

The Remuneration Policy Assessment Report for 2021 issued by Ernst&Young indicates, "*that the Entity has a remuneration system in place based on the principle of equality, and the Entity can justify any pay differences detected between men and women for work of equal value.*"

Proof of the success of the Equality Policy maintained by the Entity results in the recognition of the Distinction of Excellence in Equality. Conciliation and Corporate Social Responsibility granted to the Entity by the Community Board of Castilla - La Mancha in 2015, which has been extended to date. Likewise. The company's Equality Policy has been valued very positively by the Entity's staff in the equality survey carried out during the 2022 financial year.

On the other hand. on the Prevention of Sexual Harassment. The Entity published a first Prevention and Action Protocol in 2011, which regulates prevention procedures action and sanctioning measures for possible cases of sexual harassment in the Entity protocol to which the entire workforce has access via the Intranet. Through II and III Equality Plan, this has been updated improving the reporting channels and incorporating actions aimed at preventing Sexual Harassment at work as well as Harassment by Reason of Sex.

Simultaneously with the publication of the Prevention and Action Protocol. A Sexual Harassment Prevention Committee was created, made up of three members who in turn belong to the Permanent Equality Committee, which has also been updated as needed.

Likewise, as a manifestation of the signature defence of the Entity of the victims of Gender Violence and that is embodied in Area 9 of the aforementioned III Equality Plan. The Entity has a Protocol for Victims of Gender Violence in force, which is available to all the employees of the Entity.

In another order regarding the integration and accessibility of people with disabilities. It is worth mentioning that the Entity in compliance with the provisions of article 42 of Royal Legislative Decree 1/2013 of November 29 which approves the Consolidated Text of the General Law on the rights of people with disabilities and their social inclusion 2 percent of the jobs are reserved for workers with disabilities greater than 33% both men and women.

Even though the absence of disabled applicants and after proving the impossibility of reaching said quota in the 2019 financial year, it was requested from the Ministry of Economy Enterprises and Employment of Castilla La Mancha the pertinent declaration of exceptional nature of the reserve obligation having been granted by resolution issued by the Intermediation Service on December 12, 2019 for a period of three years. In order to effectively comply with the regulations. Alternative measures are being executed consisting of making donations and sponsorship actions of a monetary nature for the development of labour insertion activities and job creation for people with disabilities to Foundations and Associations of public utility whose

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corporate purpose results among others professional training labour insertion or job creation in favour of people with disabilities that allows the creation of jobs for them and finally their integration into the labour market.

Nevertheless. The current workforce of the Eurocaja Rural Group has six people with disabilities equal to or greater than 33% maintaining a commitment to hire workers with disabilities who meet the required profile; for it. During the 2022 financial year, the hiring of the selection tool Disjob -Employment Portal for people with disabilities- has been renewed in order to expand the search possibilities and selection of the required professional profiles.

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6. INFORMATION ON RESPECT FOR HUMAN RIGHTS

Although it is true that the Entity does not currently have specific policies and protocols on this matter, respect for human rights is a non-negotiable aspect in the daily development of the Entity's activities, as shown by the scrupulous compliance with the applicable Collective Agreement (offering employees a greater number of concessions than those established by the text itself), the initiatives proposed by the Foundation and the areas responsible, the demands in this area transferred to our business partners, as well as the representative and core values of Eurocaja Rural.

Since 2019, as part of its Compliance programme, the Entity has an ethical channel. Within it, a principle of respect for the dignity of the person and non-discrimination is included where it is stated that:

“Respect for the dignity of the person and their essential rights necessarily involves actively reconciling the principle of equal rights and opportunities and non-discrimination with the management of diversity.

EUROCAJA assumes respect for the person and their dignity as a fundamental value of its actions and subscribes in its entirety. the Universal Declaration of Human Rights adopted by the United Nations in 1948 and the instruments derived from it, especially the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, and the International Covenants on Civil and Political Rights and on Economic. Social and Cultural Rights, both of 1966.

The subject people must respect the dignity of all the people who make up the interest groups with which they interact, including other subject people establishing relationships based on mutual respect, avoiding all kinds of verbal exchange or conduct that involves irrational interference, at work or help create an intimidating work environment. Similarly, any type of discrimination, humiliation or harassment will be avoided.

There is a specific protocol for the prevention and action against sexual harassment”

Along the same lines, the Entity has an ethical channel so that Eurocaja Rural employees can communicate any breach of the Entity's internal regulations or of the values, action guidelines or rules of conduct of the employees, any violation of the current legislation or any other conduct that may be considered generating an ethical dilemma.

In addition to this channel, the Entity has specific mechanisms for communicating and managing harassment situations, and the Harassment Prevention Committee has not received any communication during the year under review as in 2019.

In this area, the Entity has not identified quantitative indicators, because the impact of the Eurocaja Rural Group's activity on matters related to respect for Human Rights is not significant.

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7. INFORMATION ON THE FIGHT AGAINST CORRUPTION AND BRIBERY

With regard to the prevention of corruption, a policy of conflicts of interest of the Governing Council has been approved, without prejudice to the process of improvements that can be made to it the aim of which is to establish, define and configure the mechanisms and procedures of action to be followed in Eurocaja Rural in the field of prevention. Treatment and management of situations of conflict of interest in which the members of the Governing Council may find themselves in their relations with the Entity and in the exercise of the functions that they are legally and/or statutorily entrusted with in accordance with the provisions of the legislation on credit cooperatives and the regulations on the organization, supervision and solvency of credit institutions.

On the other hand within the framework of the criminal compliance program approved by the Governing Council and in accordance with the Code of Ethics and Conduct, the Entity has an anti- corruption policy that is intended to serve as a guide for all managers, directors, employees, financial agents and suppliers, distributors and other collaborators of Eurocaja Rural and was created with the aim of preventing conduct which in addition to being liable to give rise to a possible crime of corruption in business, bribery or influence peddling in accordance with the provisions of the Criminal Code, is clearly contrary to the ethical values of the Entity and may generate among other things, situations of conflict of interest.

This policy established the guidelines to be followed when accepting or giving gifts, dinners, business trips promotional products, granting donations, contracting with suppliers or dealing with public officials.

During the year 2022, within the framework of collaboration of Eurocaja Rural with foundations and/or non-profit entities. The following contributions have been made:

ENTITY	IMPORT
AECC Mora (Toledo)	150 euros
CÁRITAS Toledo	500 euros
CÁRITAS El Bonillo (Albacete)	100 euros
ONG SOCORRO DE LOS POBRES Toledo	1.501.76 euros
AMAFI. ASOCIACIÓN PARA LA ATENCIÓN DE PERSONAS CON DISCAPACIDAD INTELECTUAL Y DEL DESARROLLO Y SUS FAMILIAS. YEPES (TOLEDO)	300 euros
Total	2551. 76 euros

This whole process of protocolization is supported by financial control measures available to the entity to prevent and locate possible corrupt actions by its members. With regard to the fight against money laundering and the financing of terrorism. Eurocaja Rural Eurocaja Rural. S.C.C. has a system for the prevention of money laundering and the financing of terrorism adapted to national regulations from which the necessary information is obtained for the analysis of operations that may represent a risk in terms of the prevention of money laundering and the financing of terrorism. Without prejudice to the above, it also takes into account the standards recommendations and other regulatory outputs issued by supranational bodies or entities (European Union. FATF. OECD...) that may have an impact or address issues related to AML and FT.

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The labour of controlling customers with certain risk profiles in terms of AML and FT as well as operations that are susceptible to crime is carried out by all the Entity's employees who receive specific training each year to learn about risk operations as well as the measures necessary to prevent them. The actions of each of Eurocaja Rural's centres are centralized in a technical department (Money Laundering Prevention Operating Unit), which is responsible for managing and coordinating the information sent by employees, and from a global perspective, the specialized study of the different operations is carried out, proposing appropriate measures to alleviate the operations susceptible to crimes related to money laundering and financing of terrorism, measures that are analysed as a whole by the Internal Control Body of the Entity, which, formed by all the business areas of Eurocaja Rural, after a deliberate study, are materialized.

The Money Laundering Prevention Operational Unit is composed of three members (same in 2019) dedicated exclusively to carrying out the competent functions of this Department. In addition, the Unit uses the additional assistance of other employees on a part-time basis, specifically, in the area of receiving and preparing the delivery of information requests requested by the administrative, fiscal or police authorities, The IT Department is also responsible for providing various services in matters within its competence.

The operations that may constitute Money Laundering and Financing of Terrorism analysed by the Operational Unit and studied by the Internal Control Body are communicated as Suspicious Operations, as well as the information requirements requested by the corresponding supervisors.

The internal control measures and bodies referred to in Articles 26. 26bis and 26ter of Law 10/2010 of 28th April are subject to annual review by an external expert. These reports are available to the Commission for the Prevention of Money Laundering and Monetary Offences or its support bodies during the five years following the date of issue, as provided for in current legislation.

8. ENTITY INFORMATION

8.1. Entity's commitment to sustainable development

As a collaboration and cooperative mechanism with the sustainable development and society, the Entity has the Education and Promotion Fund (EFF). Thus, the Governing Body, in 2022, agreed to propose to the Assembly the adoption of an agreement consisting of the establishment of the basic application and destination lines of the Education and Promotion Fund. These are the following:

a) Training and education of partners and employees in cooperative principles and values or in specific matters of their corporate or employment activity, including those activities especially aimed at employees and retirees, whose purpose is to promote values such as the promotion culture, volunteerism, teamwork, capacity of effort and the spirit of self-improvement.

UNED TALAVERA
MAYOL SCHOOL
ANNUAL TRAINING AND SOCIAL DAYS
STUDIES AND DEVELOMPMENTS
UCLM AND UCM SCHOOLARSHIP AGREEMENT
EMPLOYEE TRAINING
SOFTWARE TRAINING

b) Dissemination of cooperativism and promotion of inter-cooperative relations; Promotion of Professional Associations and participation in them; Promotion of Sectorial Fairs; Dissemination of Designations of Origin and autochthonous products and specific services offered to Cooperatives.

FEDETO
SB SOFTWARE-GICOOP
COOPERATIVAS
APD. ASSOCIATION PROGRESS OF THE MANAGEMENT
LONJA AGROPECUARIA TOLEDO
CEOE-CEPYME CUENCA
CEOE-CEPYME ALBACETE
CEOE-CEPYME GUADALAJARA
RADIO TAXI
OFFICIAL ASSOCIATION OF PHARMACISTS OF TOLEDO
FADETA. FEDERATION TAJO-TAJUÑA REGION
ADEVI. VILLAROBLEDO BUSINESS ASSOCIATION.
OTHER PARTNERSHIPS

ORIGIN DENOMINATIONS

MOUNTAINS OF TOLEDO
INSTITUTIONAL AND AGRICULTURAL AREA
GRANTS AND SUBSIDIES
COOPERATIVE GABINET

LABORATORY

OVERHEADS
MACHINE ACQUISITION

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c) Cultural promotion professional and healthcare environment in which the Entity carries out its activity improving the quality of life including any activity that results in helping to stop the COVID-19 health crisis or alleviate its effects either through own shares or donations to other public or private entities, community development policies and environmental protection actions (Assistance to Humanitarian and Social Organizations; Labor insertion programs for the disabled; Collaboration with educational entities; Collaboration with Local and Regional Institutions and with the State Security Forces and Corps).

HUMANITARIAN AND SOCIAL ORG.
CIEES/FUTURVALÍA
EASTER COLLABORATIONS
AECC LOCALES
COVID-19
UNITED NATIONS GLOBAL COMPACT
OTHER PARTNERSHIPS

LOCAL AND REGIONAL ENTITIES
RED THEATRE
CITY COUNCILS (Celebrations)
P. NATIONAL AND CIVIL CITY COUNCILS.
INFANTRY ACADEMY
OTHER PARTNERSHIPS
ASSEMBLY OF NATIVITY SCENE AND CHRISTMAS CAMPAIGN
ASOC. SPORTS

d) Eurocaja Rural Foundation.

Through different initiatives and with commitment in its DNA. The Eurocaja Rural Foundation's mission is to contribute to the socio-economic progress of the territories in which Eurocaja Rural operates and to the progress of its people executing transformative social actions and training programs aimed at social entities and companies with special attention to the rural environment betting on people with disabilities the business fabric and innovative entrepreneurs. The total number of beneficiaries is 88,889 (8,526 direct, 80,250 indirect and 113 beneficiary entities).

The 2022 Action Plan was characterized by:

• The incorporation of training programs such as "Campus Talent" result of co-financing from the ESF the Youth Employment initiative and the Administration of the Junta de Castilla-La Mancha framed in the autonomous section of the Youth Employment operational program of Castilla-La Mancha and the training program. Smart Rural: Green and Digital Employment for Sustainable Rural Development, which is co-financed by the ESF through the *Empleaverde* Program of the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge.

• The recovery of the Solidarity Race also in face-to-face format after two years of running the race in virtual format due to the Covid-19 pandemic.

• The maintenance of social aid and the extension of aid to labour insertion projects and training for the labour insertion of people with disabilities. Within the framework of the social area the number of direct beneficiaries amounts to 6,792 and the number of indirect beneficiaries is 78,150. The following activities are executed:

Social Aid: In 2022, the financial aid program called Ayudas Sociales was launched once again 48,000 euros directed to collaborate with 19 projects and that through different categories. Its objective was to contribute to the development of projects aimed at: vulnerable groups, rural development and research:

• "Research": Projects on general research submitted initiatives to this call; scientific dissemination and young researchers linked to universities. Betting on the future of research in Spain.

• "Vulnerable Groups": Through this call we collaborated with projects that work to: fight against child poverty; improve the quality of life of vulnerable people and cover basic needs (food, clothing, education...).

• "Rural Development": Call aimed at valuing rural projects characterized by: set population; create opportunities for young people promoting generational relief and job creation; strengthen and care for our elderly and eliminate connection barriers and reduce the gap between rural and urban centres.

10th Solidarity Race: One more year the Eurocaja Rural Foundation Solidarity Race is formed as a solidarity initiative and in this tenth edition it was developed with two formats:

- In person: on October 2 in Toledo with routes for children and circuits of 5 and 10 k.
- Virtual: Between September 27 and October 9, 2022 where they registered through the web and shared photos with the shirt on Twitter. Facebook or Instagram publicly with the hashtag #CarreraSolidariaFundacionECR.

A 100% solidarity initiative with the objective of raising funds to fight against ALS and make visible this degenerative disease that for now has no cure.

The beneficiary entities have been the main ones: Adelante Castilla-La Mancha. Adela Madrid. Hela Castile and Leon. Adela Valencian Community and Ela Region of Murcia.

Due to the conflict in Ukraine. The Foundation and the CSR department of Eurocaja Rural responded to the request of the UNICEF Committee in Castilla-La Mancha by starting a solidarity campaign to raise funds to provide access to sanitary products medical services basic necessities and educational care and mental health and psychosocial support services for children and families affected by the war in Ukraine.

WORKIN: Support for employment programs of social entities to promote the full integration of people with disabilities through employment. Eurocaja Rural Foundation selected 20 projects that were granted an economic aid of ten thousand euros (10,000 euros).

Economy for All: Fundación Eurocaja Rural carries out educational workshops on financial matters "Economy for all" aimed at different groups whose purpose is to provide knowledge in financial matters to plan our day to day and make the right decisions. During 2022 workshops have been carried out with two groups that of people with intellectual disabilities through purely practical workshops given in the Eurocaja Rural branch network and in educational centers that have been held in the classrooms of the centers that have requested it.

Christmas time: Drawing contest that over the years has gained special importance at Christmas time for its originality and large number of participation. The main objective of this initiative is to stimulate the students of the Special Education Centers in the field of action of Eurocaja Rural in the area of artistic creation.
In addition, the winning works were used by the Eurocaja Rural Foundation as an image to congratulate the Christmas holidays.

Other social actions:

- Collaboration agreement with Colegio Mayol for the sponsorship of two Study Scholarships.
- "Learning Spanish" Training program that arose from the situation of the conflict in Ukraine and aimed at refugees fleeing their country because of the war and who are cared for by organizations in the Foundation's sphere of action. The objective of the course has been to help refugees become familiar with the Spanish language and integrate both in the social and labour spheres.
- Collaboration with the Los Pajarillos de Valladolid Association through the "EducaFeliz Province" project. Socio-labour insertion project for young women from Íscar and Valladolid at risk of exclusion.
- Collaboration agreement with the JCCM and the CIEES Foundation whereby eight young people with disabilities will be trained for eight months in the Castilla-La Mancha Regional Archive, carrying out digitization and document management tasks.
- Sponsorship of the Albacete 10K Night Race for the benefit of inclusive sports projects and organized by the Albacete City Council and with the collaboration of the state security forces.
- Solidarity Christmas Food collection campaign aimed at helping the most disadvantaged groups.

For its part, the competitiveness area stood out for the recovery of the Talent Campus as a training program and the high participation and attendance in face-to-face and digital events organized throughout 2022 with a total of **1,734 direct beneficiaries and 2,100 indirect beneficiaries.** The initiatives carried out in this area were:

Training doses: Online conferences whose main objective is to offer solutions to current issues from the best experts. As novelty, some doses were carried out in person format and again (as in 2021). The direct interaction between the speaker/s and those registered played a fundamental role since the latter had the opportunity to raise their doubts and questions directly with top-level experts thus generating added value to the sessions and facilitating universal accessibility.

- Dose: European Funds for the Third Sector. Training session in collaboration with the consultancy FANDIT and Plena Inclusion on the search procedure and application for aid from the European Funds aimed at the third sector.
- Dose: Digital Marketing Strategies for the Third Sector
- Dose against gender violence: Online crimes and prevention measures.

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Talent Campus: Big Data. Transformation and Digital Marketing: Third edition of the Talent Campus which renewed its training program academic partner and improved follow-up for employability. The training axis in the 2022 edition has been data analytics applied to digital marketing. Campus Talent is a free program aimed at young people from Castilla-La Mancha. under 30 years and who are unemployed co-financed by the European Social Fund the Youth Employment Initiative and the Castilla-La Mancha Community Board framed in the autonomous section of the Youth Employment Operational program of Castilla-La Mancha.

Smart Rural: Training program that is co-financed by the ESF through the *Empleaverde* Program of the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge. The objective of this initiative is to face the demographic challenge of rural areas through a training program that improves the employability of rural women and other priority groups expanding the possibilities of finding or creating work related to the green economy in rural areas.
Our program has been made up of four free courses in online format: Agroecologist, Sustainable Rural Tourism, Rural Digitization Techniques, Sustainability, Finance and Green Economy.

Oratory on demand: Online training program whose objective is for students to acquire skills to speak and transmit in public. this time through a new format: flexible customized to suit each one and adapted to any schedule. Delivered by Train & Talk.

Rural Summit Agro: Face-to-face and digital event where the keys to the new CAP were presented. A conference on transformation and innovation in the primary sector presented by the prestigious journalist Jorge Jaramillo in which, among other aspects, the keys to the new CAP that affect young farmers and ranchers were discussed the technological and organically innovation production in wineries and mills sustainable irrigation the policies of the new CAP applied to cooperatives and the main strategic lines of application from 2023.

Empower yourself: face-to-face and digital event meeting point for both public and private entities as of enterprising people and collectives who are promoting life projects in the rural areas of less populated Spain from a sustainable and inclusive perspective. Conference presented by the prestigious journalist Manuel Campo Vidal which featured debates and presentations on the actions of City Councils. Deputations. Autonomous communities. Ministry of Ecological Transition and Demographic Challenge of the Government of Spain and main European policies in relation to depopulation.

Eurocaja Rural-UCLM Foundation Chair: The “Eurocaja Rural-UCLM Foundation Chair. Culture and Rural Development”. which since 2021 has as its new axis working for culture and rural development. is in charge of organizing research activities. development and innovation; postgraduate and specialization courses for students and professionals; call for scholarships and awards for the best Final Degree Project (TFG) and Final Master Project (TFM); activities to disseminate knowledge of different disciplines with the holding of conferences at the university and in other spaces; and activities for the dissemination of science and culture for the general public. The activities carried out in 2022 were:

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- TFG and TFM 2022 Awards with four categories:
    - Rural Development
    - Culture and Heritage
    - Digital Transformation
    - Integration and Social Innovation
- Culture Awards. Heritage and Innovation in the Rural Environment with three categories:
    - Culture
    - Heritage
    - Innovation

- Sponsorship of the "40th anniversary Conference on the CLM statute_40 years of geography and territorial changes".
- Sponsorship of the "II Conference on Rural Development in Castilla-La Mancha".
- Seminar on depopulation in rural areas in which the processes of social awareness and the mobilization of civil society in Spain were analysed and which included academic experts from various Spanish universities.
- Rural Women Exhibition. Leisure and work in Castilla-La Mancha (1911-1965)
- Sponsorship of the Marcela Program university culture in the rural environment whose objectives are to energize the rural environment from the university culture and bring students closer to the reality of our towns by offering cultural activities.

During 2022 from the Eurocaja Rural Foundation signed agreements with different entities:

PAJARILLOS VALLADOLID ASSOCIATION	15/03/2022	OTHER AGREENENTS. COLLABORATION
COLLABORATION AGREEMENT OF AgroCLM_Rural Summit Agro	25/02/2022	RURAL SUMMIT AGRO
COLLABORATION AGREEMENT OF _CMM_Rural Summit Agro	01/03/2022	RURAL SUMMIT AGRO
COLLABORATION AGREEMENT OF _Siete Agromarketing_Rural Summit Agro	24/02/2022	RURAL SUMMIT AGRO
DIANA GARCÍA MÉNDEZ_PARTICIPATION AGREEMENT OF Rural Summit Agro	04/03/2022	RURAL SUMMIT AGRO
PABLO ARÉVALO DONOSO_PARTICIPATION AGREEMENT RURAL Summit Agro	07/03/2022	RURAL SUMMIT AGRO
PEDRO MANSILLA ALGABA_ PARTICIPATION AGREEMENT OF Rural Summit Agro	02/03/2022	RURAL SUMMIT AGRO
PEDRO RUIZ ARAGONESES_ PARTICIPATION AGREEMENT OF Rural Summit Agro	01/04/2022	RURAL SUMMIT AGRO
BLANCA Mª MURO PRADILLO_ PARTICIPATION AGREEMENT OF RURAL Summit Agro	30/03/2022	RURAL SUMMIT AGRO
AMELIA GÓMEZ-CARREÑO_ PARTICIPATION AGREEMENT OF Rural Summit Agro	21/02/2022	RURAL SUMMIT AGRO
GREGORIO GÓMEZ_ PARTICIPATION AGREEMENT OF Rural Summit Agro	24/03/2022	RURAL SUMMIT AGRO

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Mª JESÚS RINCÓN_ PARTICIPATION AGREEMENT OF Rural Summit Agro 2022	02/03/2022	RURAL SUMMIT AGRO
MARIANO GARCÍA-PATRÓN DOMINGO_ PARTICIPATION AGREEMENT OF RURAL Summit Agro	29/03/2022	RURAL SUMMIT AGRO
ENCARNACIÓN PÉREZ-OLIVARES_COLLABORATION AGREEMENT Rural Summit Agro	12/03/2022	RURAL SUMMIT AGRO
AGREEMENT OF COLABORACIÓN_APAE Rural Summit Agro	01/03/2022	RURAL SUMMIT AGRO
BECAS_COLEGIO_MAYOL	25/04/2022	MAYOL SHCOOL SCHOLARSHIPS
JORGE JARAMILLO_CONVENIO RURAL PARTICIPATION AGRO SUMMIT 2022	29/03/2022	RURAL SUMMIT AGRO
AGREEMENT EUROCAJA-FUNDACIÓN DONACION BANCOS	22/06/2022	BANK'S DONATIONS
LISMI EUROCAJA-FOUNDATION AGREEMENT JUNE 2022	22/06/2022	LISMI'S DONATION
DONATION AGREEMENT BETWEEN FUNDACIÓN ECR AND PLENA INCLUSIÓN CLM	28/06/2022	LISMI'S DONATION
ZARA PEDREÑO_ACUERDO PARTICIPACIÓN_EMPUÉBLATE 2022	16/08/2022	ENGAGE YOURSELF
IRENE GÓMEZ_ACUERDO PARTICIPACIÓN_EMPUÉBLATE 2022	04/08/2022	ENGAGE YOURSELF
ENRIQUE COLLADA_ACUERDO PARTICIPACIÓN_EMPUÉBLATE 2022	08/08/2022	ENGAGE YOURSELF
NEXT EDUCACIÓN_EMPUÉBLATE 2022	24/08/2022	ENGAGE YOURSELF
MANUEL CAMPO VIDAL_ PARTICIPATION AGREEMENT_EMPUÉBLATE 2022	05/09/2022	ENGAGE YOURSELF
MARÍA GARCÍA-QUINTANA MARAK_FORMATIVE AGREEMENT OF PARTICIPACIÓN_DOSIS 2022	08/09/2022	FORMATIVE DOSE
ANTONIO CALVO_AGREEMENT OF PARTICIPATION_EMPUÉBLATE	12/09/2022	ENGAGE YOURSELF
SOLIDARITY CAREER AGREEMENT 2022_AdelanteCLM	25/08/2022	SOLIDARY RUN
Solidarity race agreement 2022 ADELA CV	29/08/2022	SOLIDARY RUN
Adela Madrid Association Career Agreement	12/09/2022	SOLIDARY RUN
ELA CYL Career Agreement	12/09/2022	SOLIDARY RUN
Agreement CARRERA ELA REGION OF MURCIA	30/08/2022	SOLIDARY RUN
SOCIAL CERES_AYUDAS FOUNDATION AGREEMENT	20/09/2022	SOCIAL CHARITY
SOCIAL PAJARILLOS_AYUDAS AGREEMENT	19/09/2022	SOCIAL CHARITY
CASA GRANDE MARTIHERRERO AGREEMENT	03/11/2022	SOCIAL CHARITY
KODAMA SOCIAL AID RURAL DEVELOPMENT	16/09/2022	SOCIAL CHARITY
PARKINSON LA RODA SOCIAL AID RURAL DEVELOPMENT	26/09/2022	SOCIAL CHARITY
LA SALLE FOUNDATION WELCOMES	11/10/2022	SOCIAL CHARITY
APRIS ASSOCIATION	05/10/2022	SOCIAL CHARITY
PEOPLES WITH A FUTURE ASSOCIATION	06/10/2022	SOCIAL CHARITY
PRONISA PLENA INCLUSIÓN AVILA	05/10/2022	SOCIAL CHARITY
SHREWS	18/10/2022	SOCIAL CHARITY

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ELA-CYL-DONATION	18/10/2022	CHARITY RUN-DONATION
ELA-CV-DONATION	17/10/2022	CHARITY RUN-DONATION
LUNA DE CUENCA ASSOCIATION	19/10/2022	SOCIAL CHARITY
PARAPLEGICS-GAI ALBACETE	05/10/2022	SOCIAL CHARITY
INDRA COLLABORATION AGREEMENT	22/09/2022	ENGAGE YOURSELF
COLLABORATION AGREEMENT CIIES FOUNDATION	07/10/2022	OTHER LABOR INSERTION AGREEMENTS
LETURALMA AGREEMENT	25/10/2022	SOCIAL CHARITY
Biomedical Research La Mancha Center	27/10/2022	SOCIAL CHARITY
MURCIA CAREER AGREEMENT	28/10/2022	CHARITY RUN-DONATION
AGREEMENT CARRERA ADELANTE CLM	31/10/2022	CHARITY RUN-DONATION
ANTARES ASSOCIATION AGREEMENT	07/11/2022	SOCIAL CHARITY
EUROCAJA RURAL IMD ALBACETE FOUNDATION AGREEMENT	05/11/2022	ALBACETE RUN COLLABORATION
CARMEN CABELLOS FOUNDATION-EUROCAJA RURAL FOUNDATION	01/07/2022	LIMI'S DONATION
SCARLET AGREEMENT GUTIERREZ	10/11/2022	FORMATIVE DOSE
FOUNDATION AGREEMENT EUROCAJA_LISMI 2022	15/11/2022	EUROCAJA RURAL – FOUNDATION LISMI 2022
AGREEMENT ASSOCIATION TEA TALAVERA SOCIAL AID	17/11/2022	SOCIAL CHARITY
JULIAN CANO AGREEMENT	23/11/2022	FORMATIVE DOSE
ISABIAL	28/11/2022	SOCIAL CHARITY
MONTES DE TOLEDO CULTURAL ASSOCIATION AGREEMENT	19/10/2022	OTHER AGREEMENTS. COLLABORATION
ASSOCIATION OF PARENTS AND FRIENDS OF THE DEAF OF CIUDAD REAL	07/12/2022	WORKIN
AUTRADE ASSOCIATION	02/12/2022	WORKIN
ASPRODIQ	07/12/2022	WORKIN
APACE TOLEDO	02/12/2022	WORKIN
AMAFI	07/12/2022	WORKIN
APSA ASSOCIATION	02/12/2022	WORKIN
AVILA FOUNDATION FOR EMPLOYMENT	02/12/2022	WORKIN
LAS ENCINAS ASSOCIATION	12/12/2022	WORKIN
ASPRONA LABORAL FOUNDATION	12/12/2022	WORKIN
AMIAB NATIONAL ASSOCIATION	10/12/2022	WORKIN
National Paraplegic Foundation	14/12/2022	WORKIN
ALICANTE ASSOCIATION DOWN SYNDROME	14/12/2022	WORKIN
COCEMFE TALAVERA	14/12/2022	WORKIN

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ASPRONA BIERZO	02/12/2022	WORKIN
AFANIAS CASTELLON	07/12/2022	WORKIN
MANANTIAL FOUNDATION	28/12/2022	WORKIN
ASMISAF	29/12/2022	WORKIN
CIEES FOUNDATION	20/10/2022	LISMI'S DONATION
ADELA MADRID_DONACIÓN CARRERA AGREEMENT	18/12/2022	CHARITY RUN - COLLABORATION
AGREEMENT-EEC MAY CROSS-CHRISTMAS TIME 2022	16/12/2022	CHRISTMAS TIME
AGREEMENT FUTUCAM_AYUDAS_SOCIALES_VULNERABLES	28/12/2022	SOCIAL CHARITY

8.2. Subcontracting and suppliers

Just as Eurocaja Rural's commitment to good business practice and legality is total, the level of demand on our business partners in this regard is as high as possible.

In this sense, Eurocaja Rural's purchasing policy is directly related to the indications of our Corporate Social Responsibility department, placing special emphasis on our suppliers so that they are responsible and efficient in their manufacturing processes.

On the other hand, as far as importers are concerned, we demand that the labour used for manufacturing is not slave labour and we try to acquire the commitment of our suppliers to review all their lines of business to avoid this circumstance. In this respect, taking into account the financial activity of Eurocaja Rural, and the type of suppliers with whom it has supply contracts, it has not been necessary to contract specific audits.

In the relationship with the external auditors (also understood as suppliers of the Entity) the Audit Committee in the process of supervising their work guarantees their independence in the development of their functions previously considering the requirements of hiring, rotation and appointment of the auditor in accordance with Law 22/2015 of 20 July on the Auditing of Accounts.

Furthermore, with respect to financial analysts investment banks and rating agencies, the Entity has a series of mechanisms and tools that allow for an adequate exchange of information with all types of financial agents, thus guaranteeing the transparency of the means available for the Entity's analysis. To this end, the Finance Department coordinates and manages relations with rating agencies, thus ensuring access to information for the performance and preparation of the respective work and reports.

Finally, the Entity's anti-corruption policy states that it is committed to initiating and maintaining business relationships with qualified and reliable suppliers. Contracts made by Eurocaja Rural must be based on criteria of rationality and proportionality and may also be based on conditions such as price, the technical and operational characteristics of the contract or the history resulting from the relations of each of the suppliers with the Entity.

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8.3. Consumers

The Customer Service Department (CSD) of Eurocaja Rural S.C.C. whose purpose is to deal with and resolve the complaints and claims submitted by customers and users of the services provided by the Entity, is governed by the Internal Regulations for the Defence of Customers of Eurocaja Rural S.C.C. These regulations govern its activity and operation in accordance with the provisions of Law 44/2002. of 22 November, on Financial System Reform Measures and implementing regulations, and Order ECO/734/2004, of 11 March, on Customer Service Departments and Services and the Customer Ombudsman of Financial Institutions.

The procedure for resolving any complaints or claims is initiated by submitting them to the Customer Service Department (DAC) or to any of the savings bank's offices open to the public, as well as to the e-mail address the Entity has provided for this purpose (atencionalcliente@eurocajarural.es). In any case, the presentation is always free of charge.

Once the file has been opened the DAC collects from the various departments and offices of the Entity all the information it deems relevant for taking its decision.

Once it has been obtained it will reply within one month in the case of consumers and two months in the case of non-consumers, and within 15 days in the case of complaints concerning means of payment from the date of submission, without prejudice to those cases in which specific regulations may establish other deadlines.

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SUMMARY OF FILES SUBMITTED (compared to 2021)

	2022		2021	
Customer-friendly	**1.477**	**46.90%**	745	30.75%
Unfavorable to the customer	**1.287**	**40.88%**	1.453	59.97%
Issues. Abandoned. inadmissible and resolved without pronouncement	**121**	**3.84%**	174	7.18%
Pneding resolution at the end of the year	**264**	**8.38%**	51	2.10%
Total	**3.149**	**100%**	**2.423**	**100%**

* The differences with respect to the 2021 table lie in the fact that there has been a change this year in the headings.

- The heading: “with trespassing rejection of the procedure others” that was in 2021 has been removed in 2022 due to forced changes in the application in such a way that the "raids" have become "favorable to the client" and "rejection to process" to "inadmissible".

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8.4. Tax information

From the Tax Consulting Department of Eurocaja Rural after the study analysis and planning of the best options to optimize the tax cost of the Entity and its clients the guarantee of a correct application of the tax regulations is intended. The department behind a good organization coupled with professional quality allows the Entity itself to adapt to the changing environment regarding the tax field.

Stand out at the mercantile group level and for accounting consolidation purposes than the expense accrued for corporation tax corresponding to the investees of the group in the last declaration is 9,689 thousand euros (5,861 thousand euros in 2021). It is necessary to highlight that the Group operates only in national territory hence all the benefits obtained are in Spain. Therefore, the "Profit Before Taxes" (BAI) of the Eurocaja Rural Group amounting to 63,307 thousand euros in 2022 (compared to 45,271 thousand euros in 2021). It has been generated entirely in Spain.

Indicate additionally that the entities belonging to the commercial group despite the formulation of the consolidated accounts of the groups of companies they do not consolidate fiscally.

We show that the entity Eurocaja Rural. Credit Cooperative Society as well as its investee companies. They have not been recipients during the 2022 financial year of any public subsidy just like in 2021.

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ANNEX I. INFORMATION REQUIRED BY LAW 11/2018 OF 28 DECEMBER, CONCERNING GREEK STANDARDS

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
0.	**Overview**		
0.1	**Business model**		
0.1.a	Brief description of the group's business model (business environment and organization)	101-1 Company Name	1-2
		102-2 Activities, brands, products and services	1-2
		102-7 Organization size	1-2
0.1.b	Geographical presence	102-3 Location of headquarters	2
		102-4 Location of operations	5-7
		102-6 Markets served	5-7
0.1.c	Objectives and strategies of the organization	102-14 Statement of senior decision-makers (vision and strategy regarding the management of economic, social and environmental impacts)	4-5
0.1.d	Main factors and trends that may affect its future evolution	102-15 Main impacts, risks and opportunities	7-11
0.2	**General**		
0.2.1	Mention in the report of the national, European or international reporting framework used for the selection of non-financial key performance indicators included in each of the sections	102-54 Declaration of preparation of the report in accordance with the GRI Standards	Annex I
0.2.2	If the company complies with the law on non-financial reporting by issuing a separate report, it must be expressly stated that such information is part of the management report.	-	-
1.	**Environmental issues**		
1.1	Overview		
1.1.a	A description of the policies applied by the group with respect to such matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and verification and control, including what measures have been taken	103-2 The management approach and its components	16-25
1.1.b	The results of those policies, and should include relevant non-financial key performance indicators that allow	103-2 The management approach and its components	16-25

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
	progress to be monitored and evaluated and that promote comparability between companies and sectors, in accordance with the national, European or international reference frameworks used for each subject	103-3 Evaluation of the management approach	
1.1.c	The main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have adverse effects in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts identified, giving a breakdown of them, in particular on the main risks in the short, medium and long term	102-15 Principales impactos, riesgos y oportunidades	16-25
1.1	**Detailed information**		
1.1.1	**Detailed overview**		
	1.) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental assessment or certification procedures; 2.) Resources dedicated to the prevention of environmental risks; 3.) The application of the precautionary principle, the amount of provisions and guarantees for environmental risks. 102-11 Precautionary principle or approach	201-2 Financial implications and other risks and opportunities arising from climate change 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 308-2 Negative environmental impacts in the supply chain and measures taken	16-25
1.1.2	**Contamination**		
	Measures to prevent, reduce or remediate emissions that seriously affect the environment; taking into account any	305-5 Reduction of GHG emissions	16
		305-6 Emissions of ozone-depleting substances (ODS)	NM

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
	form of air pollution specific to an activity, including noise and light pollution	305-7 Nitrogen oxides (NOx), material sulphur oxides (SOx) and other significant air releases	NM
1.1.3	**Circular economy and waste prevention and management**		
	Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste; Actions to combat food waste	301-2 Recycled inputs	16-17
		301-3 Reused products and packaging materials	16
		303-3 Recycled and reused water	NM
		306-1 Discharge of water according to quality and destination	NM
		306-2 Wastes by type and method of disposal	16
1.1.4	**Sustainable use of resources**		
	Water consumption and water supply according to local constraints	303-1 Water withdrawal by source	17-19
		303-2 Water sources significantly affected by water withdrawal	NM
	Consumption of raw materials and measures taken to improve the efficiency of their use	301-1 Materials used by weight or volume	NM
		301-2 Recycled inputs	NM
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energy	302-1 Energy consumption within the organization	20
		302-3 Energy intensity	NM
		302-4 Reduction of energy consumption	18-19
		302-5 Reduction of energy requirements of products and services	18-19
1.1.5	**Climate change**		
	Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-2 Indirect GHG emissions from generating energy (scope 2)	20
		305-4 GHG emission intensity	20
	Measures taken to adapt to the consequences of climate change	103 Emission management approach	19-21
	Reduction targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	305-5 Reduction of GHG emissions	19-21
1.1.6	**Protection of biodiversity**		
	Measures taken to preserve or restore biodiversity	304-1 Owned, leased or managed operations centers located within or adjacent to areas protected areas or areas of high biodiversity value outside protected areas	NM

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Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
		304-3 Habitats protected or restored	NM
	Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	NM
		306-5 Water bodies affected by water spills and/or runoff	NM
2	**Social and personnel issues**		
2.1	**Overview**		
2.1.a	A description of the policies applied by the group with respect to such matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and verification and control, including what measures have been taken	103-2 The management approach and its components	26-53
2.1.b	The results of those policies, and should include relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that promote comparability between companies and sectors, in accordance with the national, European or international reference frameworks used for each subject	103-2 The management approach and its components 103-3 Evaluation of the management approach	26-53
2.1.c	The main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have adverse effects in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts identified, giving a breakdown of them, in particular on the main risks in the short, medium and long term	102-15 Main impacts, risks and opportunities	26-53
2.2	**Detailed information**		
2.2.1	**Employment**		

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Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
	Total number and distribution of employees by sex, age, country and occupational classification	102-8 Information about employees and other workers	26-27
		405-1 Diversity in Governing Bodies and Employees	26-27
	Total number and distribution of employment contract modalities Annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and occupational classification	102-8 Information about employees and other workers	27-28
	Number of dismissals by sex, age and occupational classification	401-1 New hires and staff turnover	29
	Average earnings and their evolution disaggregated by sex, age and occupational classification or equal value	102-38 Annual total compensation ratio 102-39 Percentage increase ratio of total annual compensation	30-31
	Wage gap, the remuneration of equal or average jobs in society	405-2 Ratio of basic salary and remuneration of women to men	31-32
	The average remuneration of directors and managers, including variable remuneration, allowances, indemnities, payment to long-term savings pension systems and any other perception disaggregated by sex	102-35 Governance: Compensation Policies 102-36 Governance: Processes for Determining Compensation 201-3 Defined Benefit Plan and Other Retirement Plan Obligations	33-34
	Implementation of labour disconnection policies	103 Employment management approach	34-5
	Employees with disabilities	405-1 Diversity in Governance and Employees	34
2.2.2	**Job organization**		
	Job time organization	103 Employment management approach	36-37
	Number of hours of absenteeism	403-2 Types of accidents and accident frequency rates, occupational diseases, days lost, absenteeism and number of deaths due to occupational accidents or diseases	37-38
	Measures to facilitate the enjoyment of conciliation and to encourage the exercise of conciliation by both parents	401-3 Parental leave	36-37
2.2.3	Health and security		
	Health and security conditions at work	403-3 Workers with high incidence or high risk of diseases related to their activity	38-40

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Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
	Accidents at work, in particular their frequency and severity, as well as occupational diseases; Disaggregated by sex	403-2 Types of accidents and frequency rate of accidents, occupational diseases, days lost, absenteeism and number of deaths due to occupational injury or occupational disease	40-41
2.2.4	**Social relations**		
	Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	102-43 Approach to stakeholder engagement	42-48
		403-1 Workers' representation in formal worker-enterprise health and safety committees	42-48
	Percentage of employees covered by collective agreement by country	102-41 Collective bargaining agreements	42-48
	The balance of collective agreements, particularly in the field of health and safety at work	403-1 Workers' representation in formal worker-enterprise health and safety committees	42-48
2.2.5	**Formation**		
	Policies implemented in the field of training	404-2 Employee Skills Enhancement Programs and Transition Assistance Programs	48-50
	The total number of training hours by professional category	404-1 Average hours of training per year per employee	49-50
2.2.6	**Universal accessibility**		
	Universal accessibility for persons with disabilities	103 Diversity and Equal Opportunities Management Approach + Non-discrimination	50
2.2.7	**Equality**		
	Measures taken to promote equal treatment and opportunities for women and men	401-3 Parental leave	50-53
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities	103 Diversity and Equal Opportunities Management Approach + Non-discrimination	50-53
	The policy against all types of discrimination and, where appropriate, diversity management.	406-1 Cases of discrimination and corrective action taken	50-53
3	**Regarding Human Rights**		
3.1	**Overview**		

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
3.1.a	A description of the policies applied by the group with respect to such matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and verification and control, including what measures have been taken	103-2 The management approach and its components	54
3.1.b	The results of those policies, which should include relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that promote comparability across societies and sectors, in accordance with national, European or international frameworks	103-2 The management approach and its components 103-3 Evaluation of the management approach	54
3.1.c	The main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts identified, giving a breakdown of them, in particular on the main risks in the short, medium and long term	102-15 Main impacts, risks and opportunities	54
3.2	**Detailed information**		
3.2.1	Implementation of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 412-1 Operations subject to human rights reviews or impact assessments 412-2 Training of employees in human rights policies or procedures 412-3 Significant investment agreements and contracts with human rights clauses or subject to human rights assessment	54
3.2.2	Complaints of human rights violations	406-1 Cases of discrimination and corrective action taken 419-1 Non-	NM

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
		compliance with laws and regulations in the social and economic fields	
3.2.3	Promotion of and compliance with the provisions of the core conventions of the International Labour Organization relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour.	406-1 Cases of discrimination and corrective actions undertaken 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk 408-1 Operations and suppliers with significant risk of child labour cases 409-1 Operations and suppliers with significant risk of forced or compulsory labour	NM
4	**Fight against corruption and bribery**		
4.1	**Overview**		
4.1.a	A description of the policies applied by the group with respect to such matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and verification and control, including what measures have been taken	103-2 The management approach and its components	55-56
4.1.b	The results of those policies, and should include relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that promote comparability between companies and sectors, in accordance with the national, European or international reference frameworks used for each subject	103-2 The management approach and its components 103-3 Evaluation of the management approach	55-56

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
4.1.c	The main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have adverse effects in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts identified, giving a breakdown of them, in particular on the main risks in the short, medium and long term	102-15 Main impacts, risks and opportunities	55-56
4.2	**Detailed information**		
4.2.1	Measures taken to prevent corruption and bribery	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for corruption-related risks 205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed cases of corruption and measures taken	55-56
4.2.2	Measures to combat money laundering	102-16 Values, principles, standards and norms of conduct 102-17 Advisory mechanisms and ethical concerns 205-2 Communication and training on anti-corruption policies and procedures	55-56
4.2.3	Contributions to foundations and non-profit organizations	201-1 Direct economic value generated and distributed 413-1 Local community engagement operations, impact assessments and development programs	55

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Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
5	**Entity's information**		
5.1	**General information**		
5.1.a	A description of the policies applied by the group with respect to such issues which shall include the due diligence procedures applied for identification. evaluation prevention and mitigation of significant risks and impacts and verification and control. including what measures have been taken	103-2 The management approach and its components	57-65
5.1.b	The results of those policies it should include relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that promote comparability across companies and sectors in accordance with national frameworks. European or international reference used for each subject	103-2 The management approach and its components 103-3 Evaluation of the management approach	57-65
5.1.c	The main risks related to these issues related to the group's activities. Including where relevant and proportionate your business relationships products or services that may have negative effects in those areas and how the group manages those risks explaining the procedures used to detect and evaluate them in accordance with national frameworks. European or international reference for each subject. Information on the impacts that have been detected should be included offering a breakdown of them in particular on the main short-term risks. medium and long term	102-15 Main impacts. Risks and opportunities	57-65
5.2	**Detailed information**		
5.2.1	The company's commitments to sustainable development		
	The impact of society's activity on employment and local development	203-1 Investments in infrastructure and services supported 204-1 Share of expenditure on local suppliers 413-1 Operations with local community participation. Impact evaluations and development programs	57-65

Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
	The impact of society's activity on local populations and the territory	203-1 Investments in infrastructure and services supported 204-1 Proportion of expenditure on local suppliers 411-1 Cases of violations of the rights of indigenous peoples 413-1 Operations with local community participation. Impact evaluations and development programs 413-2 Operations with significant actual or potential negative impacts on local communities	57-65
	Relations with local community actors and the modalities of dialogue with them	102-43 Approach to stakeholder engagement	57-65
	Partnership or sponsorship actions	102-13 Association Affiliations	57-65
5.2.2	**Subcontracting and suppliers**		
	The inclusion of social issues in purchasing policy. Gender equality and environmental.	102-9 Supply chain 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers who have passed evaluation and selection filters according to social criteria	65-66
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria 414-1 New suppliers who have passed evaluation and selection filters according to social criteria	65-66
	Monitoring and audit systems and results thereof	308-2 Negative environmental impacts in the supply chain and measures taken 414-1 New suppliers who have passed evaluation and selection filters according to social criteria 414-2 Negative social impacts in the supply chain and measures taken	NM

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Code	Information requested by the Law 11/2018 (EINF)	Linkage with GRI indicators (Indicative)	Pages
5.2.3	**Consumers**		
	Consumer health and safety measures	416-1 Assessment of health and safety impacts of product or service categories	66-67
	Claims systems. complaints received and resolution	102-43 Approach to stakeholder engagement 102-44 Key issues and concerns mentioned 418-1 Substantiated claims regarding breaches of customer privacy and loss of customer data	66-67
5.2.4	**Tax information**		
	The profits obtained on a country-by-country basis	201-1 Director economic value generated and distributed	67
	Taxes on profits paid	201-1 Director economic value generated and distributed	67
	Public subsidies received	201-4 Financial assistance received from the government	67
Delegated Regulation (EU) 2021/2178 - TAXONOMY			
Requirements of Regulation 2020/852		Eurocaja Rural's own methodology based on article 10 of the European Taxonomy	Punto 4.4.1 21-25

NM: No material

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