

**Caja Laboral Popular Coop. de  
Crédito and dependent companies  
(Consolidated Group)**

Audit report  
Consolidated annual accounts  
and Management report for the fiscal year 2022



***This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.***

## Independent auditor's report on the consolidated annual accounts

To the members of Caja Laboral Popular Coop. de Credito:

### Report on the consolidated annual accounts

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#### Opinion

We have audited the consolidated annual financial statements of Caja Laboral Popular Coop. de Crédito (the Parent Company) and its dependent companies (the Group) which comprise the balance sheet as at 31 December 2022, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the attached consolidated annual financial statements give, in all material respects, a true and fair view of the Group's net worth and financial position as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, 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.

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#### Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice 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 relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

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#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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.

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*PricewaterhouseCoopers Auditores, S.L., Pº de Colón, 2, 20002 San Sebastián, Spain  
Tel.: +34 943 283 977 / +34 902 021 111, Fax: +34 943 288 177, [www.pwc.com/es](http://www.pwc.com/es)*



Key audit matters	How they have been dealt with in the audit
<p data-bbox="276 450 815 479"><b>Impairment loss of assets in loan portfolio</b></p> <p data-bbox="276 510 804 689">The determination of impairment losses on the loan portfolio is one of the most complex and relevant estimates in the preparation of the attached consolidated financial statements and has therefore been considered as a Key audit matter.</p> <p data-bbox="276 725 804 875">The assessment of credit risk impairment is based on models that provide a high level of judgement for the determination of impairment losses, taking into account elements such as:</p> <ul data-bbox="276 909 815 1458" style="list-style-type: none"><li data-bbox="276 909 815 999">• The classification of the different loan portfolios according to their credit risk profile.</li><li data-bbox="276 1032 815 1122">• The identification and classification of assets which are under special surveillance or impaired.</li><li data-bbox="276 1155 815 1335">• The use of assumptions with an effect on provisions and estimates of the achievement of a certain level of cash flows by borrowers whose impairment is estimated individually, based on the most recent information available.</li><li data-bbox="276 1368 815 1458">• The realisable value of the collaterals associated with the credit operations granted.</li></ul> <p data-bbox="276 1491 815 1704">Therefore, the Group uses models that, based on its experience and the information it has on the banking sector where it operates, as well as the forecasts on future conditions, allow the estimation of collective provisions for credit risk and the provisions for risks estimated individually.</p> <p data-bbox="276 1738 815 1794">See notes 13, 15, 25 of the report on the attached consolidated financial statements</p>	<p data-bbox="842 510 1458 689">Our work on the estimation of the loan portfolio impairment has focused on the analysis, evaluation and verification of the general internal control framework, as well as on carrying out detailed checks on estimated provisions, both collectively and individually.</p> <p data-bbox="842 725 1458 815">With regard to the internal control system, among others, we have carried out the following procedures:</p> <ul data-bbox="842 848 1458 1525" style="list-style-type: none"><li data-bbox="842 848 1458 909">• Understanding and review of the calculation methods applied.</li><li data-bbox="842 943 1458 1066">• Verification of the conformity of the different policies and procedures approved by the Group's Governing bodies with the applicable regulatory requirements.</li><li data-bbox="842 1099 1458 1189">• Verification of the main aspects relating to the security environment of the information systems that support the calculation of provisions.</li><li data-bbox="842 1223 1458 1335">• Review of the periodic risk assessment and monitoring alerts carried out by the Group to identify risks that could be considered to be under special surveillance or impaired.</li><li data-bbox="842 1368 1458 1525">• Evaluation of whether the process of periodic review of the borrower files for the monitoring of their accounting classification and recording of impairment, where applicable, is carried out in an appropriate manner.</li></ul> <p data-bbox="842 1559 1458 1615">In addition, we have performed detailed checks consisting of:</p> <ul data-bbox="842 1648 1458 2096" style="list-style-type: none"><li data-bbox="842 1648 1458 1738">• Selective verification of provisioning calculation databases, contrasting the main attributes and figures with supporting documentation.</li><li data-bbox="842 1771 1458 1827">• Re-calculation of collective provisions for credit risk.</li><li data-bbox="842 1861 1458 1984">• Review of a selection of files in order to evaluate their proper classification and registration and, where appropriate, the corresponding impairment.</li><li data-bbox="842 2018 1458 2096">• Assessment of the idoneity of the estimates related to the calculation of individually determined provisions.</li></ul>



Key audit matters	How they have been dealt with in the audit
<p data-bbox="272 638 708 701"><b>Provisions for litigation and other contingencies</b></p> <p data-bbox="272 730 798 853">The Group has constituted provisions to cover several administrative, judicial or any other type of proceedings resultant from the normal course of its business.</p> <p data-bbox="272 884 817 1281">In general, due to the complexity of these procedures and the long period of time over which they take place, both the determination of the expected outcome of these proceedings and the evaluation of their economic impact are a particularly complex and uncertain matter as to their possible outcome and/or definite amount. As a result, the administrators and the management of the Parent company record a provision for these items, using available information in relation to the different types of lawsuits filed against the Group.</p> <p data-bbox="272 1312 798 1516">Consequently, the estimation of the provisions for litigation is one of the areas that entails a greater component of estimation in terms of its possible impact on the attached consolidated financial statements and has therefore been considered as a Key audit matter.</p> <p data-bbox="272 1547 767 1608">See note 37 of the report on the attached consolidated financial statements.</p>	<p data-bbox="842 479 1406 568">As a result of the previous procedures, no differences outside of a reasonable range have been revealed.</p> <hr data-bbox="258 627 1471 631"/> <p data-bbox="842 730 1461 884">We have analysed and documented our understanding of the Group's process for identifying and evaluating litigation and open processes and the Group's process for recording provisions, focusing our procedures on aspects such as:</p> <ul data-bbox="853 916 1461 1832" style="list-style-type: none"><li data-bbox="853 916 1445 1005">• Understanding of the policy for assessing claims and litigation and allocating provisions, if applicable.</li><li data-bbox="853 1037 1461 1126">• Analysis of the main types of current lawsuits, claims and litigation and associated accounting provisions.</li><li data-bbox="853 1158 1461 1247">• Evaluating the methods and hypotheses used by the Group by verifying their consistency with the applicable accounting framework.</li><li data-bbox="853 1279 1461 1368">• Analysing a selection of lawsuits and claims by verifying the correct grouping of cases by typology for the calculation of provisions.</li><li data-bbox="853 1400 1461 1467">• Verifying the use of historical data to determine the provisions to be maintained.</li><li data-bbox="853 1498 1461 1709">• Obtaining confirmation letters from lawyers and other advisers working with the Group to compare their assessment of the expected outcome of claims or litigation, the completeness of the information, the correct recording of provisions, as well as the identification of potential unrecorded liabilities.</li><li data-bbox="853 1740 1461 1832">• Evaluation of possible contingencies in relation to compliance with tax obligations for periods open for inspection.</li></ul> <p data-bbox="842 1863 1406 1953">As a result of the previous procedures, no differences outside of a reasonable range have been revealed.</p>





Key audit matters	How they have been dealt with in the audit
<p data-bbox="277 450 798 479"><b>Valuation of insurance contract liabilities</b></p> <p data-bbox="277 510 790 689">The Group acts as a life insurance by offering life risk, life savings and unit-linked insurance. In addition, it is active in non-life insurance, mainly in car insurance, civil liability and in areas of multi-risk, mainly household insurance.</p> <p data-bbox="277 721 805 1182">The Group registers the liabilities associated with these contracts in accordance with the applicable regulatory standards where, in some cases, it incorporates components of certain judgements and estimates by the Group management to reflect the unaccrued amounts of the premiums issued, the mathematical provision and the provisions for benefits. Besides, the Group calculates the mathematical provision using complex actuarial techniques based on critical calculation assumptions such as the technical interest rate, assumed expense or mortality tables in accordance with applicable legislation.</p> <p data-bbox="277 1214 805 1429">The calculation of benefit provisions and, in particular, of undeclared claims is a complex estimate and is significantly influenced by projection methods and assumptions used by the Management, such as the impact of personal claims, in accordance to the applicable legislation.</p> <p data-bbox="277 1460 805 1550">As a result of the previously explained reasons, this area has been considered as a key audit matter</p> <p data-bbox="277 1581 790 1639">See notes 13 and 36 of the report on the attached consolidated financial statements.</p>	<p data-bbox="845 510 1460 725">We have conducted an understanding of the process of estimating and recording liabilities for life and non-life insurance contracts, which has included an evaluation of the form and effectiveness of internal control related to this area including controls on the most relevant information systems.</p> <p data-bbox="845 757 1444 786">Our procedures have focused on aspects such as:</p> <ul data-bbox="853 817 1460 1400" style="list-style-type: none"><li data-bbox="853 817 1460 974">• Understanding the methods used for calculating the provisions for life and non-life insurance according to the nature of the products, as well as their consistent application with respect to the previous year.</li><li data-bbox="853 1005 1460 1120">• Verifying the adequate accounting record of the provisions for life and non-life insurance contracts, as well as their variations during the period.</li><li data-bbox="853 1151 1460 1240">• Reviewing the calculation and time allocation corresponding to the provision for outstanding premiums.</li><li data-bbox="853 1272 1460 1400">• Carrying out detailed checks on the consistency of the information relating to reserves constituted at the end of the period and payments made during the same.</li></ul> <p data-bbox="845 1431 1460 1550">With specific regard to the mathematical provision, we have developed additional complementary procedures in which specialist actuaries were involved in relation to:</p> <ul data-bbox="853 1581 1460 1975" style="list-style-type: none"><li data-bbox="853 1581 1460 1639">• Review of the integrity and reconciliation of the base data of technical-actuarial calculations.</li><li data-bbox="853 1671 1460 1760">• Verification of the application of biometric hypotheses that are appropriate to the applicable regulations.</li><li data-bbox="853 1792 1460 1881">• Review of significant hypotheses used by the Management based on past experience and practices in the insurance sector.</li><li data-bbox="853 1912 1460 1975">• Recalculation of the mathematical provision for some policies.</li></ul>

On the other hand, with specific regard to the provision for benefits, our specialist actuaries have assisted in aspects such as:



Caja Laboral Popular Coop. de Crédito and dependent companies (Consolidated Group)

Key audit matters	How they have been dealt with in the audit
	<ul style="list-style-type: none"><li>• Review of the integrity and reconciliation of the base data of technical-actuarial calculations.</li><li>• Review based on independent statistical projections for certain branches, paying special attention to those with the greatest impact and those provisions with the greatest estimation component.</li></ul> <p>As a result of the previous procedures, no differences outside of a reasonable range have been revealed.</p>

#### **Other information: Consolidated management report**

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's administrators and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in the regulations governing the auditing of accounts, which establish two different levels:

- a) Verify only that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Accounts Audit Law refers, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned consolidated financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with the applicable regulations.



Caja Laboral Popular Coop. de Crédito and dependent companies (Consolidated Group)

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### **Responsibility of the directors and the audit committee for the consolidated annual accounts**

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The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors 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 company's directors are 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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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### **Auditor's responsibilities for the audit of the consolidated annual accounts**

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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 legislation governing the audit practice 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 legislation governing the audit practice in Spain, we exercise professional judgment 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 company's administrators.



Caja Laboral Popular Coop. de Crédito and dependent companies (Consolidated Group)

- Conclude on the appropriateness of the Parent company's administrators' 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 fair presentation.
- 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.

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

From the matters communicated with the Parent company's audit committee and regulatory compliance, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and 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.



## **Report on other legal and regulatory requirements**

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### **Report to the Parent company's audit committee**

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The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee and regulatory compliance dated 3 March 2023.

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### **Appointment period**

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The Ordinary General Assembly of the Parent Entity at its meeting held on April 8, 2022 appointed PricewaterhouseCoopers Auditores, S.L. as auditors for a period of one year for the year ended December 31, 2022.

Previously, we were appointed by agreement of the Ordinary General Assembly of the Parent Company for an initial period and we have been carrying out the work of account auditing uninterrupted since the year ended on 31 December 2001.

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### **Services provided**

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The services, other than account auditing, provided to the Group are disclosed in note 11 in the report of the attached consolidated financial statements.

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### **PricewaterhouseCoopers Auditores, S.L. (S0242)**

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Guillermo Cavia González (20552)

March 3, 2023

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**  
(Expressed in thousands of euros)

	<b>Note</b>	<b>2022</b>	<b>2021 (*)</b>
<b>ASSETS</b>			
<b>Cash, cash balances at central Banks and other on demand deposits (**)</b>	<b>22</b>	<b>1,350,398</b>	<b>2,999,268</b>
<b>Financial assets held for trading</b>	<b>23</b>	<b>9,542</b>	<b>16,851</b>
Derivatives		2,683	1,868
Equity instruments		576	1,727
Debt securities		6,283	13,256
<i>Pro-memoria: provided or given as security with the right to sell or pledge</i>		-	7,542
<b>Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss</b>	<b>26</b>	<b>42,670</b>	<b>50,148</b>
Equity instruments		40,829	47,951
Debt securities		1,841	2,197
<i>Pro-memoria: provided or given as security with the right to sell or pledge</i>		-	-
<b>Financial assets at fair value with changes in other comprehensive income</b>	<b>24</b>	<b>822,701</b>	<b>702,554</b>
Equity instruments		137,499	127,582
Debt securities		685,202	574,972
<i>Pro-memoria: provided or given as security with the right to sell or pledge</i>		-	-
<b>Financial assets at amortised cost</b>	<b>25</b>	<b>24,702,256</b>	<b>23,805,641</b>
Debt securities		9,065,591	7,863,783
Loans and advances		15,636,665	15,941,858
<i>Pro-memoria: provided or given as security with the right to sell or pledge</i>		748,170	1,392,258
<b>Derivatives – hedge accounting</b>	<b>27</b>	<b>78,994</b>	<b>19,504</b>
<b>Investments in joint ventures and associates</b>	<b>28</b>	<b>385</b>	<b>337</b>
Associates		385	337
<b>Assets covered by insurance or reinsurance contracts</b>	<b>29</b>	<b>29,208</b>	<b>27,808</b>
<b>Tangible assets</b>	<b>30</b>	<b>357,863</b>	<b>334,438</b>
Property, plant and equipment		304,261	282,709
For own use		290,733	269,313
Leased out under operating leases		13,528	13,396
Investment properties		53,602	51,729
<i>Of which: leased out under operating leases</i>		42,418	40,160
<i>Pro-memoria: acquired under a financial lease</i>		-	-
<b>Intangible assets</b>	<b>31</b>	<b>33,425</b>	<b>33,425</b>
Goodwill		33,425	33,425
Other intangible assets		-	-
<b>Tax assets</b>	<b>32</b>	<b>208,252</b>	<b>382,210</b>
Current tax assets		783	432
Deferred tax assets		207,469	381,778
<b>Other assets</b>	<b>33</b>	<b>65,555</b>	<b>84,498</b>
Insurance contracts linked to pensions		-	-
Stocks		28,073	43,661
Rest of other assets		37,482	40,837
<b>Non-current assets and disposal groups classified as held for sale</b>	<b>34</b>	<b>53,482</b>	<b>106,471</b>
<b>TOTAL ASSETS</b>		<b><u>27,754,731</u></b>	<b><u>28,563,153</u></b>

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

(\*\*) See details in the consolidated cash flow statement.

Notes 1 to 71 and Appendices I to III are an integral part of the consolidated balance sheet as at 31 December 2022.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**  
(Expressed in thousands of euros)

LIABILITIES	Note	2022	2021 (*)
<b>Financial liabilities held for trading</b>	<b>23</b>	<b>3,684</b>	<b>731</b>
Derivatives		3,684	731
<b>Financial liabilities at amortised cost</b>	<b>35</b>	<b>24,477,047</b>	<b>25,615,172</b>
Deposits		24,168,613	25,335,689
Central banks		981,817	1,833,098
Credit institutions		3,961	3,001
Customers		23,182,835	23,499,590
Debt securities issued		30,292	46,413
Other financial liabilities		278,142	233,070
<i>Pro-memoria: subordinated liabilities</i>		-	-
<b>Derivatives – hedge accounting</b>	<b>27</b>	<b>347,465</b>	<b>608,933</b>
<b>Liabilities covered by insurance or reinsurance contracts</b>	<b>36</b>	<b>525,047</b>	<b>558,072</b>
<b>Provisions</b>	<b>37</b>	<b>142,485</b>	<b>155,573</b>
Pensions and other post-employment defined benefit obligations		18,251	29,230
Other long-term employee benefits		-	-
Pending procedural issues and tax disputes		-	-
Commitments and guarantees given		17,524	25,872
Other provisions		106,710	100,471
<b>Tax liabilities</b>	<b>32</b>	<b>97,960</b>	<b>59,603</b>
Current tax liabilities		6,252	9,283
Deferred tax liabilities		91,708	50,320
<b>Other liabilities</b>	<b>33</b>	<b>76,494</b>	<b>79,301</b>
<i>Of which: community projects and welfare fund</i>		14,886	10,785
<b>Liabilities included in disposal groups of items that have been classified as held for sale</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>25,670,182</b>	<b>27,077,385</b>
<b>EQUITY</b>	Note	2022	2021 (*)
<b>Equity</b>	<b>38</b>	<b>2,007,144</b>	<b>1,915,684</b>
Capital		797,870	786,383
Paid up capital		797,870	786,383
<i>Pro-memoria: capital not called up</i>		-	-
Accumulated earnings		-	-
Revaluation reserves		-	-
Other reserves		1,072,721	1,030,165
Reserves or accumulated losses from investments in joint ventures and associates		2	(16)
Other		1,072,719	1,030,181
(-) Treasury stock		(2,507)	(2,297)
Profit/(loss) attributable to owners of the parent entity		139,060	101,433
(-) Interim dividends		-	-
<b>Other accumulated comprehensive income</b>	<b>39</b>	<b>77,405</b>	<b>(429,916)</b>
Items that will not be reclassified to profit or loss		28,671	29,586
Items that may be reclassified to profit or loss		48,734	(459,502)
<b>Minority interests (non-controlling interests)</b>		-	-
Other accumulated comprehensive income		-	-
Other items		-	-
<b>TOTAL NET EQUITY</b>		<b>2,084,549</b>	<b>1,485,768</b>
<b>TOTAL NET EQUITY AND LIABILITIES</b>		<b>27,754,731</b>	<b>28,563,153</b>
<b>Pro-memoria: off-balance sheet exposures</b>			
<b>Financial guarantees granted</b>	<b>42</b>	<b>215,305</b>	<b>214,749</b>
<b>Loan commitments granted</b>	<b>43</b>	<b>1,069,497</b>	<b>1,058,970</b>
<b>Other commitments granted</b>	<b>43</b>	<b>396,560</b>	<b>320,681</b>

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

Notes 1 to 71 and Appendices I to III are an integral part of the consolidated balance sheet as at 31 December 2022.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

	Note	2022	2021 (*)
Interest income	44	301,595	261,954
(Interest expenses)	45	20,830	22,247
<b>NET INTEREST INCOME</b>		<b>280,765</b>	<b>239,707</b>
Dividend income	46	4,138	7,447
Profit or loss of entities accounted for using the equity method	47	50	20
Fee and commission income	48	142,707	135,723
(Fee and commission expenses)	49	16,534	14,767
Profit or (-) loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	50	3,399	4,127
Profit or (-) loss on financial assets and liabilities held for trading, net	51	(5,329)	494
Profit or (-) loss on non-trading financial assets mandatorily measured at fair value through profit or loss, net	50	(4,525)	3,414
Profit or (-) loss on financial assets and liabilities stated at fair value through profit or loss, net	52	-	-
Profit or (-) loss from hedge accounting, net	53	(1,336)	(35)
Exchange rate differences [profit or (-) loss], net	54	200	849
Other operating income	55	21,882	14,107
(Other operating costs)	56	59,730	54,615
<i>Of which: mandatory contributions to community projects and welfare funds</i>		11,449	7,348
Income from assets covered by insurance or reinsurance contracts	57	194,353	188,963
(Expenses for liabilities covered by insurance or reinsurance contracts)	58	123,243	122,268
<b>GROSS MARGIN</b>		<b>436,797</b>	<b>403,166</b>
(Administration costs)	59	240,830	223,734
(Staff costs)		139,291	133,831
(Other administrative costs)		101,539	89,903
(Amortisation)	60	23,758	22,421
(Provisions or (-) reversal of provisions)	61	14,387	16,211
(Impairment or (-) reversal of impairment of financial assets not valued at fair value through profit or loss or (-) net gains through modification)	62	(7,060)	39,465
(Financial assets at fair value with changes in other comprehensive income)		4,224	314
(Financial assets at amortised cost)		(11,284)	39,151
(Impairment or (-) reversal of impairment of investments in joint ventures and associates)	63	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	64	1,095	10,460
(Tangible assets)		17	3,527
(Other)		1,078	6,933
Profit or (-) loss on derecognition of non-financial assets, net	65	13,737	40,660
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not eligible as discontinued operations	66	(20,073)	(10,216)
<b>PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>157,451</b>	<b>121,319</b>
(Expenses or (-) income from taxes on earnings from continuing operations)	40	18,391	19,886
<b>PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>139,060</b>	<b>101,433</b>
Profit or (-) loss after tax from discontinued operations		-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>139,060</b>	<b>101,433</b>
Attributable to minority interests (non-controlling interests)			
Attributable to the owners of the parent entity	38	139,060	101,433

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

Notes 1 to 71 and Appendices I to III are an integral part of the consolidated profit and loss account for the year ended 31 December 2022.



## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

	<u>Note</u>	<u>2022</u>	<u>2021 (*)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>139,060</b>	<b>101,433</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>507,321</b>	<b>(281,983)</b>
<b>Items that will not be reclassified to profit or loss</b>		<b>(915)</b>	<b>12,019</b>
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	39	(1,268)	16,660
Income tax related to items that will not be reclassified		353	(4,641)
<b>Items that may be reclassified to profit or loss</b>		<b>508,236</b>	<b>(294,002)</b>
<b>Hedge of net investments in foreign operations (effective portion)</b>		<b>-</b>	<b>-</b>
<b>Currency conversion</b>		<b>-</b>	<b>-</b>
<b>Cash flow hedges (effective portion)</b>	39	<b>820,874</b>	<b>(394,427)</b>
Profit or (-) loss of value recorded in net equity		820,874	(394,427)
Transferred to profit and loss		-	-
Other reclassifications		-	-
<b>Hedging instruments (undesignated items)</b>		<b>-</b>	<b>-</b>
<b>Debt instruments at fair value with changes in other comprehensive income</b>		<b>(112,187)</b>	<b>(13,290)</b>
Profit or (-) loss of value recorded in net equity		(113,012)	(9,482)
Transferred to profit and loss		825	(3,808)
Other reclassifications		-	-
<b>Non-current assets and disposal groups of items held for sale</b>		<b>-</b>	<b>-</b>
<b>Share of other recognised income and expenditure of investments in joint ventures and associates</b>		<b>-</b>	<b>-</b>
<b>Income tax related to items that can be reclassified in profit or (-) loss</b>	40	<b>(200,451)</b>	<b>113,715</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>646,381</b>	<b>(180,550)</b>
Attributable to minority interests (non-controlling interests)		-	-
Attributable to the owners of the parent entity		646,381	(180,550)

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

Notes 1 to 71 and Appendices I to III are an integral part of the consolidated statement of recognised income and expenses for the year ended December 31, 2022.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN TOTAL NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2022**

(Expressed in thousands of euros)

**As at 31 December 2022**

<b>Sources of changes to net equity</b>	<b>Capital</b>	<b>Other reserves</b>	<b>(-) Treasury stock</b>	<b>Profit/(loss) attributable to owners of the parent entity</b>	<b>(-) Dividends on account</b>	<b>Other cumulative global result</b>	<b>Minority interests</b>	<b>Total</b>
<b>Opening balance as at 1 January 2022</b>	<b>786,383</b>	<b>1,030,165</b>	<b>(2,297)</b>	<b>101,433</b>	<b>-</b>	<b>(429,916)</b>	<b>-</b>	<b>1,485,768</b>
Effects of error corrections	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-
<b>Opening balance as at 1 January 2022 (*)</b>	<b>786,383</b>	<b>1,030,165</b>	<b>(2,297)</b>	<b>101,433</b>	<b>-</b>	<b>(429,916)</b>	<b>-</b>	<b>1,485,768</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,060</b>	<b>-</b>	<b>507,321</b>	<b>-</b>	<b>646,381</b>
<b>Other changes in net equity</b>	<b>11,487</b>	<b>42,556</b>	<b>(210)</b>	<b>(101,433)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,600)</b>
Issuance of ordinary shares	18,962	90	-	-	-	-	-	19,052
Issuance of preference shares	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-
Exercise or maturity of other issued equity instruments	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-
Capital reduction	(7,475)	-	-	-	-	-	-	(7,475)
Dividends (or remuneration paid to partners)	-	-	-	-	(31,640)	-	-	(31,640)
Purchase of treasury stock	-	-	(210)	-	-	-	-	(210)
Sale or cancellation of treasury stock	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity components	-	40,401	-	(72,041)	31,640	-	-	-
Increase or (-) decrease in net equity resulting from business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases or (-) decreases in equity	-	2,065	-	(29,392)	-	-	-	(27,327)
Of which: discretionary allocation to community projects and welfare funds	-	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2022</b>	<b>797,870</b>	<b>1,072,721</b>	<b>(2,507)</b>	<b>139,060</b>	<b>-</b>	<b>77,405</b>	<b>-</b>	<b>2,084,549</b>

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

Notes 1 to 71 and Appendices I to III are an integral part of the total statement of changes in consolidated net equity for the year ended 31 December 2022.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN TOTAL NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### As at 31 December 2021 (\*)

Sources of changes to net equity	Capital	Other reserves	(-) Treasury stock	Profit/(loss) attributable to owners of the parent entity	(-) Dividends on account	Other cumulative global result	Minority interests	Total
<b>Opening balance as at 1 January 2021</b>	<b>777,913</b>	<b>979,389</b>	<b>(2,081)</b>	<b>79,685</b>	-	<b>(147,933)</b>	-	<b>1,686,973</b>
Effects of error corrections	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-
<b>Opening balance as at 1 January 2021 (*)</b>	<b>777,913</b>	<b>979,389</b>	<b>(2,081)</b>	<b>79,685</b>	-	<b>(147,933)</b>	-	<b>1,686,973</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>101,433</b>	-	<b>(281,983)</b>	-	<b>(180,550)</b>
<b>Other changes in net equity</b>	<b>8,470</b>	<b>50,776</b>	<b>(216)</b>	<b>(79,685)</b>	-	-	-	<b>(20,655)</b>
Issuance of ordinary shares	21,900	60	-	-	-	-	-	21,960
Issuance of preference shares	-	-	-	-	-	-	-	-
Issuance of other equity instruments	-	-	-	-	-	-	-	-
Exercise or maturity of other issued equity instruments	-	-	-	-	-	-	-	-
Conversion of debt into equity	-	-	-	-	-	-	-	-
Capital reduction	(13,430)	(1)	-	-	-	-	-	(13,431)
Dividends (or remuneration paid to partners)	-	-	-	-	(9,784)	-	-	(9,784)
Purchase of treasury stock	-	-	(216)	-	-	-	-	(216)
Sale or cancellation of treasury stock	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liabilities	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to equity	-	-	-	-	-	-	-	-
Transfers between equity components	-	50,522	-	(60,306)	9,784	-	-	-
Increase or (-) decrease in net equity resulting from business combinations	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Other increases or (-) decreases in equity	-	195	-	(19,379)	-	-	-	(19,184)
Of which: discretionary allocation to community projects and welfare funds	-	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2021</b>	<b>786,383</b>	<b>1,030,165</b>	<b>(2,297)</b>	<b>101,433</b>	-	<b>(429,916)</b>	-	<b>1,485,768</b>

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

	Note	2022	2021 (*)
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(1,598,598)</b>	<b>205,029</b>
Profit/(loss) for the year		139,060	101,433
Adjustments to obtain cash flows from operating activities		93,743	66,754
Amortisation	60	23,758	22,421
Other adjustments (a)		69,985	44,333
<b>Net increase/decrease in operating assets</b>		<b>(1,202,846)</b>	<b>(396,051)</b>
Financial assets held for trading		7,308	7,204
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss		7,478	(182)
Financial assets designated at fair value through profit or loss		-	-
Financial assets at fair value with changes in other comprehensive income		(235,017)	91,872
Financial assets at amortised cost		(989,816)	(632,639)
Other operating assets		7,201	137,694
<b>Net increase/decrease in operating liabilities</b>		<b>(628,083)</b>	<b>433,325</b>
Financial liabilities held for trading		2,953	(263)
Financial liabilities designated at fair value through profit or loss		-	-
Financial liabilities at amortised cost		(1,138,123)	630,760
Other operating liabilities		507,087	(197,172)
<b>Income tax receipts/payments</b>		<b>(472)</b>	<b>(432)</b>
<b>B) CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		<b>(607)</b>	<b>66,022</b>
<b>Payments</b>		<b>(51,923)</b>	<b>(27,854)</b>
Tangible assets	30	(51,923)	(27,854)
Intangible assets		-	-
Investments in joint ventures and associates		-	-
Subsidiaries and other business units	28	-	-
Non-current assets and liabilities classified as held for sale		-	-
Other payments related to investment activities		-	-
<b>Receipts</b>		<b>51,316</b>	<b>93,876</b>
Tangible assets (b)	30	19,884	45,939
Intangible assets		-	-
Investments in joint ventures and associates	28	-	-
Subsidiaries and other business units	28	-	-
Non-current assets and liabilities classified as held for sale		31,432	47,937
Other receivables related to investment activities		-	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(49,665)</b>	<b>(20,849)</b>
<b>Payments</b>		<b>(68,717)</b>	<b>(23,430)</b>
Dividends	38	(31,640)	(9,784)
Subordinated liabilities		-	-
Amortisation of own equity instruments	38	(36,867)	(13,430)
Acquisition of own equity instruments	38	(210)	(216)
Other payments related to financing activities	4	-	-
<b>Receipts</b>		<b>19,052</b>	<b>2,581</b>
Subordinated liabilities		-	-
Issuance of own equity instruments	38	19,052	2,581
Disposal of own equity instruments		-	-
Other receivables related to financing activities		-	-
<b>D) EFFECT OF EXCHANGE RATE CHANGES</b>		<b>-</b>	<b>-</b>
<b>E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(1,648,870)</b>	<b>250,202</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>2,999,268</b>	<b>2,749,066</b>
<b>G) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,350,398</b>	<b>2,999,268</b>
<b>PRO-MEMORIA</b>			
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	22		
<i>Of which: held by group entities but not available to the group</i>			
Cash		94,062	70,962
Balances of cash equivalents at central banks		1,226,861	2,893,077
Other financial assets		29,475	35,229
Less: Bank overdrafts refundable on demand		-	-

(\*) Presented solely and exclusively for comparative purposes (Note 2.3).

(a) This includes mainly provisions for impairment and provisions that have not resulted in a cash outflow.

(b) These amounts include the profit or loss generated on sale.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

(Expressed in thousands of euros)

#### **1. Nature of the Entity**

Caja Laboral Popular Coop. de Crédito (hereinafter the Parent Entity, Laboral Kutxa or Caja Laboral), with registered office in Mondragón (Gipuzkoa), was formed on 2 November 2012 as a credit cooperative as a result of the merger, through the formation of a new entity, between Caja Laboral Popular Coop. de Crédito and Ipar Kutxa Rural, S.Coop. de Crédito. The aforementioned Parent Entity is classified as a cooperative.

The Parent Entity is supervised by the Bank of Spain.

The Parent Entity's capital is not quoted on the stock exchange.

##### **1.1 Integration between Caja Laboral and Ipar Kutxa**

In 2012, following the resolutions adopted by the governing bodies of Caja Laboral Popular Coop. de Crédito and Ipar Kutxa Rural, S. Coop. de Crédito, the two entities were merged to create a new credit cooperative called "Caja Laboral Popular Coop. de Crédito", with the purpose, registered office, capital and other provisions set out in its Articles of Association and governed by Law 13/1989 of 26 May on Credit Cooperatives and other applicable legal provisions.

Under the terms of the merger, the two merged credit cooperatives were dissolved and extinguished without going into liquidation, with 2 November 2012 being the date on which this was entered in the Companies Register of Gipuzkoa and the date from which the operations of the merged entities were deemed to have been performed by the New Credit Cooperative for accounting purposes.

##### **1.2 Articles of Association**

The Articles of Association of the Group's Parent Entity state that its business operations will not be limited to any specific territory and that its corporate purpose is to service the financial needs of its members and third parties by carrying out the activities typical of credit institutions. To this end, it may carry out all kinds of lending, borrowing and servicing operations which financial institutions are permitted to provide, including those relating to the promotion and fulfilment of its cooperative purpose, paying particular attention to its members' financial needs and complying with the legal limits on lending to third parties.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31**  
**DECEMBER 2022**  
**(Expressed in thousands of euros)**

Credit cooperatives are affected by legal regulations that govern, among other things, the requirements to:

- a) Maintain a minimum percentage of liquid assets on deposit at the Bank of Spain in order to cover their minimum reserve coefficient requirements.
- b) Contribute to the Deposit Guarantee Fund which is designed to guarantee deposit holders' ability to recover a minimum amount of their deposits.
- c) Distribute the annual net surplus to the Education and Development Fund and to reserves.
- d) Maintain a minimum level of capital that is determined by the investments made and the risks assumed.

Caja Laboral Popular Coop. de Crédito and its subsidiaries

Caja Laboral is the Parent Entity of a Group of Investee Entities that comprise Caja Laboral Popular and its Investee Entities (hereinafter, the Group or Laboral Kutxa Group). As a result, the Parent Entity is obliged to draw up, in addition to its own individual annual accounts, which are also subject to obligatory auditing, the Group's consolidated annual accounts which include, where applicable, the corresponding holdings in Subsidiary Companies and Jointly controlled Companies and the investments in Associated Companies. The entities comprising the Group carry out diverse business activities.

As at 31 December 2022, the total assets, equity and net income of the Parent Entity represented 97.43%, 98.73% and 100.03%, respectively, of the same headings for the Group (97.77%, 95.53% and 96.39%, respectively, as at 31 December 2021).

Below is a summary of the individual balance sheet, individual profit and loss account, individual statement of recognised income and expenses, individual statement of changes in total equity and individual statement of cash flows of the Parent Entity for the years ended 31 December 2022 and 2021, prepared in accordance with the same accounting principles and standards and measurement criteria applicable to the individual annual accounts of the Parent Entity.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31**  
**DECEMBER 2022**  
**(Expressed in thousands of euros)**

a) Individual balance sheet as at 31 December 2022:

<b>ASSETS</b>	<b>2022</b>	<b>2021 (*)</b>
Cash, balances in cash with central banks and others		
Demand deposits	1,339,567	2,978,351
Financial assets held for trading	8,966	16,292
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	4,171	9,752
Financial assets at fair value with changes in other comprehensive income	365,111	190,311
Financial assets at amortised cost	24,617,599	23,718,514
Derivatives – hedge accounting	78,994	19,504
Investments in subsidiaries, joint ventures and associates	140,653	153,145
Tangible assets	335,339	311,505
Intangible assets	-	-
Tax assets	196,482	380,097
Other assets	40,357	43,437
Non-current assets and disposal groups of items that have been classified as held for sale	55,902	105,789
<b>Total assets</b>	<b>27,183,141</b>	<b>27,926,697</b>
<b>LIABILITIES AND EQUITY</b>	<b>2022</b>	<b>2021 (*)</b>
Financial liabilities held for trading	3,684	731
Financial liabilities at amortised cost	24,477,098	25,632,455
Derivatives – hedge accounting	347,465	608,933
Provisions	134,634	152,236
Tax liabilities	88,870	45,931
Share capital repayable on demand	-	-
Other liabilities	75,417	67,094
<b>Total liabilities</b>	<b>25,127,168</b>	<b>26,507,380</b>
Equity:	1,953,489	1,862,541
Capital	797,870	786,383
Other reserves	1,016,513	978,388
Profit/(loss) for the year	139,106	97,770
(Interim dividends)	-	-
Other accumulated comprehensive income	102,484	(443,224)
<b>Total net equity</b>	<b>2,055,973</b>	<b>1,419,317</b>
<b>Total net equity and liabilities</b>	<b>27,183,141</b>	<b>27,926,697</b>
<b>MEMORANDUM-ITEM</b>		
Financial guarantees granted	217,346	219,161
Loan commitments granted	1,069,497	1,058,970
Other commitments granted	405,154	333,268

(\*) Presented solely and exclusively for comparative purposes.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31**  
**DECEMBER 2022**  
**(Expressed in thousands of euros)**

b) Individual profit and loss account for the year ended 31 December 2022:

	<b>2022</b>	<b>2021 (*)</b>
Interest income	291,147	250,286
(Interest expenses)	21,028	21,856
<b>Net interest income</b>	<b>270,119</b>	<b>228,430</b>
Dividend income	18,223	15,643
Fee and commission income	127,993	120,014
(Fee and commission expenses)	10,290	8,469
Profit or (-) loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	3,692	4,012
Profit or (-) loss on financial assets and liabilities held for trading, net	(5,346)	420
Profit or (-) loss on non-trading financial assets mandatorily measured at fair value through profit or loss, net	(551)	1,631
Profit or (-) loss from hedge accounting, net	(1,336)	(35)
Exchange rate differences [profit or (-) loss], net	200	849
Other operating income	52,658	46,235
(Other operating costs)	59,728	54,308
<b>Gross margin</b>	<b>395,634</b>	<b>354,422</b>
(Administration costs)	201,854	182,507
(Amortisation)	23,190	21,812
(Provisions or (-) reversal of provisions)	10,534	13,926
(Impairment or (-) reversal of impairment of financial assets not valued at fair value through profit and loss or (-) net gains from modification)	(11,283)	39,465
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures or associates)	(5,855)	(28,203)
(Impairment or (-) reversal of impairment of non-financial assets)	-	3,664
Profit or (-) loss on derecognition of non-financial assets and shares, net	1,104	(182)
Profit or (-) loss from non-current assets and disposal groups of items classified as held for sale and not eligible as discontinued operations	(23,400)	(8,324)
<b>Profit or (-) loss before tax from continuing operations</b>	<b>154,898</b>	<b>112,745</b>
(Expenditure or (-) income from tax on earnings from continuing activities)	15,792	14,975
<b>Profit or (-) loss after tax from continuing operations</b>	<b>139,106</b>	<b>97,770</b>
<b>Profit or (-) loss after tax from discontinued activities</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>	<b>139,106</b>	<b>97,770</b>

(\*) Presented solely and exclusively for comparative purposes.



## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

- c) Individual statement of recognised income and expenditure for the year ended 31 December 2022:

	<u>2022</u>	<u>2021 (*)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>139,106</b>	<b>97,770</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>545,708</b>	<b>(273,964)</b>
<b>Items that will not be reclassified to profit or loss</b>	<b>(879)</b>	<b>11,566</b>
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	(1,221)	16,064
Income tax related to items that will not be reclassified	342	(4,498)
<b>Items that may be reclassified to profit or loss</b>	<b>546,587</b>	<b>(285,530)</b>
Cash flow hedging (effective part)	<b>820,874</b>	<b>(394,427)</b>
Profit or (-) loss of value recorded in net equity	820,874	(394,427)
Transferred to profit and loss	-	-
Debt instruments at fair value with changes in other comprehensive income	<b>(61,725)</b>	<b>(2,143)</b>
Profit or (-) loss of value recorded in net equity	(58,035)	1,555
Transferred to profit and loss	(3,690)	(3,698)
Other reclassifications	-	-
Income tax related to items that can be reclassified in profit or (-) loss	<b>(212,562)</b>	<b>111,040</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>684,814</u></b>	<b><u>(176,194)</u></b>

(\*) Presented solely and exclusively for comparative purposes.

- d) Statement of changes in total equity for the year ended 31 December 2022:

#### Variation during 2022

	<u>Own funds</u>	<u>Other accumulated comprehensive income</u>	<u>Total net equity</u>
<b>Opening balance as at 1 January 2022</b>	<b>1,862,541</b>	<b>(443,224)</b>	<b>1,419,317</b>
Effects of error corrections	-	-	-
Effects of changes in accounting policies	-	-	-
<b>Opening balance as at 1 January 2022</b>	<b>1,862,541</b>	<b>(443,224)</b>	<b>1,419,317</b>
<b>Total comprehensive income for the year</b>	<b>139,106</b>	<b>545,708</b>	<b>684,814</b>
<b>Other changes in net equity</b>			
- Issuance of ordinary shares	19,052	-	19,052
- Capital reduction	(7,475)	-	(7,475)
- Dividends (or remuneration paid to partners)	(31,640)	-	(31,640)
- Transfers between components of equity	-	-	-
- Other increases or (-) decreases in equity	(28,095)	-	(28,095)
<b>Total other changes in net equity</b>	<b>(48,158)</b>	<b>-</b>	<b>(48,158)</b>
<b>Closing balance as at 31 December 2022</b>	<b><u>1,953,489</u></b>	<b><u>102,484</u></b>	<b><u>2,055,973</u></b>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### Variation during 2021 (\*)

	Own funds	Other accumulated comprehensive income	Total net equity
<b>Opening balance as at 1 January 2021</b>	<b>1,785,481</b>	<b>(169,260)</b>	<b>1,616,221</b>
Effects of error corrections	-	-	-
Effects of changes in accounting policies	-	-	-
<b>Opening balance as at 1 January 2021</b>	<b>1,785,481</b>	<b>(169,260)</b>	<b>1,616,221</b>
<b>Total comprehensive income for the year</b>	<b>97,770</b>	<b>(273,964)</b>	<b>(176,194)</b>
<b>Other changes in net equity</b>			
- Issuance of ordinary shares	21,960	-	21,960
- Capital reduction	(13,431)	-	(13,431)
- Dividends (or remuneration paid to partners)	(9,784)	-	(9,784)
- Transfers between components of equity	-	-	-
- Other increases or (-) decreases in equity	(19,455)	-	(19,455)
<b>Total other changes in net equity</b>	<b>(20,710)</b>	<b>-</b>	<b>(20,710)</b>
<b>Closing balance as at 31 December 2021</b>	<b>1,862,541</b>	<b>(443,224)</b>	<b>1,419,317</b>

(\*) Presented solely and exclusively for comparative purposes.

#### e) Individual cash flow statement for the year ended 31 December 2022:

	2022	2021 (*)
<b>Cash flows from operating activities:</b>	<b>(1,588,289)</b>	<b>186,129</b>
Profit/(loss) for the year	139,106	97,770
Adjustments made to obtain cash flows from operating activities	98,022	111,747
Net Increase/Decrease in operating assets	(1,213,437)	(474,513)
Net increase/decrease in operating liabilities	(611,508)	451,555
Income Tax Receipts/(Payments)	(472)	(430)
<b>Cash flows from investing activities</b>	<b>(1,041)</b>	<b>94,201</b>
Payments	(83,139)	(113,742)
Receipts	82,098	207,943
<b>Cash flows from financing activities</b>	<b>(49,454)</b>	<b>(20,634)</b>
<b>Effect of exchange rate changes</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,638,784)</b>	<b>259,696</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,978,351</b>	<b>2,718,655</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,339,567</b>	<b>2,978,351</b>

(\*) Presented solely and exclusively for comparative purposes.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

(Expressed in thousands of euros)

#### **2. Basis for presentation of the consolidated annual accounts**

##### **2.1 True picture**

Under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the law of a Member State of the European Union and whose securities are listed on a regulated market of any Member State must present their consolidated financial accounts for the years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter, IFRS) previously adopted by the European Union, hereinafter, EU-IFRS. In order to adapt the accounting regime of Spanish credit institutions to these regulations, the Bank of Spain published Circular 4/2004 of 22 December on Public and Confidential Financial Reporting Standards and Formats for Financial Statements, which was superseded on 1 January 2018 by Bank of Spain Circular 4/2017 of 27 November 2017.

These consolidated annual accounts of the Group are presented in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union (hereinafter, "EU-IFRS"), taking into consideration Circular 4/2017 of 22 November from the Bank of Spain, which replaces Bank of Spain Circular 4/2004 of 22 December, and its subsequent amendments. This circular constitutes the development and adaptation to the sector of Spanish credit institutions of the International Financial Reporting Standards approved by the European Union.

In this report the abbreviations "IAS" and "IFRS" are used to refer to International Accounting Standards and International Financial Reporting Standards, respectively, and the abbreviations "IFRIC" and "SIC" are used to refer to the Interpretations of the International Financial Reporting Standards Interpretations Committee and the former Standing Interpretations Committee respectively, all of which were approved by the European Union, and on the basis of which these consolidated annual accounts were prepared.

The consolidated annual accounts were prepared taking into account all of the accounting principles and standards and the obligatory valuation criteria that have a significant effect on these, so that they reflect a true image of the equity and of the financial situation of the Group as at 31 December 2022 and of the consolidated results of its operations, changes in net equity and cash flows that took place in the Group during the year ended on that date.

Note 13 summarizes the most significant accounting principles and policies and the valuation criteria applied in the preparation of the consolidated annual accounts of the Group for 2022.

The consolidated annual accounts were prepared from the accounting records held by the Entity and by the other entities that are part the Group. However, since the accounting principles and valuation criteria applied in the preparation of the consolidated annual accounts of the Group for 2022 may differ from those applied by some of the entities that are part of the group, the adjustments and reclassifications needed were introduced during the consolidation process to homogenize these principles and criteria and to adequate them to those of IFRS-EU applied by the Entity.

The information contained in these consolidated annual accounts is the responsibility of the Directors of the Parent Entity of the Group.

The Group's consolidated annual accounts for 2022 were prepared by the directors of the Group's Parent Entity at the meeting of the Governing Board held on 28 February 2023, and are pending approval by the General Assembly of the Group, which is expected to approve them without any material changes.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(Expressed in thousands of euros)**

Unless otherwise stated, these consolidated annual accounts are expressed in thousands of euros.

#### **2.2 Consolidation principles**

The Group has been defined in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The Subsidiaries, Joint Ventures and Associates are all investees.

##### **2.2.1) Subsidiaries**

"Subsidiaries" are defined as entities over which the Group has control, a situation that arises when the Group is exposed, or is entitled to, variable income from its involvement in the investee and has the ability to influence such income through its power over the investee.

For control to exist, the following must be applicable:

- **Power:** An investor has power over an investee when it has rights in force that provide it with the ability to control the related activities, i.e. those that significantly affect the investee's earnings.
- **Earnings:** An investor is exposed, or is entitled to, variable income from its involvement in the investee when the returns it obtains from such involvement can vary depending on the financial performance of the investee. The returns may be only positive, only negative or both positive and negative.
- **Relationship between power and earnings:** An investor controls an investee if the investor not only has power over the investee and is exposed, or has rights, to variable returns due to its involvement in the investee, but also has the ability to use its power to influence the earnings obtained from such involvement in the investee.

Additionally, the Group takes into account any facts or circumstances which may affect the assessment of whether or not control exists and the analyses described in the guidelines for the implementation of the relevant legislation (for example, whether the Group holds a direct or indirect interest of more than 50% of the voting power of the entity being evaluated).

The relevant information of holdings in Associated Entities as at 31 December 2022 and 2021 are shown in Appendix I.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(Expressed in thousands of euros)**

The annual accounts of the subsidiaries are consolidated with those of the Entity by applying the full integration method. As a result, all the balances derived from the transaction between the consolidated companies under this method that are significant have been eliminated in the consolidation process. Additionally, the participation of third parties in:

- The Group's equity is presented under "Minority Interests (non-controlling interests)" of equity in the consolidated balance sheet.
- The consolidated profit for the year is presented under the heading "Profit/(loss) for the year – Attributable to minority interests (non-controlling interests)" in the consolidated profit & loss account.

The consolidated profit or loss of the subsidiaries acquired by the Group during the year is only taken into account for the period between the date of acquisition and the year-end. Also, the consolidated profit or loss generated by the subsidiaries sold by the Group during the year is only taken into account for the period between the beginning of the year and the date of sale.

Inter-company transactions, balances and income and expenditure on transactions between Group entities are eliminated. Profits and losses arising from intra-group transactions that are recognised as assets are also eliminated. The accounting policies of subsidiaries have been modified when necessary to ensure uniformity with the policies adopted by the Group.

In addition to the subsidiaries, the Parent Entity has included, through full consolidation, the securitisation funds "I.M. Caja Laboral 1, F.T.A." and "I.M. Caja Laboral 2, F.T.A.", entities established for the securitisation of mortgage loans and the later issue of securitisation bonds (see Note 2.2.6).

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred with the previous owners of the entity and the shares in equity issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Costs related to the acquisition are recognised as expenses in the financial year in which they were incurred.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(Expressed in thousands of euros)**

Any contingent consideration to be transferred by the Group is recognised at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 9 either in profit and loss or as a change in equity. A contingent consideration that is classified as equity is not remeasured and its subsequent settlement is recorded in equity.

Goodwill is initially valued as the excess of the total consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated results.

The Group's insurance companies are subject to supervision and regulation by various bodies. The laws in force in the various jurisdictions together with the need to comply with minimum capital requirements and supervisory activity are circumstances that could affect the ability of such entities to transfer funds in the form of cash, dividends, loans or advances.

#### **2.2.2) Changes in ownership interests in subsidiaries without a change in control**

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

#### **2.2.3) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is remeasured at its fair value at the date when control is lost and the change in the book value is recognised in profit or loss. The fair value is the initial book value for the purpose of later recognition of the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in accumulated other comprehensive income in equity in relation to that entity is accounted for as if the Group had sold the related assets or liabilities directly. This could mean that the amounts previously recognised in equity are reclassified to the consolidated profit and loss account.

#### **2.2.4) Joint ventures – Jointly controlled Entities**

A joint venture is a contractual arrangement whereby two or more entities, referred to as participants, undertake an economic activity that is subject to joint control, that is, to a contractual agreement to share the power to govern the financial and operating policies of an entity or other economic activity, in order to benefit from its operations, and in which the unanimous consent of all participants, which share control and have rights to its net assets, is required for taking decisions on relevant activities.

Also, "Joint ventures" are investments in entities which, although not subsidiaries, are jointly controlled by two or more unrelated entities, including the Group.



## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(Expressed in thousands of euros)**

The equity method was applied in the consolidation process for the annual accounts of Joint Ventures - Jointly controlled Entities, in accordance with the provisions of accounting regulations.

As at 31 December 2022 and 2021 there were no investments in Jointly controlled Entities.

#### **2.2.5) Associated entities**

Associates are defined as investees over which the Group is in a position to exercise significant influence. Such significant influence is generally, but not exclusively, the result of holding an interest, either directly or indirectly through one or more other investees, of 20% or more of the investee's voting rights.

In the consolidation process the equity method was applied for associates, as defined in IAS 28. Consequently, the investments in associates were measured at the fraction represented by the Group's ownership interest in their capital, after taking into account the dividends received from them and other equity eliminations. The results of transactions with an associate are eliminated to the extent of the Group's interest. If, as a result of losses incurred by an associate, its equity becomes negative, it is recognised in the Group's consolidated balance sheet with a zero value, unless the Group has an obligation to provide financial support.

The relevant information of holdings in Associated Entities as at 31 December 2022 and 2021 are shown in Appendix I.

Because the accounting principles and norms and the valuation criteria applied in the preparation of the consolidated annual accounts of the Group for the years 2022 and 2021 may differ from those applied in some of the subsidiaries, jointly-controlled entities and associates, during the consolidation process any significant adjustments or reclassifications required were applied to homogenize the accounting principles and norms and the valuation criteria.

As at 31 December 2022 and 2021, no entity in the Group held a participation in the capital of other credit entities, national or foreign, equal to 5% or more of their capital or voting rights.

Also, as at 31 December 2022 and 2021, no credit entity, national or foreign, or groups, as understood under article 4 of the Securities Market Law, which includes a credit entity, national or foreign, possesses any holding of more than 5% of the capital or voting rights of any credit entity included in the Group.

#### **2.2.6) Structured entities**

In those cases in which the Group invests in or incorporates entities for the transfer of risks or other purposes, or for the purpose of allowing customers access to certain investments, it is determined, considering the provisions of the regulatory framework, whether control as described above exists and therefore whether or not they should be consolidated. In particular, consideration is given to whether the Group earns success fees and the possibility of revoking the managers of the underlying assets. These entities include the "Asset Securitisation Funds " which are consolidated in those cases where, based on the above analysis, it is determined that the Group has maintained control.

As at 31 December 2022 and 2021 the contractual agreements for financial support to consolidated structured entities pertain to the support mechanisms which are commonly used in the securitisation market. There are no significant financial support agreements other than those covered by the relevant contracts. Note 25 to the consolidated annual accounts provides information on the balances related to consolidated structured entities.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

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**(Expressed in thousands of euros)**

Voluntary benefit entities, investment funds and pension funds and companies managed by the Group (in most cases, retail funds without a legal personality in which investors acquire aliquot units providing them with ownership of the managed assets) are not regarded as meeting the requirements of the regulatory framework to be considered as structured entities, in addition to the fact that they are analysed using the same criteria as other subsidiaries.

These entities and funds are self-sufficient as far as their activities are concerned and do not depend on a capital structure that could make them unable to carry on their activities without additional financial support. Fees accrued during the year for the services rendered to these entities and funds by Group (asset management services, portfolio deposits, etc.) are recorded under Fees received in the consolidated profit and loss account (Note 48) together with fees generated by the depositing of portfolios owned by third parties.

#### **2.2.7) Changes in the scope of consolidation**

##### Changes in the scope of consolidation

On 26 October 2021, the merger by absorption between the real estate asset management companies ISGA Inmuebles S.A.U (absorbing company) and Sociedad de Gestión de Activos de Caja Laboral S.A.U. (absorbed company) became effective.

During the 2022 financial year, there were no changes in the scope of consolidation of the Caja Laboral Group.

#### **2.3 Comparative information**

The accounting information prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, for the year ended 31 December 2022 is presented in all cases, for comparative purposes, by referring to the figures for the 2021 financial year. The information relating to 2021 is only presented for comparison purposes with that of 2022 and does not form part of the Entity's consolidated annual accounts for 2022.

#### **2.4 Seasonality of transactions**

Given the Group's business activities, its transactions are not of a cyclical or seasonal nature. For this reason, specific breakdowns are not included in the notes to the consolidated annual accounts for 2022.



## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2.5 Seasonality of transactions**

Given the Group's business activities, its transactions are not of a cyclical or seasonal nature. For this reason, specific breakdowns are not included in the notes to the consolidated annual accounts for 2022.

### **3. Changes and errors in accounting policies and estimates**

#### **a) Critical aspects of the assessment and estimation of uncertainty**

The information contained in these consolidated annual accounts is the responsibility of the Directors of the Parent Entity. Estimates have been used, where appropriate, in these consolidated annual accounts, in the measurement of certain assets, liabilities, income, expenses and commitments, which have been made by the Senior Management of the Parent Entity and Investees and ratified by the Directors. These estimates relate to:

- The impairment losses on certain financial assets (Note 13.h).
- The estimated value and useful life, applied to the elements of Tangible Assets and Intangible Assets (Notes 2, 13.q and 13.r).
- The fair value of certain unlisted financial assets (Note 13.e).
- The cost and anticipated development of provisions and contingent liabilities (Note 13.u).
- Assumptions used to calculate insurance liabilities (Note 13.t).
- The assumptions used in the calculation of liabilities and commitments for pre-retirement schemes (Note 13.o).
- The assessment of the ability to utilise the tax credits recognised (Note 13.p).
- The valuation of consolidated goodwill (Note 13.aa).
- The estimated calculation of Corporate Income Tax (Note 40).

The aforementioned estimates have been calculated in accordance with the best information available as at 31 December 2022 on the affected items and taking into account the current economic and geopolitical environment, as well as its possible future development, in particular the war between Russia and Ukraine, the increase in the cost of energy, problems in the supply chain and a context of high inflation that is being tackled with significant increases in interest rates, mainly in the US and European economies. It is possible that future events may make it necessary to change the year-end estimates in any direction in the coming years. Any such change will be made prospectively, recognising, where applicable, the effects of the change in estimate in the related consolidated profit and loss account.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31  
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b) Changes in accounting criteria

Changes in accounting policies, either because they amend an accounting regulation that governs a certain transaction or event or because the Governing Board at the Parent Entity decides to change the accounting policy for justified reasons, are applied retroactively unless:

- It is not practicable to determine the effects in each specific year of changing an accounting policy with respect to 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 policy to all prior years, the new accounting policy is applied prospectively, from the earliest date practicable or
- The accounting rule or regulation that modifies or establishes the criterion sets the time from which it should be applied.

During 2022 there were changes in the accounting regulations applicable to the Group compared with those applied last year. The following is a list of the changes that might be considered most important:

i) Standards and interpretations adopted by the EU that apply for the first time for annual periods beginning on or after 1 January 2022 (companies with accounts ending on 31 December)

At the date of preparation of these consolidated annual accounts, the following standards, amendments and interpretations have been published by the IASB and the IFRS Interpretations Committee, although the Group has not adopted them in advance.

- IAS 16 (Amended) "Property, plant and equipment: amounts received before intended use":

It is prohibited to deduct, from the cost of an item of property, plant and equipment, any revenue from the sale of items produced while the entity is preparing the asset for its intended use. Revenues from the sale of such samples, together with production costs, are now recognised in profit or loss. The amendment also clarifies that an entity is testing whether the asset is functioning correctly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant for this assessment. Therefore, an asset could be capable of operating as intended by management and be subject to depreciation before it has reached the level of operating performance expected by management. The effective date of these amendments is 1 January 2022.

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- IAS 37 (Amendment) "Onerous contracts - Cost of fulfilling a contract":

The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling such a contract and an allocation of other costs that are directly related to the fulfilment of the contracts. It also clarifies that before making a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the contract, rather than on the assets dedicated to that contract. The effective date of these amendments is 1 January 2022.

- IFRS 3 (Amendment) "Reference to the Conceptual Framework".:

IFRS 3 has been updated to refer to the 2018 Conceptual Framework for determining what constitutes an asset or liability in a business combination (previously referred to the 2001 CF). Also, a new exception has been added in IFRS 3 for liabilities and contingent liabilities. The effective date of these amendments is 1 January 2022.

- Annual improvements in the IFRS. Cycle 2018 – 2020:

The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply for the financial years beginning on or after 1 January 2022. The main modifications are related to:

- IFRS 1 "First-time adoption of IFRS": IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure cumulative conversion differences using the parent's carrying amounts, based on the date of the parent's transition to IFRS.
- IFRS 9 "Financial instruments" The amendment addresses which costs should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to third parties or to the lender. According to the amendment, costs or fees paid to third parties will not be included in the 10% test.
- IFRS 16 "Leases" The Illustrative Example 13 that accompanies IFRS 16 has been amended to remove the illustration of the lessor's payments in relation to leasehold improvements, thereby eliminating any potential confusion about the treatment of lease incentives.
- IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for tax purposes when measuring fair value under IAS 41.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The "Annual Improvements in the IFRS - Cycle 2018 – 2020" issued by the IASB incorporate amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41. Said Annual Improvements approved by the European Union only refer to IFRS 1, IFRS 9 and IAS 41. This is because, in relation to IFRS 16 "Leases", Illustrative Example 13 of the standard has been modified, and the illustrative examples accompany, but are not part of, IFRS.

The application of the aforementioned accounting standards and interpretations have not resulted in significant effects on the Group's consolidated financial statements.

ii) Standards and interpretations adopted by the EU that apply for the first time for annual periods beginning on or after 1 January 2023 (companies with accounts ending on 31 December)

At the date of preparing these consolidated annual accounts, new International Financial Reporting Standards had been published, as well as their interpretations, which are not mandatory in 2022 and which the Group has not proceeded to apply to said date. As of the current date, the analysis of the future impacts that could derive, if any, from the adoption of these standards has not yet been completed, although no significant impacts are expected from their entry into force. These standards are as follows:

- IFRS 17 "Insurance contracts": IFRS 17 replaces IFRS 4 "Insurance Contracts", which permitted a wide range of accounting practices. The new standard fundamentally changes the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation components. In June 2020, the IASB modified the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard were not changed. The standard is applicable to annual periods starting as from 1 January 2023.
- IFRS 17 (Amendment) "Initial application of IFRS 17 and IFRS 9 - Comparative information": The IASB has published an amendment to IFRS 17 that introduces changes of a limited nature to the transition requirements of IFRS 17 "Insurance Contracts" and does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 "Financial Instruments" have different transition requirements. For some insurers, these differences may result in isolated accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these asymmetries and thus improve the usefulness of comparative information for investors. This amendment is effective for financial years beginning on or after 1 January 2023, and will be applied prospectively.
- IAS 1 (Amendment) "Breakdown of accounting policies": IAS 1 has been amended to improve accounting policy disclosures to ensure they provide more useful information to investors and other primary users of financial statements. The effective date of these amendments is 1 January 2023.
- IAS 8 (Amendment) "Definition of accounting estimates": IAS 8 has been amended to help distinguish between accounting estimate changes and accounting policy changes. The effective date of these amendments is 1 January 2023.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

- IAS 12 (Amendment) "Deferred tax related to assets and liabilities arising from a single transaction": In certain circumstances under IAS 12, companies are exempt from recognising deferred tax when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised on initial recognition. The amendment clarifies that the exemption does not apply and that, therefore, there is an obligation to recognise deferred taxes on said transactions. The amendment enters into force for financial years beginning on or after 1 January 2023, although early application is permitted.

The Group is analysing the possible effects of the above-mentioned regulations.

- iii) Standards, interpretations and amendments of existing standards that cannot be adopted early or have not been adopted by the European Union

#### Standards and interpretations pending adoption by the EU

Title	Standard	Entry into force IASB
Sale or contribution of assets between an investor and its associates or joint ventures (September 2014 amendment)	IAS 28 and IFRS 10	(i)
Deferred regulatory accounts (January 2014) (ii)	IFRS 14	1/1/2016
Classification of liabilities as current or non-current (Amendment January 2020) (iii)	IAS 1	1/1/2022
Classification of liabilities as current or non-current - Deferral of the effective date (Amendment July 2020) (iii)	IAS 1	1/1/2023
Lease liability in a sale and leaseback (Amended September 2022)	IFRS 16	1/1/2024
Non-current liabilities with covenants (Amended October 2022)	IAS 1	1/1/2024

(i) Originally, the amendments to IFRS 10 and IAS 28 were effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015 the IASB decided to postpone the effective date of the amendments (without setting a new date) as it is planning a broader revision that could result in a simplification of the accounting treatment of these transactions and other aspects of the recognition of associates and joint ventures.

(ii) The European Commission has decided not to propose the adoption under IFRS-EU of IFRS 14 "Deferred regulatory accounts" (effective for IFRS-IASB purposes on 1 January 2016), being an intermediate standard on the accounting treatment of certain balances arising in fee-regulated activities, as very few European companies will fall within its scope. A future rule on fee-regulated activities will be considered for adoption under its normal process.

(iii) The January and July 2020 amendments to IAS 1 were annulled by the October 2022 amendment to IAS 1.

- c) Errors and changes in accounting estimates

#### Accounting errors

Errors in the preparation of consolidated annual accounts arising in previous years are the result of omissions or inaccuracies caused by failures to use reliable information, which was available when the consolidated annual accounts for such periods were prepared and which the Parent Entity should have used in the preparation of said consolidated statements.

Errors relating to previous years are corrected retroactively in the first consolidated annual accounts that are prepared after the discovery, as if the error had never taken place:

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

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

When it is impractical to determine the effects arising in each specific year from an error involving comparative information from a preceding year, the opening balances for the earliest years are restated, where such restatement is practicable. In the event that it is not practical to determine the accumulated effect, at the start of the current year, of an error involving all prior years, the comparative information is re-expressed correcting the error on a prospective basis as from the earliest date possible.

Errors from previous years that affect the consolidated equity are corrected in the year they are discovered using the appropriate consolidated equity account. Under no circumstances may previous years' errors be corrected using the consolidated profit and loss account 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.

Changes in accounting estimates

A change in an accounting estimate is an adjustment to the book value 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 obtaining additional information or knowledge about new events and therefore are not error corrections. These changes are recorded on a prospective basis in the consolidated profit and loss statement for the year or for the year and future years affected by the change.

In 2022 and 2021 there were no corrections of errors of a significant nature corresponding to previous years. Furthermore, there were no significant changes in accounting estimates that affect those years or that may affect future years.

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#### 4. Application of the surplus for the year

Law 13/1989 on Credit Cooperatives, amended by Law 20/1990 on the Tax Regime applicable to Cooperatives, lays down that the amounts not allocated to the Mandatory Reserve Fund and Education and Development Fund will be made available to the General Assembly, which may distribute it as follows:

- Distribution or return among the partners.
- Allocation to the Voluntary Reserve Fund

The Parent Entity's Articles of Association establish that the available surplus, once the obligations that could conceivably result from hedging the mandatory capital or the solvency ratio have been fulfilled, will be allocated as follows:

- A minimum of 50% to the Mandatory Reserve Fund.
- A maximum of 25% to cover development and inter-cooperative needs. Specifically, a minimum of 10% will be allocated to the Education and Promotion Fund and a maximum of 15% to the Inter-cooperative Welfare Fund.
- The rest will be available to the General Assembly, which may distribute it as follows: return to partners or provision to voluntary or analogous Reserve Funds.

The amount earmarked for cooperative returns shall be distributed equally between working partners and other partners.

In accordance with the articles of association of the Parent Entity, the return to partners will be credited to working partners in proportion to their work advances and to the remaining partners in proportion to the operations carried out with the Parent Entity.

The proposed distribution of the Parent Entity's surplus for 2022 which the Governing Board of the Parent Entity will submit for the approval of the General Assembly, and that approved for 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Distribution:		
- Gross interest on contributions to Share capital (Note 38)	36,064	31,640
- Mandatory Reserve Fund	57,245	36,739
- Education and Development Fund (*)	-	-
- Cooperative Returns	28,623	18,369
- Inter-cooperative Welfare Fund	17,174	11,022
	<u>139,106</u>	<u>97,770</u>
Profit/(loss) for the year		

(\*) The amount allocated to the Education and Development Fund corresponds to the minimum mandatory sum of 11,449 thousand euros in 2022 and 7,348 thousand euros in 2021 (Note 56).



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#### **5. Information by business segment**

In accordance with IFRS 8, the financial compliance of the business segments is reported below on the basis of the information that the Parent Entity Management uses internally to evaluate the performance of these segments.

IFRS 8 requires reporting of all operating segments with revenues accounting for at least 10% of the aggregate revenues of all operating segments, or with results accounting for at least 10% of the greater of the following: (i) the aggregate profit of all the operating segments that have not reported losses, (ii) the aggregate reported loss of all the operating segments that have reported losses. Or, if the assets are at least 10% of the aggregated assets of all the operating segments. Similarly, information shall also be provided on those operating segments, regardless of their size, that represent, in aggregate, at least 75% of the Group's ordinary revenues.

Business segment reporting is a basic tool for monitoring and managing the various activities of the Laboral Kutxa Group:

- a. Segmentation criteria
  - Segmentation by business

The business units described below have been established based on the different business areas established according to the structure and organisation of the Laboral Kutxa Group:

- Retail Banking
- Insurance Business

The "Retail Banking" business offers both investment and savings products. In investment, the main areas of activity are the marketing of mortgage products, consumer credit, working capital and corporate finance. As regards savings, the main products are deposits (on demand and term deposits), bank guarantees, means of payment services (credit and debit cards), investment funds, pension funds and EPSVs. This business is carried out mainly by Caja Laboral Popular Coop. de Crédito, through its network of branches, or by specific companies 100% dependent upon it, which are considered a direct extension of the activity carried out by the Parent Entity. Strategic, management and operational decision-making is focused on the Governing Board of Caja Laboral Popular Coop. de Crédito.

The "Insurance Business" includes the activity carried out by the Group through Seguros Lagun-Aro Vida, S.A. and Seguros Lagun-Aro, S.A. The Group is engaged in life insurance business, marketing life insurance, life savings policies and unit-linked policies. In addition, it is active in non-life insurance, mainly in car insurance, civil liability and in areas of multi-risk, mainly household insurance. Strategic, management and operational decision-making is focused on the Boards of Directors of both companies.

Notwithstanding the above, the decisions of the Group's different businesses are taken in the control environment that their membership of the Laboral Kutxa Group implies.



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- Geographical segmentation

The Group operates through a network of 280 branch offices as at 31 December 2022, with 169 located in the Autonomous Community of the Basque Country, 36 in Navarra and 75 in the rest of Spain (285 branches as at 31 December 2021, 172 in the Autonomous Community of the Basque Country, 38 in Navarra and 75 in the rest of Spain).

The geographical distribution of the Group's financial assets, loans and receivables is detailed in Note 21 of these consolidated annual accounts. Almost all of the Group's revenues are generated in Spain.

Therefore, as regards the criteria for segmentation by geographical area, there are no differences in the Group's area of activity (Autonomous Community of the Basque Country and Navarra and the rest of Spain) that justify segmented and differentiated information on the activity according to this criterion.

- The basis and methodology used in the preparation of the segmented information

The information presented is based on the individual accounts of each of the companies that make up the Laboral Kutxa Group, with the eliminations and adjustments relating to consolidation.

Each business unit is considered to be a separate business, so there are flows of income and expenses between businesses for the provision of product distribution services, services or systems. Adjustments and eliminations mainly relate to the elimination of inter-segment profit and loss. The final impact on the group's profit and loss account is zero.

- Segmentation by business

The main contributions to the consolidated balance sheet and consolidated profit and loss account, disregarding the effect of transactions with group entities, for 2022 and 2021 are shown below:

	<b>2022</b>		
	<b>Retail Banking</b>	<b>Insurance Business</b>	<b>Group Total</b>
<b>Consolidated profit and loss account:</b>			
Contribution to gross margin	397,351	39,444	436,795
Administration costs	215,220	25,610	240,830
Profit/(loss) for the year	130,904	8,156	139,060
<b>Consolidated balance sheet:</b>			
Total assets	27,083,058	671,673	27,754,731
	<b>2021</b>		
	<b>Retail Banking</b>	<b>Insurance Business</b>	<b>Group Total</b>
<b>Consolidated profit and loss account:</b>			
Contribution to gross margin	361,608	41,558	403,166
Administration costs	199,607	24,127	223,734
Profit/(loss) for the year	87,737	13,696	101,433
<b>Consolidated balance sheet:</b>			
Total assets	27,817,019	746,134	28,563,153

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#### 6. Minimum ratios

##### 6.1 Minimum equity ratios

The Basel Committee on Banking Supervision leads the way in harmonising international financial regulation. Through agreements reached by this Committee, an initial regulation was drawn up for credit institutions, setting a minimum capital of 8% on the total of their risks (Basel I, 1988). Subsequently, in 2004, Basel II improved the sensitivity of risk assessment mechanisms and provided two new pillars: the self-assessment of capital and risks for each entity (Pillar II) and market discipline (Pillar III). In December 2010, the Committee adopted a new regulatory framework (Basel III) increasing capital requirements with better instruments, seeking consistency and uniform application by institutions and countries. The new capital agreement improves transparency and comparability of capital ratios. It also brings in new prudential tools in the areas of liquidity and leverage.

The European Union brought those agreements (Basel III) into EU law through a phase-in arrangement running to 1 January 2019 under Parliament and Council Directive 2013/36/EU (CRD-IV) of 26 June 2013 relating to access to the business of credit institutions and prudential supervision of credit institutions and investment firms, and Parliament and Council Regulation (EU) No 575/2013 (CRR) of 26 June 2013 on prudential requirements for credit institutions and investment firms, in the Official Journal of the European Communities, applicable from 1 January 2014.

In order to adapt the national legal system to the regulatory changes imposed at international level, Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions was approved, continuing the implementation initiated by Royal Decree-Law 14/2013 of 29 November and Bank of Spain Circular 2/2014, which establishes the regulatory options for requirements applicable during the transitional period. The minimum capital requirements established in current regulations (Pillar I) are calculated based on the Group's exposure to credit risk, foreign currency risk, trading portfolio risk, market risk and operational risk. In addition, the Group must comply with the risk concentration restrictions.

Royal Decree 84/2015 of 13 February which developed Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, completes the regulatory development of said Law and brings together in a single text all the organisational and disciplinary regulatory standards for credit institutions that had been issued prior to its enactment.

It should also be noted that during the 2015-2019 period new regulations were published that complement the CRR Regulation on matters related to equity, liquidity, Pillar I risks and Capital requirements.

Thus, it should be noted that, on 2 February 2016 the Bank of Spain Circular 2/2016 was issued, the main purpose of which was to complete the transfer of Directive 2013/36/EU into Spanish legalisation with respect to credit institutions. One of the options which EU Regulation 575/2013 attributes to the competent national authorities is also included, in addition to those already exercised in Circular 2/2014 by the Bank of Spain.

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This Circular also develops some of the aspects of the transfer of Directive 2011/89/EU of the European Parliament and Council, of 16 November 2011, which amended Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC with respect to additional supervision of financial institutions that form part of a financial conglomerate. The essential aspects of this Directive have already been incorporated through the amendments that both Law 10/2014 and Royal Decree 84/2015 introduced, respectively, in Law 5/2005 of 22 April on the supervision of financial conglomerates and amending other laws of the financial sector, and in Royal Decree 1332/2005 which implements it.

In 2017 the Bank of Spain published Circular 3/2017, dated 24 October, amending Circular 2/2014, dated 31 January. The main purpose of this Circular is to adapt certain aspects of Circular 2/2014, in relation to the less substantial credit institutions, to the latest provisions adopted by the European Central Bank for the larger institutions (mainly the European Central Bank Guideline (EU) 2017/697 dated 4 April 2017 on the exercise by the competent national authorities of the options and powers offered by Union law with respect to the smaller institutions). Also, the rules on transitional options that applied until 2017 have been removed.

Lastly, in 2019 the Bank of Spain published Circular 3/2019 dated 22 October, exercising the power conferred by EU Regulation 557/2013, in order to define the threshold of significance of matured obligations, applicable as from December 2020.

Also, Regulation (EU) 2020/873 was adopted in 2020, including aspects such as the extension of the transitional provisions on the application of IFRS 9, the introduction of a temporary prudential filter on exposures to sovereign bonds, temporary changes in the calculation of the leverage ratio, the deferral until 1 January 2023 of the enforceability of the buffers on this indicator for systemic institutions, measures to reduce capital requirements in relation to certain loans secured by pensions or wages, and loans to SMEs and infrastructure, and the extension of the preferential treatment of non-performing loans (NPLs) guaranteed by export credit agencies to other public sector guarantors.

In addition, the Commission Delegated Regulation (EU) 2020/2176 was published amending the existing deduction for intangible assets associated with in-house software development, while Decision 2021/1074 of the European Central Bank of 18 June 2021, ratified that the exceptional circumstances justifying the exclusion of exposures to central banks that fulfil certain conditions from the calculation of the total leverage ratio exposure from 31 December 2019 continue to apply, extending the period of this exclusion until 31 March 2022, compared with the previous exclusion period until 28 June 2021 set out in Decision 2020/1306 of the European Central Bank of 16 September 2020.

The regulations mentioned in the preceding paragraphs have been completed by the transposition of CRD V into Spanish law by Royal Decree-Law 7/2021, published on 27 April, Royal Decree 970/2021, published on 9 November, amending Royal Decree 84/2015 and Bank of Spain Circular 5/2021, published on 23 December, amending Bank of Spain Circular 2/2016, thus finalising the adaptation to Spanish law of the supervisory and solvency requirements for credit institutions established in European regulations.

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

In this respect, the Parent Entity received a notification from the Bank of Spain concerning the decision on the minimal prudential requirements applicable to the Entity, whereby Laboral Kutxa must maintain a Common Equity Tier 1 (CET 1) ratio of 8.375% measured on regulatory capital. This requirement includes the minimum required by Pillar 1 and the Pillar 2 requirement, including a capital conservation buffer. Similarly, based on the 8% requirement of Pillar 1, the minimum requirements for Total Capital is 11.875%.

The requirement of CET1 of 8.375% is composed of: the minimum level of CET1 required by Pillar 1 (4.5%), the requirement of Pillar 2 (1.375%) and the capital conservation cushion (2.5%).

The strategic objectives set by the Management of the Group's Parent Entity in relation to the management of its own resources are as follows:

- To comply at all times with prevailing applicable minimum capital requirements at both individual and consolidated levels.
- To manage the Group's capital as efficiently as possible so that the use of capital is considered a key investment decision-making variable, along with other return and risk parameters and considerations.

To deliver these objectives, the Group has a series of capital management policies and procedures, the main guidelines of which are:

- The Group has a monitoring and control unit that reports to the Entity's Risk Department and analyses the levels of compliance with the Bank of Spain's regulations on equity.
- When planning its strategic and commercial initiatives, the Group factors in, as a key decision-making input, their potential impact on the Group's eligible capital and the relationship between capital usage, returns and risk.
- Monitoring through the continuous supervision of the Group's solvency situation and its future planning, which includes both a central scenario that incorporates the most probable compliance hypotheses for the next three years, and various stress scenarios aimed at evaluating its financial capacity to overcome particularly adverse situations of various kinds.

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The Group's management its own funds is in line, as far as conceptual definitions are concerned, with the provisions of the solvency regulations described above:

	<u>2022</u>	<u>2021</u>
<u>Common Equity Tier 1 (CET1)</u>		
Capital	797,846	786,368
Qualifying results	85,823	58,771
Reserves	1,072,721	1,030,165
Valuation adjustments	77,405	(429,916)
(-) Other deductions	(65,929)	(63,923)
(-) CET1 adjustments due to prudential filters	(119,101)	472,280
	<u>1,848,765</u>	<u>1,853,745</u>
<u>Additional CET 1</u>		
Qualifying equity instruments	-	-
	-	-
<u>Common Equity Tier 2</u>		
Equity instruments and subordinated loans	-	-
Supplementary hedging for credit risks using the standard method	-	-
Valuation adjustments	-	-
Education and Development Fund	-	-
(-) Transitional adjustments	-	-
	-	-
Other items and deductions	-	-
Total eligible equity	<u>1,848,765</u>	<u>1,853,745</u>
Total minimum equity	<u>665,040</u>	<u>679,815</u>
Risk weighted assets	<u>8,312,995</u>	<u>8,497,691</u>

As at 31 December 2022 and 2021, the key figures for the Group's minimum capital are as follows:

	<u>2022</u>	<u>2021</u>
CET 1 ratio	22.24%	21.81%
Tier 1 capital ratio	22.24%	21.81%
Total capital ratio	<u>22.24%</u>	<u>21.81%</u>

At the date of the present consolidated annual accounts, the Group complies with the above legislation.

#### 6.2 Minimum reserve ratios

In accordance with Monetary Circular 1/1998 dated 29 September, with effect from 1 January 1999, the 10-year reserve ratio was repealed and replaced by the minimum reserve ratio.

The Official Journal of the European Union dated 21 December 2011, published Regulation (EU) 1358/2011 of the European Central Bank dated 14 December, which amended Regulation (EC) 1745/2003 concerning the application of minimum reserves. The amendment consisted of reflecting the reduction, approved by the Governing Council of the European Central Bank on 8 December 2011, in the level of the minimum reserve ratio to be held by institutions from 2% to 1%, starting from the reserve maintenance period that began on 18 January 2012.

As at 31 December 2022 and 2021, as well as throughout 2022 and 2021, the Parent Entity complied with the minimum requirements for this ratio at all times, in accordance with the regulations applicable at any given time.

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The amount of cash held by the Parent Entity in the Bank of Spain account for these purposes amounted to 1,226,861 thousand euros as at 31 December 2022 (2,893,077 thousand euros as at 31 December 2021) (Note 21), although the obligation to maintain the balance required by the applicable legislation in order to comply with the aforementioned minimum reserve ratio is calculated on the basis of the average of the end of day balances held on this account during the maintained period.

**7. Remuneration of the Directors and the Senior Management of the Parent Entity**

a) Statutory payments

Since May 2022, the members of the Governing Board are remunerated through attendance allowances, except for its Chairman. The allowances are intended to compensate both the dedication and the responsibility of the position and amount to 67 thousand euros.

Caja Laboral Popular remunerates the work of the Chairman and pays the Chairman's remuneration through the established procedures by applying the remuneration criteria laid down by Caja Laboral Popular Coop. de Crédito.

The amounts accruing to the Chairman of the Governing Board are as follows:

	<b>Short-term remuneration</b>	
	<b>2022</b>	<b>2021</b>
Chairman of the Governing Board	177	168
	<b>177</b>	<b>168</b>

b) Other Governing Board and Senior Management remuneration

The payments accrued by the 4 working partners who were members of the Governing Board as at 31 December 2022 (5 working partners as at 31 December 2021) for the performance of their duties were as follows:

	<b>Short-term remuneration</b>	
	<b>2022</b>	<b>2021</b>
Members of the Governing Board	343	333
	<b>343</b>	<b>333</b>

Also, 9 people have been considered as Senior Management personnel of the Parent Entity, who are members of the Board of Directors as at 31 December 2022 (11 people as at 31 December 2021).

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The following table sets out the remuneration accrued for group defined above.

	Short-term remuneration	
	2022	2021
Senior management	1,311	1,475
	<u>1,311</u>	<u>1,475</u>

In addition, the yield on capital (interest) and the remuneration received as a complementary distribution of the available surplus (cooperative returns) by the members of the Governing Board and of senior management in 2022 and 2021 totalled 225.53 and 217.29 thousand euros, respectively.

In addition to the payments made during the year to members of the Governing Board and Senior Management of the Parent Entity, a breakdown of the income and expenditure recognised in the profit and loss account for 2022 and 2021 in respect of transactions with members of the Governing Board and Senior Management of the Parent Entity is shown below:

	Financial income		Financial costs		Fee and commission income	
	2022	2021	2022	2021	2022	2021
Governing Board Members and Senior Management	<u>6</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>7</u>

The members of the Parent Entity's Senior Management who act on behalf of the Parent Entity on the Boards of Directors of the Group's Subsidiaries have not received any remuneration in 2022 and 2021 in their capacity as Directors of such Subsidiaries.

- c) Loans, credits, fixed-term deposits and guarantees and commitments with members of the Governing Board and Senior Management

Set out below is a breakdown of asset and liability balances recorded in the balance sheet that relate to transactions carried out with members of the Governing Board and Senior Management of the Entity as at 31 December 2022 and 2021:

	Assets- loans granted (gross amount)		Assets-credit accounts (gross amount)		Liabilities-On demand and term deposits		Guarantees and commitments	
	2022	2021	2022	2021	2022	2021	2022	2021
Governing Board Members and Senior Management	<u>1,942</u>	<u>2,181</u>	<u>-</u>	<u>-</u>	<u>1,435</u>	<u>2,052</u>	<u>-</u>	<u>-</u>



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#### **8. Agency contracts**

In accordance with article 21 of Royal Decree 84/2015, dated 13 February, implementing Law 10/2014, dated 26 June, on the organisation, supervision and solvency of credit institutions, Appendix II contains a list of the natural or legal persons to whom the Parent Entity, as at 31 December 2022 and 2021, had granted powers to deal with customers on a regular basis on behalf of the Parent Entity, for the purpose of arranging or formally agreeing business transactions of the type normally engaged in by a credit institution.

The list of these agents has been duly reported to the Bank of Spain as at 31 December 2022 and 2021.

#### **9. Environmental impact**

The Group's global operations are governed, inter alia, by Laws on environmental protection and on worker safety and health. The Group deems that it substantially complies with these Laws and that the procedures it uses are designed to encourage and ensure compliance with said Laws.

The Group considers that it has taken appropriate environmental protection and improvement measures and for minimising, whenever applicable, the environmental impact, and complies with the rules in force in this regard. In this respect, in 2001 the Parent Entity obtained the Environmental Management Certification under ISO 14001 which is currently in effect. Moreover, as part of the commitments acquired as a founding signatory of the United Nations Principles of Responsible Banking, an analysis of the main ESG impacts of the entity's financial activity has been carried out.

During the 2022 and 2021 financial years, in the opinion of the Parent Entity's Board of Directors, climate risks do not have a significant impact on the consolidated financial statements for the 2022 and 2021 financial years. In this regard, the following areas of focus have been taken into account for the analysis:

- Estimation of the fair value of financial assets: For listed financial assets, any impact of climate risk on the valuation will be reflected in the market price of the asset. For unlisted financial assets, climate risks are not considered to have a significant impact on the assumptions and inputs used for their valuation.
- Estimation of credit risk provisions for financial assets: the Group considers that the impact, as at this date, of climate risks on the expected loss on financial assets is not material as the potential effects of climate change on the expected cash flows of borrowers will become apparent over a period longer than the average life of the financing granted by the Group. (See Note 13.h).
- Valuation of Non-current assets and disposal groups that have been classified as held for sale and real estate inventories: Climatic risks have had no impact on the determination of impairment losses on these assets, calculated as indicated in note 13.s and 13.v of these consolidated annual accounts.



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- Impairment testing of Tangible Assets: the Group does not have any assets that could be affected by environmental issues. After an initial analysis, it is not considered that there are any potential indications of impairment in the short or medium term, nor is there any substantial risk of a change in the useful life of the assets.
- Valuation of insurance contract liabilities: The Group considers that there are no significant impacts on the valuation of insurance contract liabilities (Note 13.t) that may arise from climate risk

It has not been considered necessary to record any provision for environmental risks or costs, as there are no environmental contingencies that could significantly affect these consolidated annual accounts.

In line with both its sustainability strategy and the requirements of regulators on the integration of sustainability and climate change risks, in 2022 the Group continued to implement its sustainability strategy. Some of the most relevant elements from the point of view of environmental impact were as follows:

- Approval of the Sustainability Policy.
- Implementation of sustainability governance, which includes, among other elements, the creation of the Sustainability Committee and the Sustainability Office.
- Progress in the definition of criteria and classification of transactions based on ESG criteria.
- Preparation of a heat map of ESG risks for the financing portfolio. This has been carried out based on the sectors of activity and the relative importance on the balance sheet.
- Incorporation of the first 3 ESG indicators within the Risk Appetite Framework.
- Adaptation of advisory services to MIFID II
- Development of a sustainable product catalogue, including a mortgage aimed at homeowner associations for renovation works and adaptation of the range of investment funds to meet the sustainability preferences of customers.
- Training plan for the workforce, which includes both general training for all employees with both specific modules and modules for specific areas (Governing Board, management, etc.).
- Direct activity impact reduction plan.
- Variable remuneration linked to sustainability objectives.
- Publication of a second (improved) report following the TCFD methodology.

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#### 10. Single Resolution Fund and Deposit Guarantee Fund

##### 10.1 Single Resolution Fund

Directive 2014/59/EU, dated 15 May, was incorporated into Spanish legislation under Law 11/2015, dated 18 June, and the enabling regulations thereof under Royal Decree 1012/2015, dated 6 November. This law provides a new framework for the resolution of credit institutions and investment service companies, and is one of the laws that contribute to the creation of the Single Resolution Mechanism set up under EU Regulation 806/2014, dated 15 July, which establishes standards and procedures for credit institutions and investment firms within the framework of a Single Resolution Mechanism and a Single Resolution Fund at a European level.

In the context of the implementation of this regulation, on 1 January 2016, the Single Resolution Fund entered into force, which established itself as a financing instrument to be used by the Single Resolution Board, which is the European authority that will make the decisions on resolution, in order to effectively undertake the resolution measures adopted. The Single Resolution Fund will receive contributions from credit institutions and investment services companies subject to the same.

The Single Resolution Mechanism is supported by the Single Resolution Fund, which will be gradually provided by bank contributions during a transitional period that will last until 31 December 2024, until reaching a size equivalent to 1% of the guaranteed deposits.

The calculation of each entity's contribution to the Single Resolution Fund, regulated by Regulation (EU) 2015/63, is based on the proportion that each represents with respect to aggregate total liabilities of the entities adhered to the Fund, after shareholder's funds have been deducted and the guaranteed amount of the deposits are deducted. The latter is then adjusted to the entity's risk profile. The obligation to contribute to the Single Resolution Fund is accrued on 1 January of each year.

In 2022, the expense incurred for the contribution to this body amounted to 6,635 thousand euros (4,848 thousand euros in 2021) (Note 56), which has been recorded in accordance with IFRIC 21 in a way similar to the expense recognised with respect to the Deposit Guarantee Fund.

##### 10.2 Deposit Guarantee Fund

The Parent Entity is a member of the Deposit Guarantee Fund for Credit Institutions.

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Royal Decree 2606/1996, dated 20 December, amended by Royal Decree 1012/2015, dated 6 November, establishes that the Management Committee of the Deposit Guarantee Fund shall determine the annual contributions of entities belonging to the Deposit Guarantee Fund for Credit Institutions. In the 2022 financial year, the Management Committee established a contribution of 1.75 per thousand of the guaranteed deposits as at 31 December 2021 (in the 2021 financial year, the Management Committee established a contribution of 1.7 per thousand of the guaranteed deposits as at 31 December 2020). The calculation of each entity's contribution is based on the value of deposits guaranteed, and the risk profile of the entity taking into account indicators such as capital adequacy, the quality of the assets and liquidity, which have been defined in Bank of Spain Circular 5/2016 of 27 May (modified by the Circular 1/2018). In addition, the contribution to the securities guarantee fund has been set at 2 per thousand of 5% of the guaranteed amount of securities and other financial instruments in custody as at 31 December 2022.

The expense for ordinary contributions referred to in the above paragraph accrues in accordance with IFRIC 21, when the obligations exists to pay it, on 31 December each year.

On 30 July 2012 the Management Committee of the Deposit Guarantee Fund agreed to arrange an extraordinary contribution between member entities, payable by each entity through ten equal annual instalments. The extraordinary contribution to be made by the Parent Entity amounted to 35,227 thousand euros (ten annual instalments of 3,523 thousand euros each). These contributions will be deducted from the ordinary annual contributions which, if appropriate, are paid by the Parent Entity and up to the amount of that ordinary contribution. On 30 July 2022, the Parent Entity made the last remaining payment for an amount of 3,523 thousand euros, as a result of which no pending amount was recorded as at 31 December 2022 for the aforementioned commitment. As at 31 December 2021, the Parent Entity had recorded this commitment for the amount of 3,523 thousand euros under the heading "Other assets – Other accrual items" on the assets side of the consolidated balance sheet (Note 33) and under "Financial liabilities measured at amortised cost - Other financial liabilities" (Note 35) on the liabilities side of the consolidated balance sheet.

Royal Decree-Law 6/2013 provided that, in order to strengthen the assets of the Deposit Guarantee Fund of Credit Institutions, the annual contribution envisaged under Article 3 of Royal Decree 2606/1996, dated 20 December, on Deposit Guarantee Funds of Credit Institutions, to be made by member entities on deposits on 31 December 2012, will be the object of an exceptional one-off increase of an additional 3 per thousand.

This increase is implemented in two tranches:

- a) A first tranche equivalent to two fifths of the total, payable within 20 business days from 31 December 2013. This tranche was reduced as a result of the deductions stipulated by the regulations and was recorded, for an amount of 7,693 thousand euros, as an expense in the consolidated profit and loss account for 2013.

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- b) A second tranche equivalent to the remaining three fifths, amounting to 24,455 thousand euros, to be paid from 1 January 2014 in accordance with the payment schedule set by the Management Committee within a maximum term of seven years. In accordance with that established in IFRIC 21, it was considered that this expense was accrued at the time of the entry into force of this Royal Decree-Law (22nd March 2013), as it involved a contribution that does not depend on the future activity of the Parent Entity and should be recognised as a liability in full on said date, regardless of the date of its payment. The Parent Entity paid 3,494 thousand euros on 30 September 2014. On 17 December 2014, the Management Committee of the Deposit Guarantee Fund for Credit Institutions, in accordance with the capacities conferred by the above-mentioned legislation, agreed that the remainder of said second tranche should be disbursed through two payments of equal amounts on 30 June 2015 and on 30 June 2016. On 30 June 2015 the Parent Entity paid 10,480 thousand euros. As at 31 December 2015, 10,480 thousand euros was outstanding, which was paid on 30 June 2016, thus the total amount of the second tranche has been paid.

In 2022, the cost incurred for all contributions made to this body amounted to 30,734 thousand euros (28,431 thousand euros in 2021), which was recognised under "Other operating costs" in the accompanying consolidated profit and loss account (Note 56).

#### 11. Audit fees

During 2022 and 2021, the fees for the audit of the individual and consolidated annual accounts of the Group companies and other services provided to Group companies by the Parent's auditor, PricewaterhouseCoopers Auditores, S.L., and by companies related to the auditor by control, common ownership or management, were as follows:

	Thousands of euros	
	2022	2021
Audit Services	495	527
Other Verification Services	113	111
<b>Total Audit and Related Services</b>	<b>608</b>	<b>638</b>
Tax Advisory Services	-	4
Other Services	52	195
<b>Total Other Professional Services</b>	<b>52</b>	<b>199</b>

#### 12. Events after the balance sheet date

In May 2017, the IASB issued IFRS 17 on Insurance Contracts, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, replacing the current IFRS 4. The new standard underwent slight amendments after it was initially issued, until June 2020, when the definitive version was published.

IFRS 17 enters into force for financial years beginning on or after 1 January 2023, introducing substantial changes with respect to the previous standards and with the basic aim of increasing homogeneity and comparability between entities.

The Group companies mainly impacted by this standard are Seguros Lagun Aro Vida S.A. and Seguros Lagun Aro S.A.

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The consolidated annual accounts for 2023 will be presented under the new standard, including the data for 2022 for comparative purposes. Any valuation differences resulting from the first application will be recorded in the consolidated net equity. The impact on equity will be calculated by comparing the assets and liabilities of insurance and reinsurance contracts valued under both standards (IFRS 4 and IFRS 17), applying the fair value approach proposed by IFRS 17. The Group has evaluated the possibility of applying the full retrospective approach, concluding that it is impracticable.

The adoption of the new standards introduces profound changes in the accounting processes and systems of insurance companies. The Group has worked in recent years on an implementation project to cover these changes and ensure control over the new process. At the date of preparing these consolidated annual accounts, the project is in its final phase, in accordance with the established deadlines.

The implementation began in 2019, analysing the impacts of the changes introduced with respect to IFRS 4, defining the methodological criteria, developing the actuarial modelling and carrying out the preparation and adaptation of the necessary data for the new regulatory framework. Likewise, a new accounting plan has been drawn up that includes the new requirements regarding the valuation and breakdown of financial information on insurance contracts. In order to guarantee control over the entire accounting process, a robust governance framework has been drawn up for the IFRS 17 calculation process and its reporting to the Group.

Throughout 2022, the Group worked on evaluating the quantitative impacts of the transition, as well as on preparing the comparative information for 2022 that will be presented in the annual accounts for the year 2023.

The main changes introduced by IFRS 17 are detailed below:

- IFRS 17 defines what an insurance contract is and establishes principles for entities to classify their contracts. Likewise, it identifies that, within insurance contracts, there may be service components, which should be separated and valued under IFRS 15, and investment components, to which IFRS 9 would apply.

The Group has carried out the necessary analyses and has concluded that all the contracts of its insurance business meet the requirements to be considered as insurance contracts and has not separated service or investment components. Therefore, all insurance contracts are valued under IFRS 17.

- IFRS 17 establishes three categories in which to classify insurance contracts: portfolios of similar risks that are managed jointly, cohorts and level of onerousness. Contracts are grouped based on these levels in the so-called units of account, which are the minimum calculation units. They are recorded in the accounts at this minimum level.

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The Group has grouped its contracts in accordance with the standards and records them in the accounts at the required level.

As of the transition date, the Group does not have onerous insurance contracts.

- IFRS 17 introduces three valuation methods for insurance contracts: The General method or Building Block approach (BBA), the Simplified method or Premium Allocation Approach (PAA) and the Variable Fee Approach (VFA). The General method will be used by default, unless certain conditions are met that allow the Simplified Method or the Variable Fee Approach to be applied.

The Building Block approach (BBA) introduces the following blocks in the valuation and involves relevant changes with respect to the valuation of IFRS 4:

- The Best Estimate of the total future cash flows within the limits of the contract, updated at the discount rate that reflects the time value of money and the financial risk associated with future cash flows.

The standard offers two methodologies for calculating the discount rate: bottom-up and top-down. The Group has decided to apply the bottom-up approach, based on the risk-free curve to which a spread is added to reflect the illiquidity of liabilities.

- The Risk Adjustment (RA) that reflects the uncertainty of the amount and time of payment of future cash flows caused by non-financial risks. The standard does not define a specific calculation method, but rather establishes a series of principles to be considered.

The Group has decided to apply the Value at Risk (VaR) approach, which, knowing the distribution function of the liability for insurance contracts and positioning ourselves in a percentile based on the uncertainty of the business and the moment of calculation, allows us to obtain the amount of RA.

- The Contractual Service Margin (CSM), which is calculated at issuance and represents the total future profit of the contract. This profit will be transferred to the profit and loss account during the contract coverage period as the service is provided.

IFRS 17 allows the variations due to the discount rate of the liability to be included in the entity's equity as part of "Other Comprehensive Income" instead of in the profit and loss account. In this way, it is possible to mitigate the impacts of the financial variations of the liability with the variations of the asset that is valued at fair value in "Other Comprehensive Income". The Group has decided to take advantage of this option for all insurance contracts issued as of 1 January 2023.



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The Simplified Method or Premium Allocation Approach (PAA) can be applied to those contracts with a duration of less than one year and to those that, even if their duration is longer, meet the requirements set by the standard. This method is based on the measurement of the liability based on the premium received and, if so decided, the deduction of acquisition costs, allocating the release of the provision to profit and loss based on the passage of time. This approach has a reduced impact with respect to the valuation of IFRS 4.

The Group applies the Building Block Approach (BBA) for its long-term products, which represent approximately 90% of its assets and liabilities for insurance and reinsurance contracts. The remaining 10% is valued under the Premium Allocation Approach (PAA) that is used for products with a duration of less than one year and those that, despite having a longer duration, after appropriate analysis, have met the requirements set by the standard.

The Group does not have contracts valued under the Variable Fee Approach.

- On the presentation in annual accounts, IFRS 17 establishes new breakdowns that eliminate relevant indicators such as premiums and variation of technical provisions.

Regarding the quantitative assessment of the transition impact, the main effect derives from the assessment of long-term liabilities. However, based on the calculations made, it does not represent a significant amount in the Group's equity. This impact originates mainly from two sources:

- Due to the Best Estimate hypotheses used under IFRS 17 with respect to IFRS 4 calculations, and the inclusion of the new concepts of Risk Adjustment (RA) and Contractual Service Margin (CSM).
- Due to the effect of the valuation of the liabilities with the new discount rates with respect to the rates applied in the IFRS 4 provisions.

As of 1 January 2022, as a result of adaptations to IFRS 17, the Group estimates a negative effect on net equity of approximately 24 million euros (1 million euros in Seguros Lagun Aro S.A. and -25 million in Seguros Lagun Aro Vida S.A.). With the information available at the date of preparing these consolidated annual accounts, the Group estimates that the impact on equity as of 1 January 2023 will become positive, amounting to approximately 1 million euros (1 million euros in Seguros Lagun Aro S.A. and 0 million in Seguros Lagun Aro Vida S.A.).

The positive variation in the impact of IFRS 17 experienced in equity between 1 January 2022 and 1 January 2023 is mainly due to the evolution of interest rates, which has resulted in a decrease in liabilities valued under the Building Block Approach (BBA). This variation is included in "Other accumulated comprehensive income" offsetting the valuation adjustments of the assets recorded in this heading.

The Group currently continues to assess the final impact that will be included in the consolidated annual accounts for the year ended 31 December 2023.

In the period between 31 December 2022 until the date on which these consolidated annual accounts were prepared, no additional events have taken place that significantly affect the Group.

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**13. Accounting principles and standards and valuation criteria applied**

The most significant accounting principles and standards applied in the preparation of these consolidated annual accounts are described below:

a) Going concern principle

When drawing up the consolidated annual accounts it has been assumed that the companies in the Group will continue to operate as going concerns in the foreseeable future. Therefore the application of accounting standards does not aim to determine consolidated assets and liabilities for the purposes of their overall or partial transfer or the amount that would result in the event of liquidation.

During the 2022 financial year, the invasion of Ukraine by Russia has caused, among other effects, a variation in the price of certain raw materials and the cost of energy, as well as the imposition of sanctions, embargoes and restrictions against Russia that affect the economy in general and companies with operations with and in Russia, specifically. Likewise, the current economic and geopolitical environment is marked by high inflation rates that the authorities are trying to tackle through monetary policy, both in the United States and at the European level, with significant increases in interest rates that, in the short and medium term, are generating a significant increase in the interest margin of financial institutions, including those in Europe. The extent to which the aforementioned armed conflict, as well as the main macro and microeconomic variables impact the investment portfolio, the credit portfolio, sources of financing and its impact on the profit and loss account of the Parent Entity and its Group will depend on the evolution of these variables and the possible occurrence of future events that cannot be reliably predicted at the date of preparing these consolidated annual accounts.

At the date of preparing of these consolidated annual accounts, there is still uncertainty surrounding the economic and financial impacts of the current economic and geopolitical situation, as well as its possible evolution in the future. However, after assessing the potential effects of the aforementioned situation on the main estimates included in these consolidated annual accounts, Management considers that it has high levels of solvency and liquidity that enable it to more than sustain business continuity in an environment such as the current one.

b) Accruals principle

These consolidated annual accounts, except with respect to the consolidated cash flow statements, have been prepared on the basis of the real flow of goods and services, irrespective of the date of payment or receipt of payment.

c) Other general principles

The consolidated annual accounts have been prepared in accordance with the historical cost approach, although modified by the revaluation, where appropriate, of land and buildings made on 1 January 2004, as indicated in Note 13.q, as well as the valuation at fair value of financial assets at fair value with changes in other comprehensive income and other financial assets and liabilities (including derivatives).



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The preparation of the consolidated annual accounts requires the use of certain accounting estimates. Similarly, Management is required to exercise judgement in the application of the Group's accounting policies. Estimates may affect the amount of assets and liabilities and the breakdown of contingent assets and liabilities at the date of the consolidated annual accounts and the amount of income and expenses over the period covered by the consolidated annual accounts. Although the estimates are based on Management's best understanding of the current and foreseeable circumstances, the final results could differ from such estimates.

#### d) Nature and operation of Financial derivatives

Financial derivatives are instruments that, in addition to providing a loss or a gain, may enable, under certain conditions, the offset of all or part of the credit and/or market risks associated with balances and transactions, using as underlying interest rates, certain indices, the prices of some securities, cross exchange rates or other similar references. The Group uses financial derivatives traded on organised markets or traded bilaterally with counter-parties on an over-the-counter (OTC) basis.

Financial derivatives are used to trade with customers who request them in order to manage the risks attaching to the Group's own positions (derivatives held for hedging) or in order to leverage changes in the relevant prices. Financial derivatives which may not be considered hedges are regarded as derivatives held for trading. The conditions that enable them to be accounted for as hedges are as follows:

- i) The financial derivative should cover the risk of changes in the value of assets and liabilities due to fluctuations in the interest rate and/or exchange rate (fair value hedge), the risk of changes in estimated cash flows resulting from financial assets and liabilities, highly probable foreseeable commitments and transactions (cash flow hedge) or the net investment risk in a foreign operation (hedging of net investment in foreign operations).
- ii) The financial derivative should efficiently eliminate any risk attached to the hedged item or position over the entire expected hedging period. Therefore it should have prospective efficiency, efficiency at the time the hedge is arranged under normal conditions and retrospective efficiency and there should be sufficient evidence that the efficiency of hedging will be maintained over the life of the item or position hedged.

In order to ensure the prospective and retrospective efficiency of hedging, the Group conducts the relevant efficiency tests which show that the variation in the fair value of the hedge is highly comparable to the variation in the fair value of the hedged item. Therefore, in accordance with the legislation in effect, it is assumed that the hedge is efficient when the accumulated variation in fair value of the hedging instrument varies from 80% to 125% of the accumulated variation in fair value of the hedged item. If a derivative complies at inception with the efficiency test and subsequently stops complying, it would thereafter be accounted for as a derivative held for trading and the hedging interruption rule would be applied.

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- iii) Proper documentary evidence must be kept to show that the Financial Derivative was contracted specifically as a hedge for certain specific balances or transactions, as well as of the way in which such efficient hedging was aimed to be achieved and measured, as long as the method used is consistent with the Group's management of its own risks.

Hedges may be applied to individual items or balances or financial asset and liability portfolios. In this latter case, the set of financial assets or liabilities to be hedged should share the same type of risk, this being understood to be the case when sensitivity to interest rate fluctuations of the individual items hedged is similar.

To make hedges, the Parent Entity uses derivatives of a different nature: derivatives of interest rate, variable income, currency, etc., depending on the type of underlying risk of the item that is to be hedged. Hedging instruments that can be used are mainly Interest Rate Swaps (IRS), Call Money Swaps (CMS), FRAs, Interest Rate Futures, Bond Futures, Equity Index Futures, Equity Futures, Forward Foreign Exchange Swaps, Interest Rate Options, Equity Index Options, Equity Options, Currency Options, Interest Rate Structure Options, Equity Structure Options and Equity Swaps.

Hedging with derivative instruments arranged by the Group which generally speaking are considered fair value hedges aim to totally or partly cover the risk of changes in the fair value of certain liabilities or deposits issued by the Parent Entity with respect to changes in interest rates or the fair value of certain equity instruments in the available-for-sale financial asset portfolio.

The financial derivatives implicit in other financial instruments or other principal contracts are carried separately as derivatives when their risks and characteristics do not relate closely to the principal contracts and provided that such principal contracts are not classified under the Trading Portfolio and Other financial assets or liabilities at fair value with changes in the profit and loss account.

The Parent Entity uses netting and collateral agreements signed with counter-parties as a risk mitigation policy for this concept, thereby minimising the exposure to eventual bankruptcy of the counterpart. As at 31 December 2022, the deposits received and delivered as collateral guarantee amount to 6,310 and 288,550 thousand euros, respectively, and are recorded under the headings "Financial liabilities at amortised cost - Other financial liabilities" and "Financial assets at amortised cost - Loans and advances" (260 and 585,678 thousand euros, respectively in the year 2021) (Notes 35 and 25).

In section e) Financial assets of this Note a description is provided of the measurement rules used for Financial derivatives.

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e) Financial assets

Financial assets are included for the purpose of their valuation in one of the following portfolios:

- i) Financial assets at amortised cost.
- ii) Financial assets at fair value with changes in other comprehensive income.
- iii) Financial assets obligatorily at fair value with changes in results:
  - a. Financial assets held for trading
  - b. Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss
- iv) Financial assets designated at fair value through profit or loss

The classification in the previous categories is made on the basis of the following two elements:

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

Business model

Business model is the way in which financial assets are managed to generate cash flows. The business model is determined considering how groups of financial assets are jointly managed to achieve a specific objective. Therefore, the business model does not depend on the intentions of the group for an individual instrument but is determined for a set of instruments.

The business models used by the Group are:

- Maintenance of financial assets to receive their contractual cash flows: under this model, financial assets are managed with the objective of collecting their concrete contractual cash flows and not to obtain a global return by retaining and selling assets. Notwithstanding the foregoing, disposals prior to the expiration of the assets are permitted under certain circumstances. Among the sales that may be compatible with a model of holding the assets to receive contractual cash flows are those that are infrequent or insignificant, those of assets close to maturity, those motivated by an increase in credit risk and those made to manage the risk of concentration.
- Sale of financial assets.
- Combination of the two previous business models (maintenance of financial assets to receive their contractual cash flows and sale of financial assets): This business model implies the realisation of sales of more frequent and higher value assets, these being essential to the business model.

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#### Characteristics of contractual cash flows of financial assets

A financial asset must be classified in the initial moment in one of the following two categories:

- Those whose contractual conditions give rise, on specified dates, to cash flows consisting only of principal and interest payments on the outstanding principal amount.
- Rest of financial assets.

For purposes of this classification, the principal of a financial asset is its fair value at the time of initial recognition, which may change throughout the life of the financial asset; for example, if there are refunds of principal. Likewise, interest is understood as the sum of the consideration for the time value of money, for the financing and structure costs, and for the credit risk associated with the amount of principal pending collection during a specific period, plus a profit margin.

#### Classification of portfolios for valuation purposes

The Group classifies a financial asset, for the purposes of its valuation:

- In the portfolio of "Financial assets at amortised cost", when the following two conditions are met:
  - a. it is managed with a business model whose objective is to maintain financial assets to receive contractual cash flows, and
  - b. the contractual conditions give rise to cash flows on specified dates, which are only payments of principal and interest on the outstanding principal amount (SPPI test).
- In the portfolio of "Financial assets at fair value with changes in other comprehensive income", when the following two conditions are met:
  - a. it is managed with a business model whose objective combines the perception of the contractual cash flows of the financial assets and the sale, and
  - b. the contractual conditions give rise to cash flows on specified dates, which are only payments of principal and interest on the outstanding principal amount (SPPI test).
- The "Financial assets held for trading" portfolio includes all instruments for which any of the following characteristics are met:
  - a. are originated or acquired with the objective of realising them in the short term.
  - b. be part of a group of financial instruments identified and jointly managed for which there is evidence of recent actions to obtain short-term gains.
  - c. they are derivative instruments that do not meet the definition of a financial guarantee contract or have been designated as hedge accounting instruments.
- In the portfolio of "Financial assets at fair value with changes in results": provided that due to the Entity's business model for its management or due to the

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characteristics of its contractual cash flows it is not appropriate to classify it in any of the previous portfolios.

They constitute an exception to the general valuation criteria described above for investments in equity instruments. In general, the Group exercises the option in the initial recognition and irrevocably by including in the portfolio of financial assets at fair value through changes in other comprehensive income investments in equity instruments that are not classified as held for trading and that, in case of not exercising said option, they would be classified as financial assets obligatorily at fair value with changes in results.

Regarding the evaluation of the business model, this does not depend on the intentions for an individual instrument, but is determined for a set of instruments, taking into account the frequency, the amount and calendar of sales in previous years, the reasons for said sales and expectations in relation to future sales. The infrequent or insignificant sales, those close to the maturity of the asset and those motivated by increases in the credit risk of the financial assets or to manage the concentration risk, among others, may be compatible with the model of holding assets to receive cash flows of contractual cash.

If a financial asset contains a contractual clause that may modify the calendar or the amount of contractual cash flows (such as early redemption clauses or extension of duration), the Group determines whether the cash flows that will be generated during the life of the instrument due to the exercise of said contractual clause are only payments of principal and interest on the amount of the outstanding principal. For this, the contractual cash flows that may be generated before and after the modification of the calendar or amount of the contractual cash flows are considered.

At the same time, in the case that a financial asset contemplates a periodic adjustment of the interest rate but the frequency of that adjustment does not coincide with the term of the reference interest rate (for example, the interest rate is adjusted every three months at the one-year rate), the Group evaluates, at the time of initial recognition, this mismatch in the interest component to determine whether the contractual cash flows represent only principal and interest payments on the outstanding principal amount.

The contractual conditions that, at the time of initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional and highly unlikely events (such as the issuer's settlement) do not prevent their classification in amortised cost portfolios or fair value with changes recorded in other comprehensive income.

- v) Derivatives - hedge accounting that includes the financial derivatives purchased or issued by the Group which qualify for consideration as accounting hedges.
- vi) Changes in the fair value of the hedged items in a portfolio with interest rate risk as the counterpart of the amounts credited to the consolidated profit and loss account resulting from the measurement of the financial instrument portfolios which are efficiently hedged against the interest rate risk through fair value hedging derivatives.

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- vii) Investments in joint ventures and associates which include equity instruments in Jointly-controlled or Associated Entities.

Jointly-controlled Entities are the Investees that are jointly controlled by the Group and by other entities or entities not related to the Group and the joint ventures. Joint ventures are the contractual agreements by virtue of which two or more entities or participants carry out operations or maintain assets in such a way that any strategic decision of a financial or operative nature that affects them requires the unanimous consent of all the participants, without such operations or assets being integrated into financial structures different from those of the unit holders.

Associates are investees in which the Group has a significant influence. This significant influence is demonstrated, in general, although not exclusively, by holding a participation, directly or indirectly through another or other participated companies, of 20% or more of the voting rights of the participated company.

- viii) Assets covered by insurance or reinsurance contracts that correspond to the rights to be reimbursed by the insurance companies of part or all of the disbursement required in order to cancel a defined-benefit obligation when the insurance policies fail to meet the conditions to qualify as a Plan asset.
- ix) Non-current assets and disposal groups that have been classified as held for sale of a financial nature corresponding to the carrying amount of individual items, integrated in a disposal group or forming part of a business unit that are intended to be disposed of (discontinued operations) and the sale of which is highly likely to be completed, in the condition in which such assets are currently held, within one year from the annual accounts reporting date. Therefore, the book value of these financial items will presumably be recovered through the price obtained upon disposal. There are other non-current non-financial assets for sale, the accounting treatment of which is described in Note 13.v).

Recognition and measurement

At the time of initial recognition, all financial instruments will be recorded at their fair value. They are subsequently measured at the accounting close in accordance with the following criteria:

- i) Financial assets are measured at fair value except financial assets at amortised cost and investments in joint ventures and associates and financial derivatives that have such equity instruments as underlying assets and are settled through their delivery.
- ii) The fair value of a financial asset is understood to be the amount at which it may be delivered between duly informed interested parties in an arm's length transaction. The best evidence of fair value is the quote on an active market that is an organised, transparent and deep market.



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Where there is no market price for a specific financial asset, fair value is estimated on the basis of the value established on recent transactions involving similar instruments and, alternatively, sufficiently verified valuation models. Similarly, the specific characteristics of the asset to be measured are taken into account and in particular, the different types of risks associated with the financial asset. Nonetheless, the actual limitations of the measurement models developed and the possible inaccuracies in the assumptions required by these models may mean that the fair value thus estimated of a financial asset does not exactly agree with the price at which it could be bought or sold at the measurement date.

- iii) The fair value of financial derivatives quoted on an active market is the daily price and if, for exceptional reasons, its price on a given date cannot be established, similar measurement methods may be used to those employed to measure OTC financial derivatives.

Derivatives without market or for which there is a weak market are valued following the most consistent and appropriate economic methodologies, maximizing the use of observable data and considering any factor that a market participant would value, such as: a) recent transactions of other instruments that are substantially equal, b) discount of cash flows, c) market models to value options. The techniques applied are those used preferentially by market participants and have been shown to provide the most realistic estimate of the price of the instrument.

Upon initial recognition, all financial derivatives are recorded at fair value. At the time of initial recognition, the best evidence of the fair value of a financial instrument is normally the transaction price. The Laboral Kutxa Group does not carry out any relevant transactions with derivative instruments whose fair value at initial recognition differs from the transaction price.

- iv) Financial assets at amortised cost are valued at amortised cost, using the effective interest rate method in their calculation. Amortized cost is understood to be the acquisition cost of a financial asset as adjusted for the repayment of the principal and the part allocated to the profit and loss account through the effective interest rate method of the difference between the initial cost and repayment value at maturity and less any impairment losses directly recognised as a decrease in the amount of the asset or through a value adjustment account. For Loans and receivables that are hedged in fair-value hedging operations, any changes that occur in their fair value relating to the risk or the risks being hedged by said hedging operations are recorded.

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The effective interest rate is the discount rate which brings the value of a financial instrument exactly into line with estimated cash flows over the instrument's expected life on the basis of the relevant contractual conditions such as early repayment options, not taking into account losses resulting from future credit risks. For fixed- interest financial instruments, the effective interest rate agrees with the contractual interest rate established at the time of acquisition plus, if appropriate, the fees which, by nature, may be likened to an interest rate. For variable interest rate financial instruments, the effective interest rate agrees with the rate of return in effect for all items through to the first review of the reference rate.

For financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting the transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognised immediately in the consolidated profit and loss account.

Transaction costs are defined as expenses directly attributable to the acquisition or disposition of a financial asset, or to the issuance or assumption of a financial liability, which would not have been incurred if the Entity had not made the transaction.

Items receivable for commercial operations that do not have a significant component of financing and commercial loans and short-term debt instruments that are initially valued at the transaction price or its principal, respectively, are valued at that amount minus correction of value for impairment, estimated as described in section h) of this same Note 13.

In 2019, the Group completed an internal project to identify the direct and incremental transaction costs of credit investment operations. As a result, certain identified transaction costs are initially recognised as an increase in the value of the asset and included in the determination of the effective interest rate, reducing it for financial assets through their accrual over the life of the transaction (see Note 25-b.2).

Changes in the book amount of financial assets are generally recognised with a balancing entry in the consolidated profit and loss account, distinguishing between those arising from the accrual of interest and similar items, which are recognised under "Interest Income", and those corresponding to other causes, which are recognised, at their net amount, under "Profit or (-) loss on financial assets and liabilities held for trading, net", "Profit or (-) loss for financial assets not intended for trading, which are necessarily valued at fair value through profit or loss, net" or "Profit or (-) loss on assets and liabilities allocated at fair value through profit or loss, net" in the consolidated profit and loss account.



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However, changes in the carrying amounts of the instruments included under "Financial assets at fair value through other accumulated comprehensive income" are recognised temporarily under "Other accumulated comprehensive income" in consolidated net Equity unless they arise from exchange differences on monetary financial assets. The amounts included in the heading "Other accumulated comprehensive income" remain part of the consolidated Net Equity until the reduction in the consolidated balance sheet of the asset in which they originate occurs, at which time they are written off against the profit and loss account and consolidated earnings, recorded under "Gains or losses upon derecognition in financial assets and liabilities not valued at fair value through profit or loss, net", in the case of debt instruments and "other reserves", in the case of equity instruments.

In the case of Financial assets designated as hedges and hedged items, fair value differences are recognised as follows:

- i) For fair value hedges, differences in hedges and hedged items, with respect to the type of risk being hedged, are recognised directly in the consolidated profit and loss account.
- ii) Measurement differences relating to the inefficient part of cash-flow hedges and net investment in foreign operation hedges are taken directly to the consolidated profit and loss account.
- iii) For cash flow hedges, measurement differences arising on the efficient part of the cover of the hedges are temporarily recorded under Accumulated other comprehensive income to consolidated equity.
- iv) For net investment in foreign operation hedges, measurement differences arising on the efficient part of hedge cover are temporarily recorded under Accumulated other comprehensive income to consolidated equity.

In these latter two cases, measurement differences are not recognised as results until the gains or losses on the hedged item are recorded in the consolidated profit and loss account or until the expiry date of the hedged item.

#### Reclassification between financial instrument portfolios

Only when the Group changes its business model for the management of financial assets would all the affected financial assets be reclassified in accordance with the following sections. Said reclassification is made prospectively from the date of the reclassification, without it being appropriate to restate previously recognised gains, losses or interests. In general, changes in the business model occur very infrequently, in the following cases:

- i) If the Group reclassifies a debt instrument from the amortised cost portfolio to that of fair value through profit or loss, the Group must estimate its fair value at the date of reclassification. Any loss or gain that arises, due to the difference between the previous amortised cost and the fair value, will be recognised in the consolidated profit and loss account.

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- ii) If the Group reclassifies a debt instrument from the fair value portfolio with changes in profit or loss to amortised cost, the fair value of the asset at the reclassification date will change to its new gross carrying amount.
- iii) If the Group reclassifies a debt instrument from the amortised cost portfolio to the fair value portfolio with changes in other comprehensive income, the entity must estimate its fair value at the reclassification date. Any loss or gain that arises due to differences between the previous amortised cost and fair value will be recognised in other comprehensive income. The effective interest rate and the estimate of the expected credit losses will not be adjusted as a result of the reclassification.
- iv) If a debt instrument is reclassified from the fair value portfolio with changes in other comprehensive income to that of amortised cost, the financial asset will be reclassified at fair value at the reclassification date. The cumulative loss or gain on the date of reclassification in other accumulated comprehensive income of equity will be cancelled using as a balancing item the carrying amount of the asset on the date of reclassification. Thus, the debt instrument will be valued at the date of reclassification as if it had always been valued at amortised cost. The effective interest rate and the estimate of the expected credit losses will not be adjusted as a result of the reclassification.
- v) If the Group reclassifies a debt instrument from the fair value portfolio with changes in profit or loss to that of fair value with changes in other comprehensive income, the financial asset will continue to be measured at fair value, without modifying the accounting for changes in value registered previously.
- vi) If the Group reclassifies a debt instrument from the fair value portfolio with changes in other comprehensive income to that of fair value through profit or loss, the financial asset will continue to be measured at fair value. The loss or gain accumulated previously in "other accumulated comprehensive income" of the net equity will be transferred to the result of the period on the reclassification date.
- vii) When the investment in a subsidiary, joint venture or associate ceases to qualify as such, the retained investment, if any, will be measured at its fair value at the reclassification date, recognizing any gain or loss that arises, as a difference between the amount in books prior to reclassification and said fair value, in profit or loss or in other comprehensive income, as applicable, based on the subsequent valuation of the investment retained.

During 2022 and 2021 there were no reclassifications between portfolios of financial instruments, nor sales of financial assets at amortised cost/investments held until maturity.

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f) Financial liabilities

Classification

Financial liabilities are classified in the consolidated balance sheet as follows:

- i) Financial liabilities held for trading which includes the financial liabilities that have been issued for the purpose of buying them back on a current-asset basis, are part of a portfolio of financial instruments identified and managed jointly for which action has recently been taken to make short-term gains or are derivatives not designated as hedges in the accounts or originate in the firm sale of financial assets acquired on a current-asset basis or received on loan.
- ii) Financial liabilities designated at fair value through profit or loss that relate to financial liabilities designated at initial recognition by the Group or when more relevant information is obtained upon recognition due to the fact that:
  - They eliminate or significantly reduce incoherency in the recognition or measurement that would arise by measuring assets or liabilities, or through the recognition of gains or losses, using different criteria.
  - A group of financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information about that group is also provided on a fair value basis to key management personnel.
- iii) Financial liabilities measured at amortised cost that correspond to the financial liabilities that do not fit into any of the other categories on the consolidated balance sheet and relate to operations typically carried out by financial institutions to bring in funds, regardless of how they are instrumented and their terms.
- iv) Derivatives – Hedge accounting that includes the financial derivatives purchased or issued by the group which qualify for consideration as accounting hedges.
- v) Changes in the fair value of the hedged items in a portfolio with interest rate risk as the counterpart of the amounts credited to the consolidated profit and loss account resulting from the measurement of the financial instrument portfolios which are efficiently hedged against the interest rate risk through fair value hedging derivatives.

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- vi) Share capital repayable on demand, which includes the amount of the financial instruments issued by the Group that, although regarded as capital from a legal viewpoint, do not comply with the requirements to be classed as Equity. They are measured as Financial liabilities at amortised cost unless the Group has designated them as Financial liabilities at fair value through profit or loss, if they qualify.

The articles of association of the Parent Entity establish that the return of member contributions will be conditional both on the favourable agreement of the Parent Entity Governing Board and that with this return there is no insufficient hedging of the minimum share capital, equity or solvency ratio.

- vii) Liabilities included in disposal groups classified as held for sale which relate to the credit balances arising from non-current assets and disposal groups classified as held for sale.

Recognition and measurement

Financial liabilities are recorded at amortised cost, as defined for financial assets in Note 13.e, except in the following cases:

- i) Financial liabilities included under the headings Financial liabilities held for trading and Financial liabilities at fair value through profit or loss are carried at fair value, as defined for financial assets under Note 13.e. The financial liabilities hedged in fair value hedges are adjusted and any changes in their fair value in relation to the risk hedged in the hedge are recognised under "Micro-hedging transactions" in the heading to which these financial liabilities belong.
- ii) Financial derivatives for which the underlying is an equity instrument whose fair value cannot be determined in a sufficiently objective manner and which are settled through their delivery are measured at cost.

Variations in the book value of financial liabilities are generally accounted for with the balancing entry in the consolidated profit and loss account, differentiating between those arising on the accrual of interest and similar charges, which are carried under "Interest expenses", and those which relate to other causes, which are carried at net value under "Profit or loss on financial assets and liabilities held for trading, net" or "Profit or loss on financial assets and liabilities designated at fair value through profit or loss, net" in the consolidated profit and loss account.

Valuation differences in financial liabilities designated as hedged items and accounting hedges are recorded taking the criteria indicated for Financial assets in Note 13.e into account.

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g) Transfer and write-off of financial instruments from the consolidated balance sheet

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 benefits are substantially transferred to third parties, such as unconditional sales, sales under a repurchase agreement at fair value at the date of repurchase, sales of financial assets with a call or put option written deeply out of money, asset securitisations in which the transferor does not retain subordinated financing or grant any type of credit enhancement to the new holders, etc., the transferred financial instrument is deregistered and any rights or obligations retained or created as a result of the transfer are recognised simultaneously.
- ii) If the risks and benefits associated with the transferred financial instrument are substantially retained, such as on the sale of financial assets under a repurchase agreement at a fixed price or at the sale price plus interest, securities lending contracts in which the borrower is required to repay the same or similar assets, etc., the transferred financial instrument is not deregistered from the consolidated balance sheet and continues to be measured using the same criteria used prior to the transfer. Nonetheless, the associated financial liability is recognised for accounting purposes for an amount equal to the consideration received which is measured subsequently at amortised cost, together with the revenue from the financial asset transferred but not written off and the expenses relating to the new financial liability.
- iii) If the risks and benefits linked to the financial instrument being transferred are neither substantially transferred nor substantially retained, as in the case of sales of financial assets with call and put options not written deeply in or out of money, securitisations of assets where the assignor assumes subordinate financing or any other kind of credit enhancement for a part of the asset transferred, etc., a distinction is made between:
  - If the Group does not retain control of the financial instrument transferred, in which case it is written off the consolidated balance sheet and any right or obligation retained or created as a result of the transfer is recognised.
  - If the Group retains control of the financial instrument transferred, in which case it continues to recognise it in the balance sheet for an amount equal to its exposure to any changes in value and a financial liability associated with the financial asset transferred is recognised in an amount equal to the compensation received. This liability will be subsequently measured at its amortised cost, unless it meets the requirements to be classified as a financial liability at fair value through changes in profit and loss. As this does not constitute a present obligation, when calculating the amount of this financial liability a deduction will be made in the amount of financial instruments (such as securitisation bonds and loans) owned by the Entity, and which constitute financing for the Entity, to which financial assets have been transferred, to the extent that these instruments specifically finance the transferred assets. The net amount of the asset transferred and associated liability will be the amortised cost of the rights and obligations retained if the asset transferred is measured at amortised cost or the fair value of the rights and obligations retained, if the asset transferred is measured at fair value.

Financial assets are, therefore, only written off the consolidated balance sheet when the cash flows they generate have been extinguished or when the risks and benefits they implicitly

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carry have been substantially transferred to third parties. Similarly, financial liabilities are only written off the consolidated balance sheet when the obligations that they generate have been extinguished or when they are purchased with a view to their cancellation or replacement.

In the consolidated annual accounts for the 2022 and 2021 financial years, the Group fully consolidated the securitisation funds Caja Laboral 1, F.T.A. and I.M. Caja Laboral 2, F.T.A., to which the Group transferred certain loans in 2006 and 2008, respectively (see Notes 25 and 35).

However, the Group has not recognised, unless they are to be recorded as income from a transaction or a subsequent event, the financial assets and liabilities for transactions arising before 1 January 2004, other than derivative instruments, written off from the consolidated balance sheet under the former applicable legislation.

**h) Impairment of financial assets and other credit exposures**

The Group applies the impairment requirements to debt instruments that are measured at amortised cost and at fair value through changes in other comprehensive income, as well as at other exposures that involve credit risk such as loan commitments, financial guarantees granted and other commitments granted.

The objective of the requirements of IFRS 9 on impairment is to recognise the expected credit losses of the operations, evaluated on a collective or individual basis, considering all reasonable and well-founded information available, including prospective.

Impairment losses for the period in the debt instruments are recognised as an expense under the heading "Impairment of value or (-) reversal of impairment of financial assets not valued at fair value through profit or loss and net gains or losses due to modification" of the consolidated profit and loss account. Impairment losses on debt instruments are recognised against a provision allowance account which reduces the carrying amount of the asset.

Hedges for impairment losses on exposures that involve credit risk other than debt instruments are recorded as a provision in the "Provisions - Commitments and guarantees granted" heading of the balance sheet. The provisions and reversals of these hedges are recorded under the heading "Provisions or (-) reversal of provisions" in the consolidated profit and loss account.

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The impairment criteria, by type of instrument and portfolio are summarised below:

#### **Debt instruments measured at amortised cost and off-balance sheet exposures**

In order to determine impairment losses, the Group monitors borrowers individually, at least those who are significant borrowers, and collectively, for groups of financial assets that present similar credit risk characteristics that indicate of the capacity of the borrowers to pay their outstanding amounts. When a particular instrument cannot be included in any group of assets with similar risk characteristics, it will be analysed on a solely individual basis to determine whether it is impaired and, if so, to estimate the losses due to impairment.

The Group has policies, methods and procedures to estimate the losses that may arise as a result of its credit risks, both due to insolvency attributed to counter-parties and due to country risk. These policies, methods and procedures are applied when granting, modifying, evaluating, monitoring and controlling the operations of debt instruments and off-balance sheet exposures, as well as in the identification of their possible impairment and, where applicable, when calculating the necessary amounts to cover such estimated losses.

#### **Accounting classification based on credit risk attributable to insolvency**

The Group has established criteria to identify borrowers who present weaknesses or objective evidence of impairment and classify them according to their credit risk.

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

#### 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 the credit risk due to insolvency, as:

- i) Standard exposures:
  - a. Includes all operations that do not meet the requirements to be classified in other categories (Stage 1).
  - b. Standard exposure subject to special monitoring: This category includes all transactions that, without meeting the criteria for classification as doubtful or write-offs, present significant increases in credit risk since their initial recognition (Stage 2) or other qualitative criteria indicated by current regulations and in the Group's internal credit risk management policies, including, among others, non-payments of between 30 and 90 days.



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The Group has a system of ratios and indicators to assess the existence of significant increases in credit risk for risks with legal entities. This system is based on the monitoring and detection of transactions affected by the customer's asset situation, their cash generation capacity and the relationship between cash generation capacity and bank debt. Exceeding certain thresholds in the indicators defined by the entity will determine the existence of a significant increase in credit risk.

ii) Doubtful risk (Stage 3):

- a. As a result of borrower arrears: This category includes the value of debt instruments, irrespective of their holder and guarantee, which have any contractually agreed amount due in terms of principal, interest or expenses and which are more than 90 days old, unless they are classified as non-performing. Also included in this category are the guarantees given if the guaranteed party has fallen into arrears in the guaranteed transactions.

This category includes all the transactions of a holder when transactions with amounts with more than 90 days past due exceed 20% of the amounts outstanding. For the sole purpose of determining the aforementioned percentage, the gross carrying amount of non-performing transactions for overdue amounts shall be taken as the numerator and the gross carrying amount of all debt instruments granted to the holder as the denominator. If the percentage calculated in this way exceeds 20%, both debt instruments and off-balance-sheet exposures involving credit risk of the holder shall be transferred to doubtful status on account of non-performance.

- b. Doubtful risk for reasons other than default of the holder: This includes debt instruments, whether due or not, in which, without the circumstances being present to classify them as bad or doubtful due to the default of the holder, there is reasonable doubt as to their total repayment (principal and interest) under the terms agreed in the contract; as well as off-balance sheet exposures not classified as doubtful due to the holder's default, for which payment by the Group is probable and their recovery is doubtful.

This category would include, inter alia, operations where the holders are in a situation involving a deterioration in their solvency. The Entity has a system of ratios and indicators to identify the existence of deterioration in solvency for risks with legal entities. This system is based on the monitoring and detection of transactions affected by the customer's asset situation and their cash generation capacity. Exceeding certain thresholds in the indicators defined by the entity will determine the existence of a deterioration in solvency and, consequently, their classification as doubtful risk.



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- iii) Failed risk: This category includes debt instruments, whether matured or not, for which, after an individual analysis, their recovery is considered remote due to a notable or irrecoverable deterioration in the solvency of the operation or the holder. Classification in this category will entail the full write-off of the gross carrying amount of the transaction and its total derecognition from the asset.

#### 2) Classification criteria for transactions:

The Group applies diverse criteria to classify borrowers and operations into different categories based on their credit risk. These categories include:

- Automatic criteria;
- Specific criteria for refinancing; and
- Criteria based on models for monitoring certain parameters.

The automatic factors and specific criteria for refinancing constitute a classification and cure process and are applied to the entire portfolio. Furthermore, and with the objective of early identification of the weaknesses and impairment of the transactions, the Group establishes a monitoring model that allows their corresponding treatment to be assigned, depending on the different levels of default risk.

For significant borrowers, a predictive model of non-payment is established, consisting of a system of variables/alerts with which it aims to detect future situations of non-payment by customers, calibrate and quantify their seriousness and establish different levels of probability of risk of non-payment. An expert team of risk analysts analyses the borrowers with active alerts to draw conclusions about the existence of weaknesses or objective evidence of impairment and, in the case of evidence of impairment, whether the event or events causing the loss have an impact on the estimated future cash flows of the financial asset or its group.

Unless other reasons exist to classify them as doubtful risk, transactions classified as doubtful as a result of borrower arrears may be reclassified to standard exposures if, as a result of the collection of part of the overdue amounts, the causes that led to their classification disappear as doubtful risk and the borrower does not have amounts with more than 90 days past due in other transactions at the date of reclassification to the standard exposure category. If they are doubtful for reasons other than borrower arrears, they may be reclassified to standard exposure if the reasonable doubts about their full repayment under the contractual terms disappear and the borrower does not have amounts with more than 90 days past due in other transactions at the date of reclassification to the standard exposure category.

#### Operations purchased or originated with credit deterioration

The credit loss expected on the purchase or origination of these assets is not part of the hedge or gross carrying amount at initial recognition. When a transaction is purchased or originated with credit impairment, the hedge is equal to the cumulative amount of changes in expected credit losses over the life of the transactions after initial recognition and interest income on these assets is calculated by applying the effective interest rate adjusted for credit quality to the amortised cost of the financial asset.

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#### Refinancing and restructuring operations

The credit risk management policies and procedures applied by the Group ensure that borrowers are closely monitored and that provisions are made when there is evidence of a deterioration in their solvency. For this purpose, the Group constitutes the insolvency provisions for transactions in which the borrower's circumstances requires them, prior to formalising the restructuring/refinancing operations, which should be understood as follows:

- **Refinancing operation:** operation which, regardless of the title holder or guarantees, is granted or used for economic or legal reasons related to current or foreseeable financial difficulties of the holder(s) to repay one or more operations granted, by the entity itself or by other entities of its group, to the holder(s) or other company(ies) in the same economic group, or by which it brings such transactions wholly or partly up to date with payment, in order to make it easier for the holders of the transactions repaid or refinanced to pay their debt (principal and interest) because they cannot, or are not expected to be able to, comply with their conditions in a timely manner.
- **Restructured operation:** operation by which, due to economic or legal reasons related to current or foreseeable financial difficulties of the holder(s), the financial conditions are modified so as to make it easier to pay the debt (principal and interest) because the holder cannot, or is not expected to be able to, comply with the conditions in a timely manner, even when such modification is provided for in the contract. In all cases, restructured operations are those in which there is a release of debt or assets are received in order to reduce the debt, or in which the conditions are modified to extend their maturity, to vary the amortisation table in order to reduce the instalments in the short term or to reduce their frequency, or establish or extend the grace period for the payment of principal and/or interest, unless it can be proven that the conditions are modified for reasons other than the financial difficulties of the holders and are similar to those applied in the market at the modification date to operations granted to holders with a similar risk profile.

If a transaction is classified within a specific risk category, the refinancing transaction does not entail any automatic improvement in its risk assessment. For refinancing operating, its initial classification is established based on the characteristics of the operations, mainly that the borrower encounters financial difficulties, the fulfilment of certain clauses as well as long grace periods.

Subsequently to the initial classification, a reclassification into a lower risk category shall be considered if there is significant evidence of improvement in the expected recovery of the operation, either because the borrower has been paying for a long period or the initial debt has been repaid in a significant percentage.

From 2021, as a result of the entry into force of Circular 6/2021, in cases where the date of classification as doubtful of a refinanced or restructured transaction is after the date of the refinancing or restructuring transaction, one year must be counted from the date of classification of the transaction as doubtful risk in order to reclassify the transaction out of the doubtful risk category.

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#### Criteria for hedge estimates

The Group applies the criteria described below to calculate allowances and provisions for credit risk losses.

With regard to the transactions identified without negligible risk (fundamentally, transactions with central banks, general governments, public companies and financial entities, all of whom are European Union countries or determined countries deemed to be risk-free), a 0% hedge percentage is applied to them, except in the case of transactions classified as doubtful, where an individualised estimate of impairment is made.

#### 1) Individual hedging estimates:

The following items must be estimated individually:

- i) Hedging of doubtful debt operations and those under special surveillance of individually significant debtors. The Group has established a threshold of 3 million euros in terms of total risk exposure in order for borrowers to be considered significant.
- ii) The hedging of doubtful transactions that do not belong to a homogeneous risk group.
- iii) The hedging of transactions identified as having no appreciable risk and classified as doubtful, both because of non-performing loans and for reasons other than non-performing loans.

For calculating these hedge estimates, certain criteria are used by analysts who assign the corresponding level of provisions depending on the specific situation of the client and the operation, based on:

- i) Generation of cash flows: for debtors who are estimated as being capable of generating future cash flows through their own business activity, permitting through the development of their activity and the economic-financial structure of the borrower, the partial or full re-payment of the debt owed.
- ii) Recovery of guarantees: debtors without the ability to generate cash flows with the development of their own business, estimating the recovery of the debt through the execution of guarantees.

Similarly, the minimum hedges to be considered as an individualised estimate will be those applicable using the criteria of collective estimation for risks subject to analyses by accounting classification or, in the case of development sector operations, according to the criteria established in Royal Decree-Law 2/2012 dated 3 February.

#### 2) Collective hedging estimates:

The following are subject to collective estimation:

- i) Exposures classified as normal risk (including those classified under special surveillance), except for exposures classified as normal under special surveillance which, in accordance with the Group's policies, are subject to individual estimation.

For those debtors who do not exceed the threshold of significance and who, moreover, have not been classified as doubtful, the Group has established parameters that, once surpassed, assume their automatic classification as normal

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risk subject to special monitoring (as general criteria basis, more than 30 days and less than 90 days past due with arrears exceeding the amount of 300 euros).

- ii) Exposures classified as doubtful that are not assessed through individual hedge assessment

The impairment estimation process takes into account all credit exposures, both debt instruments and off-balance sheet exposures. In this regard, the Group has used the parameters and methodology established by the IFRS in force under a loss incurred methodology, as well as the rest of the local regulations in force, and which, based on the statistical data and models that aggregate the average performance of the banking sector entities in Spain and that support their full compatibility with the framework formed by IFRS, are applied to define the classification and calculation of the impairment of the balance sheet and off-balance sheet exposures. This methodology takes into account, among other things, the segment of credit risk to which the transaction belongs, effective collateral and personal guarantees received, the economic-financial situation of the debtor and, if applicable, the age of overdue amounts.

In addition, due to the current geopolitical situation, the Group has carried out an analysis of the impact that the deterioration of the economic and financial situation will have on the expected loss of its financial assets. As a result of this assessment, the Group has strengthened impairment allowances for certain exposures classified as normal and normal under special surveillance during the 2022 and 2021 financial years. Specifically, valuation adjustments have been recorded which mainly affect the following groups:

- i) Exposures classified as normal risk under special surveillance.
- ii) Exposures classified as normal risk belonging to certain sectors of economic activity considered vulnerable.
- iii) Certain credit operations granted to borrowers who, due to their vulnerable situation, have benefited from the support measures described in note 15.c).
- iv) Exposures classified as normal risk but in default as defined in Article 178 of EU Regulation 575/2013 and Bank of Spain Circular 3/2019.
- v) Exposures that have been classified as doubtful after the entry into force of Royal Decree 463/2020 of 14 March which declared a state of emergency for the management of the health crisis situation caused by COVI-19, and was effective until 31 May 2022.

These impairment losses have been recognised in the profit and loss account with a charge to "Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or (-) losses due to changes in value" (Note 62).

In estimates of credit risk allowances, the amount to be recovered from real estate collaterals will be the result of adjusting its reference value, by the adjustments necessary to adequately consider 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 the effective security interests by applying to their reference value the discounts estimated on the basis of its experience and existing information on the Spanish banking sector, in accordance with the methodology required by IFRSs and other applicable legislation.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Classification and coverage of credit risk due to country risk

Country risk is the risk involved in transactions with parties resident in a given country due to circumstances other than normal commercial risk (sovereign risk, transfer risk or risks arising from international financial activity). The Group classifies transactions conducted with third parties into different groups according to the economic trends of the countries, their political situation, the regulatory and institutional framework and the payment capacity and experience, and assigns percentages of insolvency provisions, pursuant to that set forth in current regulations.

Assets considered doubtful due to the materialisation of country risk are transactions in which the final borrowers are resident in countries experiencing long-term difficulties to meet their debt obligations, and the possibility of recovery is considered doubtful, as well as other off-balance sheet exposures whose recovery is considered remote due to circumstances attributable to the country.

The Group does not have significant provisions for this item at the close of 2022 and 2021, respectively.

#### Guarantees

Collateral and personal guarantees are defined as those which the Group is able to show as being valid as a means of mitigating credit risk. The analysis of the effectiveness of the collateral/guarantees takes into account, among others, the time required to execute them, the Group's capacity to do, as well as its previous experience in doing so.

Under no circumstances shall collateral/guarantees whose effectiveness depends substantially upon the credit quality of the debtor, or of any group to which the debtor may belong, be admissible.

In compliance with these conditions, collateral/guarantees can be defined as:

- i) Real estate mortgages, provided they are the first mortgage:
  - a. Complete buildings and parts thereof:
    - Housing.
    - Offices, commercial premises and multi-purpose industrial buildings.
    - Other buildings, such as single-purpose industrial buildings and hotels.
  - b. Urban land and regulated building land.
  - c. Other real estate.
- ii) Collateral in the form of pledged financial instruments:
  - Cash deposits
  - Debt securities and equity instruments issued by creditworthy issuers.
- iii) Other types of collateral:
  - Personal property received as collateral.
  - Second and subsequent mortgages of properties.
- iv) Personal guarantees, which imply the direct and joint liability of the guarantors to the client, and it is these persons or entities whose liquidity has been sufficiently proved for the purposes of guaranteeing the full amortisation of the transaction under the terms agreed.

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The Group has collateral assessment criteria for assets located in Spain aligned with current regulations. In particular, the Group applies selection and contracting criteria of appraisers that are geared towards assuring the independence of the appraisers, and the quality of the appraisals. For this purpose, all of the appraisal companies are registered in the Bank of Spain Special Registry and the assessments are carried out according to the criteria established in Ministerial Order ECO/805/2003 on standards for the appraisal of real estate and certain rights for financial purposes.

The real estate collaterals for credit operations and properties are appraised when they are granted or registered, the latter through a purchase, foreclosure or in lieu of payment and when the asset has suffered a significant reduction in value. In addition, different updating criteria are applied, including the annual updating of doubtful and foreclosed risks as a general rule.

#### **Debt securities measured at fair value**

The amount of impairment losses incurred in debt securities included in the heading "Financial assets at fair value through changes in other comprehensive income" is equal to the positive difference between their acquisition cost, net of any amortisation of principal, and its fair value less any impairment loss previously recognised in the consolidated profit and loss account.

When there is objective evidence that the decline in fair value is attributable to impairment, the latent losses recognised directly under "Accumulated other comprehensive income" to consolidated equity are recorded immediately in the consolidated profit and loss account. If subsequently all or part of the impairment losses are recovered, the amount involved is recognised, in the consolidated profit and loss account for the recovery period.

In the case of debt securities classified under the heading "Financial assets at fair value through other comprehensive income", the Parent Entity considers that an impairment has occurred in the event of a non-payment of principal or coupon in excess of 90 days.

For debt securities classified under the heading Non-current assets and disposal groups classified as held for sale, any losses previously recognised in consolidated equity are considered realised and are recycled to the consolidated profit and loss account at the time of their classification.



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#### **Equity instruments**

In the case of equity investments in jointly controlled entities and associates, the Group estimates impairment losses by comparing the investments' recoverable and carrying amounts. These impairment losses are recognised in the consolidated profit and loss account in the year in which they arise and any subsequent reversals are similarly recognised in the consolidated profit and loss account in the year in which the impairment reversal occurs.

The Group considers, among others, the following indications to determine if there is evidence of impairment.

- Significant financial difficulties
- Disappearance of an active market for the instrument in question due to financial difficulties.
- Significant changes in the results compared to the data collected in budgets, business plans or objectives.
- Significant changes in the market of the issuer's equity instruments or its products or possible products.
- Significant changes in the global economy or in the economy of the environment in which the issuer operates.
- Significant changes in the technological or legal environment in which the issuer operates.

The amount of impairment losses on investments in subsidiaries and associates included under "Investments in joint ventures and associates" is estimated by comparing their recoverable amount with their book value. The latter will be the largest amount between fair value less costs to sell and their value in use.

#### **Income and expenditure on financial assets and liabilities**

Income and expenditure on financial instruments at amortised cost are recognised using the following criteria:

- a) Accrued interest is recorded in the profit and loss account, using the effective interest rate of the transaction over the gross carrying amount of the transaction (except in the case of doubtful assets, which is applied to the net book value).
- b) Other changes in value are recognised as income or expenditure when the financial instrument is derecognised, when it is reclassified, and, in the case of financial assets, when there are impairment losses or gains on its subsequent recovery.

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

- a) Changes in fair value are recognised directly in the profit and loss account, distinguishing, for instruments other than derivatives, between the portion attributable to accrued income on the instrument, which is recorded as interest or dividends depending on its nature, and the remainder, which is recorded as gains or losses on financial transactions in the appropriate line item.
- b) Accrued interest on debt instruments is calculated using the effective interest rate method.



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As an exception, the Group would recognise changes in the value of a financial liability designated at fair value through profit or loss, if applicable, as follows:

- a) the amount of the change in the fair value of the financial liability attributable to changes in that liability's own credit risk is recognised in other comprehensive income, which would be transferred directly to an item in reserves if the financial liability were derecognised; and
- b) the remaining amount of the change in the fair value of the liability is recognised in profit or loss.

Income and expenditure on financial assets at fair value through other comprehensive income are recognised in accordance with the following criteria:

- a) Accrued interest or, where appropriate, accrued dividends shall be recognised in the profit and loss account. Interest is treated in the same way as assets at amortised cost.
- b) Exchange rate differences are recognised in the profit and loss account in the case of monetary financial assets and in other comprehensive income in the case of non-monetary financial assets.
- c) In the case of debt instruments, impairment losses or gains on subsequent recoveries are recognised in the profit and loss account.
- d) The remaining changes in value are recognised in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts to be recognised in profit or loss are the same as those that would be recognised if it were measured at amortised cost.

When a debt instrument at fair value through other comprehensive income is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss. In contrast, when an equity instrument at fair value through other comprehensive income is derecognised, the amount of the gain or loss recognised in accumulated other comprehensive income is not reclassified to profit or loss, but to an item in reserves.

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

- i) Measurement of foreign currency accounts

The Group's functional currency is the Euro. Therefore all balances and transactions denominated in currencies other than the Euro are considered denominated in foreign currency.

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The equivalent value in thousands of euros of the total foreign currency assets and liabilities held by the Group as at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
US Dollars	109,751	17,361	117,627	33,343
Pounds sterling	3,079	1,589	2,483	2,387
Japanese yen	548	546	199	322
Swiss franc	2,573	902	3,008	93
Other	1,205	151	1,166	5,579
	<b>117,156</b>	<b>20,549</b>	<b>124,483</b>	<b>41,724</b>

The equivalent value in thousands of euros of the foreign currency assets and liabilities classified by type, held by the Group as at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Cash, cash balances at central banks and other on demand deposits	6,687	-	7,241	-
Financial assets held for trading	-	-	62	-
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	-	-	-	-
Financial assets at fair value with changes in other comprehensive income	31,343	-	30,855	-
Financial assets at amortised cost	79,126	-	86,325	-
Hedge accounting derivatives	-	-	-	460
Financial liabilities held for trading	-	-	-	-
Financial liabilities at amortised cost	-	19,307	-	40,815
Commitments and guarantees given	-	1,242	-	449
	<b>117,156</b>	<b>20,549</b>	<b>124,483</b>	<b>41,724</b>

When initially recognised, debtor and creditor balances denominated in foreign currency are translated to the functional currency using the spot exchange rate at the date of recognition, understood as the exchange rate for immediate delivery. After initial recognition, the following rules are applied to translate balances denominated in foreign currency to the functional currency:

- i) Monetary assets and liabilities are converted at the year-end exchange rate, understood as the average spot exchange rate at the date to which the financial statements relate.
- ii) Non-monetary items measured at cost are converted at the exchange rate on the date of acquisition.
- iii) Non-monetary items measured at fair value are converted at the exchange rate on the date on which fair value is determined.
- iv) Income and expenses are converted by applying the exchange rate on the transaction date. Nonetheless, the average exchange rate for the period is used for all transactions carried out in that period, unless there have been significant fluctuations. Depreciation/ amortisation is converted at the exchange rate applied to the relevant asset.

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Exchange differences arising on the conversion of receivable and payable balances denominated in foreign currency are generally recorded in the consolidated profit and loss account. Nonetheless, in the case of exchange rate differences that arise on non-monetary items measured at fair value, for which the fair value adjustment is recorded under Accumulated other comprehensive income to consolidated Equity, the component of the exchange rate relating to the revaluation of the non-monetary element is broken down.

Balances in the annual accounts of Investees where the functional currency is not the Euro are translated to Euro as follows:

- i) Assets and liabilities are converted through the application of the year-end exchange rate.
- ii) Income and expenses and cash flows are converted at the average exchange rates for the year.
- iii) Equity is converted at historical exchange rates.

Exchange differences resulting from the conversion of the Investees' annual accounts where the functional currency is not the Euro are recorded under Accumulated other comprehensive income in consolidated Equity.

None of the functional currencies of the Investees relates to economies deemed highly inflationary according to the criteria established in this respect. Therefore, as at the end of 2022 and 2021, there was no need to adjust the financial statements of any Investee to correct them for the effects of inflation.

#### j) Recognition of income and expenses

Income and expenses relating to interest and similar items are generally carried on an accruals basis and under the effective interest rate method. Dividends received from other companies are recognised as income when the right to receive them arises.

Fees paid or received for financial services, irrespective of their contractual denomination, are classified into the following categories, which determine their recognition in the consolidated profit and loss account:

- a) Credit fees: those that are an integral part of the performance or effective cost of a financing operation. These fees are received in advance, and may be:
  - i) Fees received for the creation or acquisition of financing transactions that are not valued at fair value with changes in profit and loss: they may include remuneration for activities such as the evaluation of the financial situation of the borrower, the evaluation and registration of various guarantees, the negotiation of operating conditions, the preparation and processing of documentation and the closing of the transaction. They are deferred and recognised in the consolidated profit and loss account over the life of the operation as an adjustment to the performance or effective cost of the operation. The fees accrued in 2022 and 2021 by product are as follows: Accrued financial fees in 2022 amounted to 2,845 thousand euros (9,024 thousand euros in 2021).

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- ii) Commissions agreed as compensation for the commitment to grant financing, when said commitment is not valued at fair value with changes in profit and loss and it is probable that the Group enters into a specific loan agreement. The recognition of income for these commissions is deferred, being charged to the consolidated profit and loss account over the expected life of the financing as an adjustment to the performance or effective cost of the operation. If the commitment expires without the entity making the loan, the commission is recognised as an income at the time of expiration.
  - iii) Commissions paid in the issuance of financial liabilities valued at amortised cost. They are included together with the related direct costs of the carrying amount of the financial liability, and are recognised in the consolidated profit and loss account as an adjustment to the effective cost of the operation.
- b) Non-credit commissions: are those derived from the provision of financial services other than financing operations, and may be:
- i) Related to the execution of a service provided over time, such as commissions for account management and those received in advance for issuing or renewing credit cards: the income will be recorded in the consolidated profit and loss account over time, measuring the progress towards full compliance with the execution obligation, in accordance with the criteria detailed in the following section. In the case of investment management fees on behalf of third parties, they shall be recorded by measuring the progress towards compliance with the obligation, applying the general criteria for the recognition of income and expenses to the costs of obtaining and complying with said contract.
  - ii) Related to the provision of a service that is executed at a specific moment: These commissions are accrued when the client gains control over the service, such as in the case of subscription of securities, currency exchange, advice or loan syndication (in this case, when the Group does not retain any part of the operation for itself or retains it under the same risk conditions as the rest of the participants). In credit operations in which the disposition of funds is optional for the credit holder, the availability commission for the part not disposed of will be recorded as income in the consolidated profit and loss account at the time of receipt.

An exception to the above criteria are financial instruments that are measured at fair value through profit or loss. For these instruments, the amount of the commission is recorded immediately in the consolidated profit and loss account.

Accrued commissions derived from products or services typical of the financial activity are presented separately from those derived from products and services that do not correspond to the typical activity, which are presented in the "Other operating income" heading of the consolidated profit and loss account.

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k) Offset of balances

Debtor and creditor balances arising in operations which, under contract or legislation, provide for possible offset and the intention is to liquidate them at their net amount or realise the asset and pay the liability simultaneously, are presented in the consolidated balance sheet at the net amount.

l) Financial guarantees

A financial guarantee contract is an agreement that requires the issuer to make specific payments to reimburse the creditor for any loss incurred when a specific debtor fails to comply with repayment obligations in accordance with the original or amended conditions of a debt instrument, regardless of their legal form, which may be, among others, a guarantee, financial surety, insurance policy or credit derivative.

The entity issuing financial surety agreements recognises them under "Financial liabilities measured at amortised cost - Other financial liabilities" at their fair value plus transaction costs that are directly attributable to the issue of the instrument, unless involving contracts issued by insurance companies.

Initially, unless evidence indicates otherwise, the fair value of a financial guarantee contract issued to a non-associated third party within an isolated transaction under conditions of mutual independence, is the premium received plus, if appropriate, the present value of cash flows to be received, applying an interest rate that is similar to that applied to financial assets granted by the Entity for similar terms and at similar risk levels. At the same time the present value of the future cash flows yet to be received is recognised as a credit on the asset side of the balance sheet, using the aforementioned interest rate.

After initial recognition the contracts are treated in accordance with the following criteria:

- i) The value of commissions or premiums to be received for financial guarantees is updated by recording the differences in the consolidated profit and loss account as financial income.
- ii) The value of financial guarantee contracts that have not been classified as doubtful is the amount initially recognised under liabilities minus the portion attributed to the consolidated profit and loss account on a straight line basis over the expected life of the guarantee, or in accordance with other criteria, provided that they are a truer reflection of the perceived financial risks and benefits derived from the guarantee.

The guarantees provided are classified according to the insolvency risk attributable to the customer or to the transaction, and the need to set up provisions for them is estimated by applying criteria similar to those indicated in Note 13.h.

Provisions for these transactions are recorded under "Provisions - Commitments and guarantees provided" on the liability side of the consolidated balance sheet (Note 37). Provisions and reversals of provisions are recorded under "Provisions or reversal of provisions" in the consolidated profit and loss account.

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m) Leases

Lease contracts are presented on the basis of the economic substance of the transaction, irrespective of its legal form, and are classified from inception as finance or operating leases.

- i) A lease is considered a finance lease when all the risks and benefits attaching to the ownership of the assets subject to the contract are substantially transferred.

Whenever the Group acts as a lessor of an asset, the sum of the current values of the amounts that will be received from the lessee plus the guaranteed residual value, usually the purchase option price when the lease terminates, are recorded as financing provided to third parties. It is therefore included in the heading "Financial assets at amortised cost" on the consolidated balance sheet, in accordance with the nature of the lessee.

When the Group acts as the lessee, the cost of the leased assets is recorded in the consolidated balance sheet, on the basis of the nature of the asset covered by the contract, and at the same time, a liability is recorded for the same amount, which will be the lower of the fair value of the leased asset or the sum of the present value of the amounts payable to the lessor, plus, if appropriate, the purchase option exercise price. These assets are depreciated using similar rates as those applied to property, plant and equipment for own use as a whole.

Financial income and expenses arising on these contracts is credited and charged, respectively, to accounts in the consolidated profit and loss account such that the return is consistent over the contract term.

- ii) Lease contracts which are not considered finance leases are classified as operating leases.

When the Group acts as the lessor, the acquisition cost of the leased assets is recorded under Tangible assets - Property, plant and equipment. Such assets are depreciated in accordance with the policies adopted for similar property, plant and equipment for own use and the income from lease contracts is recognised in the consolidated profit and loss account on a straight-line basis.

However, when the Group acts as a lessee, that indicated in the tangible asset standard applies.

n) Managed assets

Equity managed by the Group which is owned by third parties is not included in the consolidated balance sheet. Fees generated by this activity are recorded under the heading Fee and commission income in the consolidated profit and loss account (Note 48).



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#### ñ) Investment funds and pension funds managed by the Group

The investment funds, pension funds and EPSV managed by the Group are not recorded on the consolidated balance sheet because their equity is owned by third parties (Note 68). The fees accrued in the year for the various services rendered to these funds by the Group (asset management services, deposit of portfolios, etc.) are recorded under "Income from commissions" in the consolidated profit and loss account (Note 48).

#### o) Staff costs and post-employment benefits

Remuneration paid to employees upon the termination of their employment is considered as post-employment remuneration. Post-employment remuneration, including remuneration covered through internal or external pension funds, is classified as defined contribution plans or defined benefit plans on the basis of the conditions attaching to the relevant obligations, taking into account all the commitments taken on included in and excluded from the terms formally agreed with employees.

Post-employment remuneration is recognised as follows:

- i) In the consolidated profit and loss account: the cost of services provided by employees, both during the year and in prior years (where not recognised in prior years), net interest on the provision (assets), and the gain or loss arising on settlement.
- ii) In the consolidated statement of changes in equity: the new valuations of the provision (asset) resulting from consolidated actuarial gains or losses, the return on plan assets which have not been included in net interest on the provision (asset), and variations in the present value of the asset resulting from changes in the present value of the flows available to the Group, which are not recorded in the net interest on the provision (asset). The amounts recognised in the consolidated statement of changes in equity will not be reclassified to the consolidated profit and loss account in future years.

Accordingly, defined benefit plans are recognised in the consolidated profit and loss account as follows:

- a) Current service costs, as staff costs.
- b) Net interest on the provision, as interest expenses.
- c) Net interest on assets, as interest income.
- d) Past service costs, as appropriations to provisions or (-) reversal of provisions.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1958 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

The commitment, accrued at the 2022 and 2021 year-ends, is recognised in the item "Provisions – Pensions and other post-employment defined benefit obligations" on the balance sheet at that date (Note 37).



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#### New Network

In 2016, 2017 and 2018, the Parent Entity defined specific working and economic conditions for a certain group of members of Caja Laboral Popular Coop. de Crédito. Under this plan, certain members subscribed to certain labour conditions and to receive a payment/financial benefit that will accrue until the date that the member ceases to provide services.

The commitment, accrued at the 2022 and 2021 year-ends, is recognised in the item “Provisions – Pensions and other post-employment defined benefit obligations” on the balance sheet at that date (Note 37).

#### PD 59

Likewise, in 2017 the Parent Entity formalised a plan called "PD 59", approved by the Governing Board and aimed at a specific group of Caja Laboral Popular Coop. de Crédito's working partners, with a period of validity from 1 January 2018 to 30 June 2021. As with the previous plans, this new scheme is voluntary and targeted exclusively at certain individuals and subject to a written request from them to sign up for the programme.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1959 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

The obligation accrued at the end of 2021 was recognised under “Provisions – Pensions and other post-employment defined benefit obligations” on the balance sheet as at that date (Note 37).

#### PD 60

Similarly, in 2018 the Parent Entity formalised a plan called "PD 60", approved by the Governing Board and aimed at a specific group of Caja Laboral Popular Coop. de Crédito's working partners, with a period of validity from 1 January 2019 to 30 June 2022. As with the previous plans, this new scheme is voluntary and targeted exclusively at certain individuals and subject to a written request from them to sign up for the programme.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1960 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

The obligation accrued at the end of 2021 was recognised under “Provisions – Pensions and other post-employment defined benefit obligations” on the balance sheet as at that date (Note 37).

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#### PD 61

In addition, during 2020, the Parent Entity formalised a plan known as "PD 61", approved by the Governing Board and aimed at a specific group of working partners, with a period of validity from 1 January 2021 to 30 June 2024. As with the previous plans, this new scheme is voluntary and targeted exclusively at certain individuals and subject to a written request from them to sign up for the programme.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1961 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

The commitment, accrued at the 2022 and 2021 year-ends, is recognised in the item "Provisions – Pensions and other post-employment defined benefit obligations" on the balance sheet at that date (Note 37).

#### PD 62

In addition, during 2020, the Parent Entity formalised a plan known as "PD 62", approved by the Governing Board and aimed at a specific group of working partners, with a period of validity from 1 January 2021 to 30 June 2024. As with the previous plans, this new scheme is voluntary and targeted exclusively at certain individuals and subject to a written request from them to sign up for the programme.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1962 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

The commitment, accrued at the 2022 and 2021 year-ends, is recognised in the item "Provisions – Pensions and other post-employment defined benefit obligations" on the balance sheet at that date (Note 37).

#### PD 63

In addition, during 2021, the Parent Entity formalised a plan known as "PD 63", approved by the Governing Board and aimed at a specific group of working partners, with a period of validity from 1 January 2022 to 30 June 2025. As with the previous plans, this new scheme is voluntary and targeted exclusively at certain individuals and subject to a written request from them to sign up for the programme.

The main characteristic of this new scheme is as follows:

- i) it established the possibility for members born in 1963 to receive a specific financial consideration/assistance at the time of the cessation of their activity on reaching the age of 60 or 61, in accordance with the option they had exercised at the time of signing the corresponding contract.

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The obligation accrued at the end of 2022 is recognised under “Provisions – Pensions and other post-employment defined benefit obligations” on the balance sheet as at that date (Note 37).

#### Severance payments

Under current Spanish labour legislation, the Group is required to make indemnity payments to employees terminated without just cause. There are no labour force reduction plans making it necessary to create a provision in this connection.

#### p) Tax on income from continuing operations

Corporate income tax is treated as an expense and is recognised under "Income tax expenditure or income from continuing operations" in the consolidated profit and loss account.

The expenditure under the heading "Tax expenditure or income on the earnings from continuing operations" is determined by the tax payable calculated on the basis of the taxable income for the year, after taking into account the changes in the year due to temporary differences, tax credits and tax relief and tax loss carry-forwards. The taxable profit for the year may differ from the consolidated net profit for the year presented in the consolidated income statement since it excludes income or expense items that are taxable or deductible in other years and items that are never taxable.

Deferred tax assets and liabilities relate to the taxes that are expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the related tax bases, are accounted for using the liability method in the consolidated balance sheet and are quantified by applying to the related temporary difference or credit the tax rate that is expected to be recovered or settled.

A deferred tax asset, such as a pre-paid tax, a credit for deductions and rebates and a credit for tax losses, is recognised provided that it is probable that the Group will obtain sufficient future taxable profits against which it can be utilised. It is considered probable that the Group will obtain sufficient tax income when, inter alia:

- i) There are deferred tax liabilities which may be cancelled in the same year as that in which the deferred tax asset may be realized or in a subsequent year in which the existing tax loss or tax loss resulting from the amount advanced may be offset.
- ii) Tax losses have arisen due to the reasons identified and are unlikely to arise again.

However, the deferred tax asset arising from the recording of investments in subsidiaries, jointly controlled entities and associates is only recognised when it is probable that it will be realised in the foreseeable future and it is expected that sufficient taxable profit will be available in the future against which the asset can be utilised. Nor is a deferred tax asset recognised when an equity item is initially recorded which is not a business combination, which at the time of recognition has not affected the accounting or tax results.

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Deferred tax liabilities are always recorded, except when goodwill is recognised or they arise on recording investments in Subsidiaries, Jointly-controlled entities or Associates if the Group is able to control the time of reversal of the temporary difference and, moreover, such temporary difference is unlikely to reverse in the foreseeable future. Nor is a deferred tax liability recognised when an equity item is initially recorded which is not a business combination, which at the time of recognition has not affected the accounting or tax results.

At each accounting close, deferred tax assets and liabilities are reviewed in order to verify that they are still valid and make the relevant adjustments.

To conduct the above-mentioned analysis, the following variables are taken into consideration:

- Forecasts of the results of each Entity that, where applicable, gave rise to the possibility of recording deferred tax assets (since there is no tax consolidation group), based on the financial budgets approved by the Governing Bodies of each one, subsequently applying constant growth rates estimated by the Management of each Entity.
- Estimation of the reversal of temporary differences, based on their nature, and;
- The term or deadline established by current laws for the reversal of the various tax assets.
- The interest rate scenario resulting from the monetary policies of the European Central Bank.

These plans and projections have been updated taking into the current economic and geopolitical environment, as well as their possible amounts in the forecasted future results of the Parent Entity and the Group, based on the best information available to Management.

Income or expenses recognised directly in the consolidated statement equity that do not affect profits for tax purposes are recorded as temporary differences.

#### q) Tangible assets

Tangible assets include: property, plant and equipment held by the Group for current or future use which are expected to be used for more than one year, property, plant and equipment transferred to customers under operating leases, tangible assets associated with community projects and investment properties, which include assets to be operated on a rental basis. The tangible assets are measured at acquisition cost less the relevant accumulated depreciation and, if appropriate, any impairment loss resulting from comparing the net value of each asset and the relevant recoverable amount. The acquisition cost of certain freely available property, plant and equipment for own use includes their fair value measurement as at 1 January 2004 in accordance with Transitional Provision One of Circular 4/2004 (repealed by Circular 4/2017). That fair value as at 1 January 2004 has been obtained based on independent expert valuations.

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In the case of foreclosed assets, the acquisition cost relates to the lower of the net amount of the financial assets delivered in exchange for their foreclosure or the fair value at the time of foreclosure less estimated selling costs.

Depreciation is calculated systematically on a straight-line basis, by applying the years of estimated useful life of the various items over the acquisition cost of the assets less their residual value. Land on which buildings and other constructions stand is understood to have an indefinite life and therefore no depreciation is charged. Annual depreciation charges in respect of property, plant and equipment are recorded against the consolidated profit and loss account and are calculated on the basis of the following average estimated useful lives of the different asset groups:

	<u>Years of estimated useful life</u>
Buildings and developments	25 - 50
Furniture	8 - 10
Installations	5 - 10
Machinery, electronic equipment and other	2 - 6

At each accounting close, the Group analyses whether there are indications, either internal or external, that the net value of the elements of its material asset exceeds its corresponding recoverable amount. In this case, the Group reduces the book value of the relevant asset to its recoverable amount and adjusts future depreciation charges in proportion to the adjusted book value and new remaining useful life if it is necessary to re-estimate it. Moreover, when there is an indication that the value of an asset has been recovered, the Group records the reversal of the impairment loss recorded in previous periods and adjusts future depreciation charges accordingly. The reversal of the impairment loss of an asset in no event may entail an increase in its carrying value in excess of that which would be obtained if the impairment losses had not been recorded in previous years.

At least at the end of each year the Group reviews the estimated useful lives of property, plant and equipment for own use in order to detect significant changes in the same which, if any, are adjusted through the relevant adjustment to the amount recorded in future consolidated profit and loss accounts in respect of the depreciation charge in accordance with the new estimated useful life.

Conservation and maintenance expenses of property, plant and equipment for own use are recorded in the consolidated profit and loss account in the year in which they are incurred.

The investment property of the tangible assets relates to the net values of the land, buildings and other structures held by the Group for rental purposes or to obtain a gain on their sale as a result of future increases in their respective market prices.

The criteria applied by the Group to recognise the acquisition cost of the assets assigned under operating lease with respect to depreciation and the estimate of their respective useful lives and the recording of impairment losses, agree with the those described for tangible assets for own use.

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The following accounting principles are used for the accounting of leases from the lessee's point of view:

- Lease term: the duration of the lease is equal to the non-cancellable period of a lease, plus the periods covered by the option to extend the lease if it is reasonably certain that the lessee will exercise this option and any periods covered by the option to terminate the lease if it is reasonably certain that the lessee will not exercise this option. In this regard, the Group applies the following criteria:
  - a) If the contract has a foreseen cancellation date that is different from that of the contract, this date is applied as the date of cancellation of the right of use.
  - b) If the contract expiry date is less than 50 years, the contract date is applied.
  - c) If the expiry date of the property lease is greater than 50 years, the expiry is limited to 50 years, coinciding with the longest period of real estate amortisation applied by the Group.
  - d) For leases with a duration of less than 1 year, it will not be activated and it will continue to be recorded through the profit and loss statement, since there is a high probability that the contract will be cancelled and renegotiated, resulting in a new contract with new conditions.
- General recognition criteria: assets and liabilities arising from leasing contracts are recognised at the lease start date, which is the date on which the lessor makes the leased asset available to the lessee for use.
- Initial valuation of the lease liability: At the start date of the contract, the Group recognises a lease liability for the value of the lease payments not paid at that date.

The discount rate used to calculate the value of these payments is based on 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 a property with a similar value to the asset for right of use in a similar economic environment (additional financing rate).
- Initial valuation of the asset by right of use: At the contract start date, the Group recognises a right-of-use asset measured at cost, including:
  - a) The amount of the initial valuation of the lease liability, as described above.
  - b) Any lease payment made on or before the start date, less any collection received from the lessor (such as incentives received for the signing of the contract).
  - c) The initial direct costs borne by the lessee. These include, but are not limited to, those costs directly related to the location of a tangible asset in the place and under the conditions necessary for the lessee to be able to exploit it.



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- d) Costs that are estimated to be incurred in the dismantling and removal of the leased asset, in the restoration of the site or in the return of the asset in the condition required by the contract, unless such costs are incurred for the production of stock. These costs are recognised as part of the cost of the right-of-use asset when the Group acquires the obligation to bear them.

The right-of-use assets, for the purposes of their presentation, are classified as tangible or intangible assets depending on the nature of the leased asset.

- Subsequent valuation of the lease liability. After its initial recognition, the Group values the lease liability in order to:
  - a) Increase its book value reflecting accrued interest, which is calculated by applying the interest rate used in the initial valuation to the balance of the liability.
  - b) Reduce its book value reflecting the lease payments made.
  - c) Reflect the update of: (i) the duration of the lease as a result of a change in the assessment of the possibility of exercising options to extend or terminate the lease, (ii) the duration of the lease and lease payments as a result of a change in the assessment of the possibility of exercising 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 guarantee, (iv) amounts of future variable lease payments dependent on an index or rate, as a result of a change in such index or rate. In the cases referred to in points (i) and (ii), as the update has occurred within the term of the lease, the revised payments will be discounted at the discount rate used in the initial valuation unless the variation in payments is due to a change in variable interest rates, in which case a revised discount rate will be used that reflects changes in the interest rate. The Group reviews the duration of the lease with regard to the amounts expected to be paid for residual value guarantees when a significant event or change occurs in terms of the exercise of the options contemplated in the contract. In the same way, the Group reviews the payments referenced at a certain index or rate when, in accordance with the contractual conditions, the amounts of these payments have to be updated.
  - d) Reflect any modification of the lease.
  - e) Reflect lease payments that were not considered unavoidable, such as those due to events, the occurrence of which was previously uncertain but which at the reference date are considered to be essentially fixed because they are unavoidable.

Variable lease payments not included in the valuation of the lease liability will be recognised in the profit and loss account for the year in which the event or the circumstance that gives rise to said payments occurs.



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Subsequent valuation of the right of use asset: after its initial recognition, the Group values the right of use asset at cost:

- a) Minus its 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 amortised 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 term of the lease.
  - b) Adjusted to reflect changes in the current value of lease payments that should be made in accordance with the above.
- Simplified treatment for recognition and valuation: the Group records the following lease payments as expenses:
- a) Short-term leases (understood as those which on the start date have a duration equal to or less than twelve months), provided they do not include a purchase option.
  - b) Leases in which the leased asset is of little value, provided that the asset can be used without relying heavily on other assets (or being closely related to them) and that the lessee can obtain benefits by using the asset individually (or together with other easily accessible resources). The value of the leased asset is calculated in absolute terms based on its value in its new state.

In both cases, its allocation to the profit and loss account is made in a linear manner over the period of the lease.

- Lease modification: The Group accounts for a modification of a separately recorded lease as a new lease if the modification expands the scope of the lease (by adding one or more leased assets) in exchange for an increase in the consideration in an amount similar to the specific price that would be paid if a separate lease were made on the assets added to the lease.

If these requirements are met, on the date the parties agree to the modification, the Group: (a) distributes the amended contract remuneration between the lease components and the other components, (b) determines the duration of the amended lease, (c) reappraises the lease liability, discounting the revised lease payments using a revised discount rate, determined for the remainder of the lease period and at the date of the amendment, and (d) records the revised valuation of the lease liability

r) Intangible assets

Intangible assets are non-monetary assets which are identifiable but have no physical appearance. Intangible assets are considered identifiable when they may be separated from other assets because they may be sold, leased or disposed of individually or arise as a result of a contract or other legal transaction. An intangible asset is recognised when, in addition to conforming to the above definition, the Group considers the flow of economic benefits from that asset probable and its cost may be reliably estimated.

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less, if appropriate, accumulated amortisation and any impairment loss.

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Goodwill

Goodwill represents the advance payment by the Group for the future economic benefits arising from assets of an acquired entity that are not individually and separately identifiable and recognisable and is only recognised when acquired for a consideration in a business combination.

The positive differences between the cost of the holdings in the capital of the jointly controlled entities and the associated companies with respect to the related underlying book values acquired, adjusted at the date of first-time consolidation, are allocated as follows:

- i) If they are attributable to specific assets and liabilities of the acquired entities, they are allocated by increasing the value of the assets or reducing the value of the liabilities whose market values were higher or lower, respectively, than the net book values at which they were recorded in their balance sheets and whose accounting treatment were similar to that of the same assets or liabilities, respectively, of the Group.
- ii) If they are assignable to specific intangible assets, they are allocated through their explicit recognition on the consolidated balance sheet provided that their fair value at the acquisition date may be determined reliably.
- iii) Remaining differences which may not be allocated are recorded as goodwill which is assigned to one or more specific cash generating units.

Any negative differences between the cost of the Parent Entity's equity investments in jointly controlled entities and associates and the carrying amounts of the net assets acquired, as restated on the date of first-time consolidation, are accounted for as follows:

- i) If the differences can be allocated to specific assets or liabilities of the acquired Entities they are accounted for as an increase in the value of any liabilities or a reduction in the value of any assets whose fair values are higher or lower, respectively, than their carrying amounts and whose accounting treatment is similar to that of the Group's liabilities and assets, respectively.
- ii) Any remaining amounts that cannot be allocated are recognised in the consolidated profit and loss account in the year in which the equity investment is made.

Other intangible assets are classified as having a defined useful life and are depreciated over their remaining estimated useful life using similar criteria to those used to depreciate property, plant and equipment.

The Group recognises potential impairment losses on these assets with a balancing entry in the consolidated profit and loss account. The criteria used to recognise impairment losses on intangible assets and any potential reversal of impairment losses recognised in prior years are similar to those used in respect of property, plant and equipment.

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s) Stocks

Stocks are non-financial assets that the Group holds for sale in the ordinary course of business, are in the process of production, construction or development for such purpose or are to be consumed in the production process or in the provision of services. Inventories include, therefore, land and other properties that are held by the Group for sale as part of its property development business.

Stocks are measured at the lower of cost, which includes all costs incurred in acquiring and converting them, and other direct and indirect costs incurred in bringing them to their present location and condition, and their net realisable value. Net realisable value is defined as the estimated sale price of the stock in the ordinary course of business, less the estimated cost of completing their production and the costs involved in selling them.

The amount of any valuation adjustments to stock such as damage, obsolescence or reduction in the selling price up to the net realisable value and any other losses are recognised as an expense in the consolidated profit and loss account for the year in which the impairment or loss occurs. Any later recoveries in value are taken to the consolidated profit and loss account for the year in which they occur.

The book value of inventories is written off the consolidated balance sheet and is charged to expenses in the consolidated profit and loss account in the year the income from their sale is recognised. The indicated expenses are included under the heading Other operating expenses in the consolidated profit and loss account.

t) Insurance transactions

The Subsidiaries, which are insurance companies, credit the amounts of the premiums they issue to the consolidated profit and loss account and charge to the consolidated profit and loss account the cost of the claims incurred when the final settlement is made. Similarly, the amounts credited to the consolidated profit and loss account and not accrued at that date, and the costs incurred not charged in the consolidated profit and loss account, are accrued at the year end.

The most significant technical provisions relating to direct insurance activity are as follows:

- i) Technical provision for unearned premiums which corresponds to the premium rate charged in a year attributable to future years after deduction of the security surcharge.
- ii) Technical provision for current risks, which complements the technical provision for unearned premiums to the extent that the latter is not sufficient to reflect the valuation of the risks and expenses to be covered that correspond to the period of the cover not elapsed at the closing date.

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- iii) Technical provision for claims which relates to the estimated measurement of outstanding obligations arising from the claims occurred prior to the year end. This technical reserve includes claims pending settlement or payment and claims not yet reported. Outstanding obligations are calculated by deducting payments on account and taking into account the internal and external claims settlement expenses and, if appropriate, the additional provisions which may be needed to cover deviations in the measurement of claims involving long processing periods.
- iv) Life insurance technical provision:
  - For life insurance where the period of cover is equal to one year or less, the unearned premium provision relates to the tariff premium collected which is assignable to future years. When that technical provision is not sufficient, an unexpired risk provision is calculated which complements and covers the measurement of forecast risks and expenses in the period which has not expired at the year end date.
  - For life insurance policies with a period of cover of more than one year, the Mathematical Technical Provision is calculated as the difference between the actuarial present value of future obligations and those of the policyholder or insured party, taking as a basis for calculation the inventory premium accrued in the year, which is made up of the pure premium plus the surcharge for administrative expenses according to the technical bases.
  - For life insurance where the investment risk is assumed by the policy holder, the technical provision is determined on the basis of the assets specifically assigned in order to determine the value of the rights.
- v) Technical provision for share in profit and returned premiums which relates to the benefits accrued to policyholders, insured or beneficiaries of the insurance and that for premiums that should be returned to policyholders or insured parties in accordance with the performance of the insured risk until they have been assigned individually to each of these.
- vi) Stabilisation Reserves which correspond to the amount set aside in each year for the amount of the specific security surcharge for certain classes of insurance, with the limit provided for in the technical bases, and which are of a cumulative nature.

The Technical provisions for accepted reinsurance are calculated in accordance with criteria which are similar to those applied in direct insurance and generally on the basis of the information provided by the ceding entities.

Technical provisions, in respect of direct insurance and accepted reinsurance alike, are included within the heading Liabilities under insurance or reinsurance contracts on the consolidated balance sheet. However, technical provisions in respect of possible future claims that are not the result of insurance contracts in existence at the reporting date, such as the Equalisation Reserve, are not recognised within "Liabilities under insurance or reinsurance contracts" on the consolidated balance sheet.

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Amounts to which the Group is entitled under reinsurance contracts are recorded in “Assets under insurance or reinsurance contracts” on the consolidated balance sheet. These assets are determined on the basis of the same criteria as those used for direct insurance, in accordance with the contracts in force. The Group verifies whether said assets are impaired, in which case it recognises the relevant loss directly in the consolidated profit and loss account against said heading.

#### u) Provisions and contingent liabilities

The Group’s present obligations resulting from past events are considered provisions when their nature is clearly defined at the date of the financial statements but the amount or time of settlement are not defined and upon the maturity of which and in order to settle them the Group expects an outflow of resources which include economic benefits. Such obligations may arise due to the following:

- i) A legal or contractual provision.
- ii) An implicit or tacit obligation arising from a valid expectation created by the group vis-à-vis third parties with respect to the assumption of certain types of liabilities. Such expectations are created when the Group publicly accepts liabilities, and derive from past performance or business policies that are in the public domain.
- iii) The virtually certain development of certain aspects of legislation, in particular, legislative bills which the group will be unable to circumvent.

The Group’s possible obligations resulting from past events, the existence of which is conditional on the occurrence or otherwise of one or more future events beyond the Group’s control are contingent liabilities. Contingent liabilities include the Group’s present obligations, the settlement of which is unlikely to give rise to a decrease in resources that bring in economic benefits or the amount of which, in extremely rare cases, cannot be sufficiently reliably quantified.

Provisions and contingent liabilities are classified as probable when the likelihood of occurrence is greater than that of non-occurrence, possible when the likelihood of occurrence is less than that of not occurrence, and remote when their occurrence is extremely rare.

The Group includes in the consolidated annual accounts all significant provisions and contingent liabilities with respect to which it considers that it is more likely than not to have to fulfil the obligation. Contingent liabilities classified as possible are not recognised in the consolidated accounts. Rather, they are disclosed unless the likelihood of a decrease in resources that bring in financial gain occurring is deemed to be remote.

Provisions are quantified taking into consideration the best information available on the consequences of the event giving rise to them and are estimated at each accounting close. They are used to address the specific obligations for which they were recognised and may be reversed in full or in part when such obligations no longer exist or decrease.

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As at 31 December 2022 and 2021, the Group may have to address certain legal disputes, responsibilities and obligations arising from the ordinary performance of its activities. The provisions recorded in the Group's financial statements for these items are calculated on the basis of the cases existing at the year-end and projections of potential future cases based on the entity's historical experience and the analysis of the Group's internal and external legal advisers. Both the Group's legal advisers and the Parent Entity's senior management understand that the conclusion of these proceedings and claims will not have a significant effect, additional to that included as a provision, in the annual accounts for the years in which they are concluded.

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

The heading "Non-Current Assets and Disposal Groups Classified as Held for Sale" in the consolidated balance sheet includes assets, of whatever nature, which, not being part of operating activities, include amounts expected to be realised or recovered within one year from the date of classification under this heading.

When on an exceptional basis the sale is expected to take place in more than one year, the Group evaluates the selling costs in present terms and records the increase in value resulting from the passage of time under the heading Profit or (-) Loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations in the consolidated profit and loss account.

Accordingly, the recovery of the carrying amount of these items, which may be financial or non-financial in nature, is expected to occur through the price obtained on disposal, rather than through continued use.

Therefore, property and other non-current assets received by the Group to meet all or part of the payment obligations to it from its debtors are considered to be non-current assets 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 credit balances associated with the disposal groups or the discontinued operations of the Group.

The assets classified as "Non-current assets and disposal groups classified as held for sale" are generally measured at the value of whichever is lower out of the book value at the time they are considered as such and fair value net of the estimated selling costs of such assets, except those of a financial nature that are measured in accordance with the provisions of Note 13.e.ix). While they are classed as Non-current assets and disposal groups classified as held for sale, tangible and intangible assets which are depreciable/amortizable by nature are not depreciated/ amortised.

In the case of foreclosed real estate assets or assets 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 their estimated impairment, and their fair value at the time the asset is foreclosed or received less estimated costs to sell, this being understood as the market value assigned in full individual valuations revalued in accordance with the criteria set out in the regulations approved by the Bank of Spain, less the costs to sell.

All the legal process expenses shall be recognised immediately in the profit and loss account for the period in which they are accrued. Registration costs and taxes paid may be included in the value initially recognised provided that this does not exceed the fair value less the estimated costs of sale. All costs incurred between the date of adjudication and the date of disposal due to maintenance and protection of the asset, such as insurance or security



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services, will be recognised in the consolidated profit and loss account for the period in which they are accrued.

After adjudication or receipt, the reference valuation is updated, which serves as the beginning point for the estimation of the fair value. For the purpose of determining fair value net of costs of sales, the Group takes into account both the valuations made by different valuation companies registered in the Special Registry of Bank of Spain and the discounts on the reference value estimated by the Bank of Spain, based on its experience and information from the Spanish banking sector. Also, when the property has a fair value less than or equal to 300.000 euros, updating is made by automated valuation models. When these properties reach three years of permanence on the balance sheet, they will be updated, in any case, by means of a complete appraisal. In addition, the appraisal company, which makes the valuation update, will be different from the one who performed the immediately preceding one.

These valuations could be affected by the changes in property market prices and other macroeconomic variables due to the economic context and the current geopolitical situation. Thus, the impairment losses recognised on foreclosed real estate assets or assets received in payment of debts recorded by the Parent Entity as at 31 December 2022 correspond to the best estimate made by Senior Management at the date of preparing these consolidated annual accounts.

In the event that the carrying value exceeds the fair value of the assets net of selling costs, the Group adjusts the book value of the assets by that excess amount, with a balancing entry under consolidated Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations in the consolidated profit and loss account. In the event that there are subsequent increases in the fair value of the assets, the Group reverses the previously recorded losses and increases the book value of the assets up to the limit of the amount just prior to their possible impairment, with a balancing entry under Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations in the consolidated profit and loss account.

#### **Discontinued operations**

Discontinued operations are components of the Group that have been disposed of or classified as held for sale and which:

- Represent a line of business or geographical area which is significant and separate from the rest.



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- Are part of a single coordinated plan to dispose of a line of business or geographical area which are significant and separate from the rest.
- Are subsidiaries acquired solely in order to be resold.

Income and expenses generated by Groups' components considered as discontinued operations are recorded under the heading profit or loss after tax from discontinued operations in the consolidated profit and loss account, both when the business has been derecognised and when it continues to be recorded under assets at the end of the year. If, subsequent to being presented as discontinued operations, operations are classified as continuing, their income and expenses are presented both in the consolidated profit and loss account for the year and in the comparative year published in the consolidated annual accounts, under the corresponding items according to their nature.

#### w) Consolidated cash flow statement

The consolidated cash flow statement uses certain terms with the following definitions:

- i) Cash flows are inflows and outflows of cash and cash equivalents, understood as short-term investments which are highly liquid and involve a low risk of changes in value.
- ii) Operating activities which are the Group's typical activities and other activities which may not be classified as investing or financing and the interest paid for any financing received, even if relating to financial liabilities classified as financing activities.
- iii) Investment activities that correspond to the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents, such as tangible assets, intangible assets, investments in subsidiaries, joint ventures and associates, non-current assets and disposable groups of items that have been classified as "Financial assets at fair value with changes in other comprehensive income" and the liabilities included in said groups.

Variations caused by the acquisition or disposal of a set of assets or liabilities that make up a business or line of activity will be included in the item "other business units" in the individual financial statements, and in the item "subsidiaries and other business units" in the consolidated financial statements, depending on their sign.

- iv) Financing activities are the activities that give rise to changes in the size and composition of consolidated equity and the liabilities that do not form part of operating activities.

The Group regards the balances included under "Cash, cash balances at central banks and other on demand deposits" in the consolidated balance sheets as cash and equivalents.

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x) Cooperative Training, Promotion and Education Fund (FEP)

The Promotion and Education Fund is recorded under "Other liabilities" in the consolidated balance sheet.

Appropriations to that fund which, in accordance with the Law on Cooperatives and the Parent Entity's Articles of Association are mandatory, are accounted for as an expense for the year although quantified on the basis of the surplus for the year. The additional amounts that may be appropriated on a discretionary basis will be recognised as an application of the surplus for the year.

Grants, donations and other assistance related to the Cooperative Training, Promotion and Education Fund in accordance with the law or funds deriving from the levying of fines by the cooperative to members which, under applicable legislation, are related to said fund, will be recognised as cooperative income and an appropriation will be made to said fund for the same amount.

The application of the Cooperative Training, Promotion and Education Fund for the purpose for which it was set up will lead to its write-off normally by credit to cash accounts. When its application is through activities typical of a credit institution, the amount of the Cooperative Training, Promotion and Education Fund will be reduced and income will be simultaneously recognised in the credit cooperative's profit and loss account in accordance with normal market conditions for that type of activity.

y) Consolidated statement of changes in net equity and consolidated statement of recognised income and expenses

These statements presented in these consolidated annual accounts show all changes affecting equity during the year. The main characteristics of the information contained in both statements is set out below:

i) Consolidated statement of recognised income and expenditure

This statement presents the income and expenditure generated by the Group as a result of its activities during the year, making a distinction between those recorded as profit in the consolidated profit and loss account for the year and other income and expenditure recorded, in accordance with the provisions of current legislation, directly under consolidated equity.

Therefore, this statement presents:

- a) The consolidated profit or loss for the year.
- b) The net amount of income and expenses recognised as "Other comprehensive income" that will not be reclassified in profit or loss.
- c) The net amount of income and expenses recognised as "Other comprehensive income" that can be reclassified in profit or loss.
- d) "Total comprehensive income for the year", calculated as the sum of the previous three.

Changes in income and expenditure recognised as "Other comprehensive income" such as "Items that will not be reclassified to income" are broken down into:

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- a) Actuarial profit or (-) loss on defined benefit pensions plans includes the gains or losses for the period due to changes in the valuation of the obligations due to changes and differences in actuarial assumptions, certain income from assets subject to the plan and variations in the asset limit.
- b) Non-current assets and disposal groups held for sale: includes the gains and losses for the period that must be recorded in other comprehensive income as a result of the valuation of these type of assets, and that will not subsequently be reclassified to profit or loss.
- c) Share of other recognised income and expenses of investments in joint ventures and associates: this item, which will only appear in the consolidated statement of recognised income and expenditure, will include the gains and losses for the period from entities valued using the equity method that must be recorded in other comprehensive income, and that will not subsequently be reclassified to profit or loss.
- d) Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income: includes the gains and losses for the period due to changes in the fair value of investments in equity instruments, when the entity has irrevocably chosen to recognise them in other comprehensive income.
- e) Profit or loss arising from the hedge accounting of equity instruments measured at fair value with changes in other comprehensive income, net: represents the change in the period in the ineffectiveness of the cumulative hedge in fair value hedges where the hedged item is an equity instrument measured at fair value through other comprehensive income. It includes the difference between changes in the fair value of the investment in equity recorded in "changes in the fair value of equity instruments measured at fair value through changes in other comprehensive income (hedged item)" and changes in the variation in the fair value of hedge derivatives recorded in "changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income (hedging instrument)".
- f) Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk: It will include changes in the fair value of the period of the financial liabilities designated at fair value through profit or loss, attributable to changes in own credit risk.

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Changes in income and expenses recognised in "other comprehensive income" as "elements that can be reclassified in results" will be broken down into:

- a) Hedging of net investments in foreign businesses (effective portion): it will include the change in the period of the accumulated results as a consequence of changes in the exchange rate for the effective part of hedges, which are maintained and discontinued, of foreign businesses.
- b) Currency conversion: includes the differences that arise in the period as a result of the conversion of items from the functional currency to the presentation currency.
- c) Cash flow hedges (effective part): includes the gains and losses for the period from the effective portion of the changes in the fair value of the hedging instruments in this type of hedging relationship.
- d) Hedging instruments (non-designated items): includes variations in the period of cumulative changes in the fair value of the following items when they are not designated as a component of the hedge: temporary value of the options, future elements of futures contracts, differential basis of exchange differences of financial instruments.
- e) Debt instruments at fair value with changes in other comprehensive income: shall include gains or losses for the period on these instruments other than those due to impairment or exchange rate differences, which shall be recorded, respectively, under the headings "impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss" and "exchange rate differences (gain or loss), net" in the profit and loss account.
- f) Non-current assets and disposal groups held for sale: Includes the losses and gains of the period that must be recorded in other comprehensive income as a result of the valuation of this type of assets, and that can subsequently be reclassified to results.
- g) Share in other recognised income and expenditure of investments in joint ventures and associates: This item, which will only appear in the consolidated statement of recognised income and expenses, will include the gains and losses for the period from entities valued using the equity method that must be recorded in other comprehensive income, and which can subsequently be reclassified to profit or loss.

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Additionally, each of the items in the previous section will be broken down into:

- a) Valuation gains or (-) losses recorded in equity: includes the amount of the income, net of the expenses originated in the year, recognised directly in equity. The amounts recognised in equity for the year will be kept under this heading, even if they are transferred in the same year to the profit and loss account or transferred to the initial carrying amount of the assets or liabilities, or are reclassified to another line item, according to letters b), c) and d) below, respectively. When this breakdown refers to the item in letter b) of the previous section, it will be called "Gains or losses due to foreign exchange changes recorded in equity".
- b) Transferred to profit and loss: includes the amount of valuation gains or losses previously recognised in equity, even in the same year, that are recognised in the profit and loss account (sometimes, the effect of this presentation is known as "income and expenditure recycling" and the amount transferred is called "adjustment by reclassification").
- c) Transferred to the initial carrying amount of the hedged items: this breakdown, which will only be presented for the item in letter c) of the previous section, will include the amount of the gains or losses for valuation previously recognised in equity, even in the same year, which are recognised in the amount in initial books of assets and liabilities as a result of cash flow hedges.
- d) Other reclassifications: includes the amount of the transfers made in the year between the different items, in accordance with the criteria indicated in the rules of this title.

The amounts of the items in this statement shall be recorded at their gross amount, including at the end, both the elements that can be and those that cannot be reclassified in profit or loss, in a separate item the corresponding income tax.

ii) Consolidated statement of total changes in equity

This statement presents all movements recorded under consolidated equity, including those that originate from changes in accounting policies and error corrections. This statement therefore shows a reconciliation of the carrying value at the start and end of the year of all items that form part of consolidated equity, grouping movements based on their nature under the following accounts:

- a) Effects of changes in accounting policies and Effects of error correction: includes changes in consolidated equity arising from the retrospective restatement of financial statement balances resulting from changes in accounting policies or from the correction of errors.
- b) Total comprehensive income for the year: includes, in aggregate form, the total of the items registered in the above-mentioned consolidated statement of recognised income and expense.
- c) Other changes in net equity includes all other items recorded under consolidated equity, such as capital increases or decreases, distribution of profit, transactions involving treasury shares, payments involving equity instruments, transfers between consolidated equity accounts and any other increase or decrease affecting consolidated equity.

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z) Business combinations

Business combinations are those transactions whereby two or more economic entities or units are combined into a single entity or group of companies.

When the business combination entails the creation of a new entity that issues shares to the owners of two or more combining entities, one of the entities that existed previously is identified as the acquirer and the transaction is accounted for in the same way as a transaction in which one entity acquires another entity.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of another company is the fair value of the assets transferred, the liabilities incurred vis-à-vis the former owners of the acquisition and the equity interests issued by the Entity. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. For each business combination, the Entity may choose to recognise any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Costs related to the acquisition are recognised as expenses in the financial year in which they were incurred.

Any contingent consideration payable by the Entity is recognised at its acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit and loss or as a change in equity. Contingent consideration that is classified as part of consolidated equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially valued as the excess of the total consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

The date of the business combination marks the start of a one-year period called the 'measurement period' during which the acquirer can adjust the provisional amounts recognised once it has all the information necessary to complete the estimates made when preparing the first set of consolidated annual accounts issued after the date of the business combination.

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aa) Goodwill

A positive difference between the cost of a business combination and the acquired portion of the net fair value of the assets and contingent liabilities of the acquired entity is recognised on the balance sheet as goodwill. Goodwill represents a payment made by the Group in anticipation of the future economic benefits from assets of an acquired entity that can not be individually or separately identified and recognised. Goodwill is only recognised when it has been acquired for a consideration in a business combination. Goodwill is not amortised but, at the end of each accounting period, it is subjected to analysis for any possible impairment that would reduce its fair value to below its stated net cost and, if found to be impaired, is written down against the consolidated profit and loss account.

In order to detect possible signs of goodwill impairment, measurements are made based mainly on the distributed profit discount method, taking into account the following parameters:

- Key business assumptions. The cash flow projections used in the measurement are based on these assumptions. For those businesses with financial activity, variables are projected such as: the evolution of credit, non-performing loans, customer deposits and interest rates under a projected macroeconomic scenario, and capital requirements.
- Estimated macroeconomic variables and other financial values.
- Term of the projections. The projection time/period is typically 5 years, after which a recurrent level is reached both in terms of return and profitability. For this purpose, the economic scenario prevailing at the time of valuation is taken into account.
- Discount rate. The present value of future dividends used to calculate value in use is calculated using as a discount rate the entity's cost of capital (Ke) from the viewpoint of a market participant. It is determined using the CAPM method, based on the formula: "Ke = Rf + β=company's systemic risk ratio, Rm = Expected market yield and α = Non-systemic risk premium".
- Growth rate used to extrapolate the cash flow projections beyond the period covered by the most recent forecasts, based on long-term estimates of the main macroeconomic figures and of the key business variables, while taking into account the financial market situation at all times, estimating a 1% growth rate to perpetuity.
- The estimate made to assess the potential impairment of goodwill has been carried out taking into consideration the current economic and geopolitical environment.

Goodwill impairment losses are not subsequently reversed.



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#### 14. Customer Service

This Department addresses queries, complaints and claims filed by customers through the appropriate channels.

The official response period is 2 months from receipt of the letter, except in the case of claims relating to payment services, which must be resolved no later than 15 working days after receipt thereof, although the Group undertakes to address these issues with the utmost diligence, without exhausting the aforementioned periods.

Concerning the activity of the Customer Care Service of the Parent Entity, Caja Laboral Gestión, S.G.I.I.C., S.A. and Caja Laboral Pensiones, G.F.P, S.A., 9,753 cases were brought in 2022 (12,689 in 2021), of which 9,009 were admitted for processing (11,631 in 2021), to which a response was given. 744 cases were not admitted (1,056 in 2021) for the reasons set out in the Customer Care Service Regulations as grounds for rejecting complaints or claims.

	<u>2022</u>	<u>2021</u>
<b>No. of case files opened</b>		
- In writing: brochure / letter	6,660	9,228
- Internet	2,859	2,697
- By telephone	1	2
- Public bodies: OMIC / Autonomous Governments	233	762
	<b><u>9,753</u></b>	<b><u>12,689</u></b>
<b>No. case files processed</b>	<b><u>9,009</u></b>	<b><u>11,631</u></b>
<b>Nature of the Files</b>		
- Complaints	4,016	3,154
- Claims	5,625	9,396
- Queries	3	22
- Suggestions	12	8
- Letters of congratulation / gratitude	3	1
- Sundry petitions	93	108
- Others	1	-
	<b><u>9,753</u></b>	<b><u>12,689</u></b>
	<u>2022</u>	<u>2021</u>
<b>Amounts claimed</b>		
- Amounts relating to cases for which the decision favoured the Entity	2,248	1,502
- Amounts relating to cases for which the decision favoured the Customer:	171	196
- Indemnities paid by the Entity	171	196
	<b><u>2,419</u></b>	<b><u>1,698</u></b>

With regard to the reason for opening files, it should be noted that these focus on the following areas:

	<u>2022</u>	<u>2021</u>
Economic terms	2%	1%
Commissions and expenses	85%	89%
Missing or inaccurate information	1%	-
Centralised customer services	2%	2%
Offices by objective elements	1%	3%
Covering needs	0%	-
Aspects of customer relations	3%	1%
Others:	6%	4%
- Speed and efficiency at ATMs	2%	3%
- Miscellaneous	4%	1%
	<b><u>100%</u></b>	<b><u>100%</u></b>

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With respect to the amounts claimed, the percentages are as follows:

	<u>2022</u>	<u>2021</u>
= < €10	0.14%	0.01%
> €10 < = €60	0.43%	0.09%
> €60 < = €100	0.40%	0.14%
> €100 < = €250	1.55%	0.86%
> €250 < = €1,000	45.69%	23.58%
> €1,000	51.79%	75.32%

With respect to the Customer Service activity of Seguros Lagun Aro Vida, S.A., 51 complaints and claims were received in 2022 (47 in 2021) and 42 cases were processed in 2022 (49 in 2021). The outcome of the cases handled for the cases opened for processing in the financial years 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
In favour of the customer	21	25
In favour of the entity	18	22
Others	3	2
	<u>42</u>	<u>49</u>

The total cost of complaints and claims resolved in favour of customers amounted to 11 thousand euros in 2022 (31 thousand euros in 2021). Complaints and claims have on average been addressed within 9.4 days (12.55 days in 2021).

With respect to the Customer Service activity of Seguros Lagun Aro, S.A., 680 complaints and claims were received during the financial year (647 in 2021) and 651 cases were processed in 2022 (672 in 2021).

The outcome of the cases handled for the cases opened for processing in the financial years 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
In favour of the customer	274	311
In favour of the entity	336	336
Others	41	25
	<u>651</u>	<u>672</u>

The cost to the Entity of total complaints and claims in favour of customers amounted to 52 thousand euros in 2022 (72 thousand euros in 2021). The average response time in 2022 was 11.22 days (11.98 days in 2021).

Concerning the activity of the Customer Care Service of Caja Laboral Bancaseguros O.B.S.V., S.L.U., no complaints or claims were received during 2022 (4 in 2021), and no cases were processed during 2022 (4 in 2021).

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The outcome of the cases handled for the cases opened for processing in the financial years 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
In favour of the customer	-	1
In favour of the entity	-	1
Others	-	2
	<u>-</u>	<u>4</u>

In 2022 and 2021 no cost was incurred by the Group due to complaints and claims favourable to customers. The average response time in 2022 was 0 days (2.75 days in 2021).

**15. Credit risk**

Credit risk is the risk of loss due to failure by the counter party to meet the payments due to the Laboral Kutxa Group, in part or in full, or outside the agreed terms. From a management perspective, Caja Laboral Popular Coop. de Crédito distinguishes between the credit risk arising from the Treasury and Capital Markets activity (financial institutions and private fixed income) and the credit risk with Government Authorities, arising from traditional investment activity.

In relation to the latter, the Board of Directors has delegated to the Main Operations Committee the maximum powers for all the amounts and risk figures, as well as the authorisation of defaults without limit on the amount. The Main Committee delegates powers to the Executive Committee, which in turn delegates to the Risk Management Department and the Commercial Network. The network's capacity to sanction risk is based on the level of risk and an alert system that takes into account factors such as the volume of risk, type of product and the margin of the operation.

The aforementioned Risk Area, reporting to the General Manager, integrates the Risk Management and Legal Advice departments. This has led to an increase in the efficiency of the processes for the admission, monitoring and recovery of credit risk and has strengthened the integrated control over the Parent Entity's risks.

With regard to Domestic and Commercial Credit Risk, all these matters are specified in the Risk Policy Manual, the latest update of which was approved by the Governing Board on 1 February 2023, and other related documents such as: Summary - Risk Policy Manual and Good Practice Manuals for Domestic and Commercial Risks.

These documents determine the procedures for the granting, controlling and monitoring of credit risk and describe the usable predictive models, their variables, weighting, and capacities and criteria for sanctioning risks, the acceptance process, and risk mitigation and reduction policies.

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The control mechanisms implemented by the Parent Entity for the control of the effective monitoring of the above-mentioned policies, methods and procedures are based on the Global Risk Control Systems implemented in the Parent Entity, as well as on the independent supervision of the Internal Audit Department, ensuring the quality of the risk acceptance and management systems.

Since the 2020 financial year, as a result of the pandemic situation and its disparate effect on different sectors of the economy, the Parent Entity has reinforced its risk control methodologies for domestic, business and corporate risks. With regard to household risk, the Group periodically reviews the behaviour as regards doubtful loans of customers covered by public or private moratoriums. In the area of businesses and companies, it has also designed various analyses with a sectoral focus with the aim of focusing on the progress of the sectors most affected by the economic slowdown and detecting possible patterns of correlations in potential non-payments.

The Risk Management Department, through the Large Company Risk Analysis and SME Risk Analysis sections, is responsible for the admission process and monitoring of portfolio companies, the Business and Small Company section is responsible for the admission of the aforementioned segments and the private individuals section, for the admission of domestic risk.

The Friendly Agreement and Pre-litigation Recovery section aims to manage the protocols associated with early alerts in companies, as well as to maximise the recoveries of operations in the friendly agreement (< 75 days default) and pre-litigation (> 75 days default) phases.

Lastly, the Legal Department provides advice and legal documentary hedging for risk operations, both in the initial stages and in possible refinancing or restructuring of debt, as well as the management of recovery proceedings and the legal defence of the Group against claims from customers and third parties.

The methodology department is responsible for preparing and maintaining the internal models designed to assess the credit risk associated with the different operations. Caja Laboral Popular Coop. de Crédito has developed internal rating and scoring models that can distinguish between clients (rating) or operations (scoring) depending on their risk level. For individuals the reactive risk acceptance process is based on binding scorings which are complemented using proactive pre-grant models, on the basis of the rating, of consumer loans automatically available to the customer in the various channels. For corporate customers the acceptance processes utilize a dual analyst/manager arrangement, with a customer/analyst portfolio assignment. For taking decisions, analysts have available the internal ratings and a pre-default alert model. Internal models are, therefore, a basic factor in appraising risk and allow the Group to estimate both the expected loss and the regulatory capital allocated to each operation.

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These internal models, prepared by the Risk Control Department and submitted to systematic reviews, are employed, therefore, in the decision process and, additionally, for the construction and development of integrated databases that allow calculations to be made of the severity, expected losses, capital consumption, etc., in the framework of the requirements of the New Basel Agreement on Capital. Also, both the scoring and rating models allow the Parent Entity to calculate the associated costs and establish the pricing of the different Private and Company operations.

In the area of policies for risk mitigation and reduction, this is achieved through various paths:

- In the admission process, although the admission criteria are based upon the borrowers' capacity to pay, in the calculation of which the internal models are essential protagonists, guarantees constitute the second means for collection. Bearing in mind that the majority of investment activity is related to home financing, the principal guarantee is the mortgage and the LTV relationship of the operations is particularly valued. Guarantee in the form of backing is very important, and cash deposits and financial assets as guarantees have lesser specific weighting.
- In the monitoring process, the Entity possesses internal pre-default models that allow prediction of payment default situations, so that those positions with a high default probability are managed in a proactive manner.
- In recovery management a procedure has been implemented that covers the intervention of various agents in the recovery of the default, depending upon the time phase in which the default operation lies. Within this context, it should be noted that in recovery management both internal agents (offices, tele-bank, pre-litigation and litigation) act along with external agents (collection agencies).

In general, the Parent Entity measures real estate security at its appraised value, having established a policy of updating the value of property that meets the requirements laid down by Bank of Spain regulations.

With regard to credit risk with financial institutions and private fixed income in the area of Treasury and Capital Markets, the last update of the risk policy was approved by the Governing Board on 1 February 2023, and sets a global limit to the Treasury activity in accordance with the risk appetite of the Parent Entity in relation to solvency and the MREL ratio, also establishing limits by counterpart, of concentration by reference and by manager, and by country. To this end, a procedure for allocating limits based on external ratings and an alert system has been implemented.

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Below is the breakdown by counterpart of the Loans and advances - Clients (not including "Other financial assets"), as at 31 December 2022 and 2021, with a breakdown of the amount that is covered by each of the main guarantees and the distribution of the secured financing based on the percentage of the financing book value in relation to the amount of the last appraisal or valuation of the available security:

#### 2022

	Total	Of which: Real estate collateral	Of which: other collateral	Less than or equal to 40%	Secured loans. Book value in relation to the amount of the last available valuation ( <i>loan to value</i> )			Greater than 100%
					Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	
Government Bodies)	1,299,779	5,779	50	4,534	-	-	-	1,295
Other financial companies and individual entrepreneurs (financial business activity)	84,927	16,490	255	11,180	4,437	722	97	309
Non-financial companies and individual entrepreneurs (non-financial business activity) (broken down according to purpose)	2,847,046	732,525	129,591	332,175	227,628	119,637	16,437	166,237
- Property construction and development (including land)	21,393	19,782	-	3,142	1,446	2,377	793	12,024
- Public works construction	64,212	10,681	3,845	4,490	3,270	2,324	86	4,354
- Other purposes	2,761,441	702,062	125,746	324,543	222,912	114,936	15,558	149,859
Large companies	691,150	25,462	6,028	16,979	6,179	2,053	-	6,279
SMEs and individual entrepreneurs	2,070,291	676,600	119,718	307,564	216,733	112,883	15,558	143,580
Other households (broken down by purpose)	10,891,153	9,957,209	17,716	2,756,743	2,883,917	3,156,953	575,026	602,286
- Homes	10,084,919	9,815,875	13,989	2,678,530	2,846,593	3,139,262	571,741	593,738
- Consumer	444,911	27,758	443	19,085	5,454	2,127	608	927
- Other purposes	361,323	113,576	3,284	59,128	31,870	15,564	2,677	7,621
<b>TOTAL</b>	<b>15,122,905</b>	<b>10,712,003</b>	<b>147,612</b>	<b>3,104,632</b>	<b>3,115,982</b>	<b>3,277,312</b>	<b>591,560</b>	<b>770,127</b>
MEMORANDUM ITEM								
Loan refinancing and restructuring transactions	129,375	90,798	473	27,312	16,076	15,670	12,374	19,838

#### 2021

	Total	Of which: Real estate collateral	Of which: other collateral	Less than or equal to 40%	Secured loans. Book value in relation to the amount of the last available valuation ( <i>loan to value</i> )			Greater than 100%
					Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	
Government Bodies)	1,274,944	8,588	-	4,020	3,320	-	-	1,248
Other financial companies and individual entrepreneurs (financial business activity)	32,149	11,257	725	4,560	5,470	1,068	65	821
Non-financial companies and individual entrepreneurs (non-financial business activity) (broken down according to purpose)	2,794,625	751,387	132,410	336,581	218,040	132,810	17,805	178,561
- Property construction and development (including land)	32,795	30,915	-	2,611	4,252	10,125	1,100	12,827
- Public works construction	49,286	9,385	2,844	4,642	2,672	1,795	88	3,032
- Other purposes	2,712,544	711,087	129,566	329,328	211,116	120,890	16,617	162,702
Large companies	595,092	19,556	2,515	11,677	2,459	3,698	1,097	3,140
SMEs and individual entrepreneurs	2,117,452	691,531	127,051	317,651	208,657	117,192	15,520	159,562
Other households (broken down by purpose)	10,985,865	10,107,983	17,654	2,771,180	2,980,951	3,103,894	601,228	668,382
- Homes	10,225,353	9,957,779	14,333	2,691,613	2,940,663	3,083,449	597,565	658,821
- Consumer	419,279	30,269	592	20,129	5,605	3,179	940	1,008
- Other purposes	341,233	119,935	2,729	59,438	34,683	17,266	2,723	8,553
<b>TOTAL</b>	<b>15,087,583</b>	<b>10,879,215</b>	<b>150,789</b>	<b>3,116,341</b>	<b>3,207,781</b>	<b>3,237,772</b>	<b>619,098</b>	<b>849,012</b>
MEMORANDUM ITEM								
Loan refinancing and restructuring transactions	151,636	121,846	556	30,829	30,386	20,881	15,004	25,302

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

A breakdown of the Parent Entity's maximum credit risk covered by each of the primary guarantees as at 31 December 2022 and 2021 is set out below:

	2022							Total
	Real estate collateral	Pledge guarantee	Other security interests	Secured or insured personal guarantee	Unsecured personal guarantee	Unclassified	Valuation adjustments	
<b>Customer loans and advances</b>								
Balance drawn down	11,501,790	15,545	305,611	1,402,875	2,634,146	(414,990)	(263,540)	15,181,437
Value of the guarantee	26,232,567	24,773	1,217,766	1,265,663	28,580	-	-	28,769,349
	2021							
	Real estate collateral	Pledge guarantee	Other security interests	Secured or insured personal guarantee	Unsecured personal guarantee	Unclassified	Valuation adjustments	Total
<b>Customer loans and advances</b>								
Balance drawn down	11,124,981	17,894	315,067	1,417,536	2,461,994	117,160	(308,933)	15,145,699
Value of the guarantee	26,454,356	27,656	1,249,512	1,270,890	25,769	-	-	29,028,183

The value of guarantees received to ensure payment collection in connection with customer transactions, distinguishing between real guarantees and other guarantees as at 31 December 2022 and 2021 is as follows:

Value of guarantees received	2022	2021
Value of security interests	27,450,333	27,703,868
<i>Of which: doubtful risks guarantees</i>	447,454	467,532
Value of other guarantees	1,319,016	1,324,315
<i>Of which: doubtful risks guarantees</i>	75,412	39,685
<b>Total value of guarantees received</b>	<b>28,769,349</b>	<b>29,028,183</b>

The following is information about the value of the financial guarantees granted as at 31 December 2022 and 31 December 2021:

	2022	2021
<b>Loan commitments granted</b>	1,069,497	1,058,970
<i>Of which: amount classified as doubtful</i>	8,327	14,106
Amount recorded under liabilities on the balance sheet	-	-
<b>Financial guarantees granted</b>	215,305	214,749
<i>Of which: amount classified as doubtful</i>	13,510	21,008
Amount recorded under liabilities on the balance sheet	13,987	21,367
<b>Other commitments granted</b>	396,560	320,681
<i>Of which: amount classified as doubtful</i>	5,728	5,960
Amount recorded under liabilities on the balance sheet	3,537	4,505

In line with Bank of Spain recommendations on transparency in financing for construction and real estate promotion, financing for home acquisition and assets acquired in payment of debt and the valuation of the markets' financing needs and using the detailed models required, the Group includes the following information:



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a) Exposure to the construction and real estate promotion sector

Financing destined to construction and real estate and its hedging as at 31 December 2022 and 2021 was as follows:

	2022		
	Book value gross	Excess gross exposure on maximum recoverable amount of effective collateral	Impairment of the accumulated value
<b>Financing for construction and real estate development (including land) (businesses in Spain)</b>	<b>44,041</b>	<b>25,466</b>	<b>22,647</b>
Of which: with default / doubtful	18,267	13,460	14,011
<b>Memorandum item:</b>			
Failed assets	93,734		
<b>Memorandum item:</b>	<b>Amount</b>		
- Loans to customers excluding Public Administrations (businesses in Spain)	13,819,356		
- Total assets (total businesses)	27,754,731		
- Impairment of value and provisions for exposures classified as not doubtful (total businesses)	136,519		
	2021		
	Book value gross	Excess gross exposure on maximum recoverable amount of effective collateral	Impairment of the accumulated value
<b>Financing for construction and real estate development (including land) (businesses in Spain)</b>	<b>57,364</b>	<b>28,838</b>	<b>24,570</b>
Of which: with default / doubtful	21,784	13,751	14,995
<b>Memorandum item:</b>			
Failed assets	96,569		
<b>Memorandum item:</b>	<b>Amount</b>		
- Loans to customers excluding Public Administrations (businesses in Spain)	13,810,713		
- Total assets (total businesses)	28,563,153		
- Impairment of value and provisions for exposures classified as not doubtful (total businesses)	139,930		

The following is a breakdown of the financing for construction, real estate promotion and home purchase as at 31 December 2022 and 2021:

	Financing for construction and real estate promotion	
	Gross book value	
	2022	2021
Without property guarantee	11,219	12,332
With property guarantee	32,821	45,033
Buildings and other finished constructions	22,189	26,717
Home	19,102	22,852
Remainder	3,087	3,865
Buildings and other constructions in progress	1,196	1,294
Home	1,146	1,244
Remainder	50	50
Land	9,436	17,021
Urban land	8,861	16,258
Other land	575	763
<b>Total</b>	<b>44,040</b>	<b>57,364</b>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The breakdown of credit to households for home purchase as at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Gross book value	Of which: doubtful	Gross book value	Of which: doubtful
Loans for home purchase	<b>9,851,188</b>	<b>117,119</b>	9,997,964	140,707
Without mortgage guarantee	220,299	2,586	221,257	2,997
With mortgage guarantee	9,630,889	114,533	9,776,707	137,710

The breakdown of credit with mortgage guarantee to households for home purchase in accordance with the percentage that the total risk represents of the amount of the latest official valuation available as at 31 December 2022 and 2021 is as follows:

	Gross book value in relation to the amount of the last valuation ( <i>loan to value</i> )					
	2022					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross book value	2,538,294	2,790,430	3,113,190	572,017	616,959	9,630,890
Of which: with default / doubtful	11,615	18,502	24,314	19,022	41,080	114,533

	Gross book value in relation to the amount of the last valuation ( <i>loan to value</i> )					
	2021					
	Less than or equal to 40%	Greater than 40% and less than or equal to 60%	Greater than 60% and less than or equal to 80%	Greater than 80% and less than or equal to 100%	Greater than 100%	Total
Gross book value	2,541,927	2,886,373	3,059,237	596,656	692,514	9,776,707
Of which: with default / doubtful	11,628	20,147	23,318	21,824	60,793	137,710

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

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The breakdown of assets received in payment of debt as at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Gross book value	Accumulated impairment value	Gross book value	Accumulated impairment value
<b>Real estate assets from financing of construction and real estate promotion</b>	<b>397,031</b>	<b>361,572</b>	<b>466,431</b>	<b>371,081</b>
Buildings and other finished constructions	21,009	16,191	22,430	16,207
Home	5,151	4,387	5,057	3,314
Remainder	15,858	11,804	17,373	12,893
Buildings and other constructions in progress	50,153	22,931	76,684	33,877
Home	46,362	20,903	66,317	28,452
Remainder	3,791	2,028	10,367	5,425
Land	325,869	322,450	367,317	320,997
Urban land	124,532	123,406	140,819	125,573
Other land	201,337	199,044	226,498	195,424
<b>Real estate assets from mortgage financing to households for home purchase</b>	<b>25,366</b>	<b>7,686</b>	<b>23,584</b>	<b>6,412</b>
<b>Other real estate assets foreclosed or received in payment of debts</b>	<b>30,909</b>	<b>18,206</b>	<b>35,671</b>	<b>17,361</b>
<b>Equity instruments foreclosed or received in payment of debts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity instruments of entities holding foreclosed real estate assets or received in payment of debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing to entities holding foreclosed real estate assets or received in payment of debts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>453,306</b>	<b>387,464</b>	<b>525,686</b>	<b>394,854</b>

The value of guarantees received linked to financing for construction and real estate development as at 31 December 2022 and 2021 is as follows:

<b>Value of guarantees received– Construction and real estate development</b>	<b>2022</b>	<b>2021</b>
Value of security interests	145,859	159,356
<i>Of which: doubtful risks guarantees</i>	33,016	38,969
Value of other guarantees	2,016	2,493
<i>Of which: doubtful risks guarantees</i>	-	-
<b>Total value of guarantees received</b>	<b>147,875</b>	<b>161,849</b>

The value of the financial guarantees granted for operations for construction and real estate development as at 31 December 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Financial guarantees granted for construction and real estate development	19,706	25,213
Amount recorded under liabilities on the balance sheet	841	1,751

In compliance with Law 8/2012, as at 31 December 2022 and 2021, the Parent Entity maintained the real-estate assets derived from financing of construction and property development in an asset management company. Percentage interest and details are provided in Appendix I of the Notes to these consolidated annual accounts.

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**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31  
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b) Refinancing transactions

The risk restructuring policy approved by the Parent Entity defines transaction restructuring as a risk management instrument designed to facilitate an amicable recovery. Thus, a distinction is made between refinancing operations which involve the granting of a new operation to cancel an existing one, and restructured operations or novations by means of which one or more of the conditions of an open operation are amended.

This policy stipulates that the power to authorise these kinds of transaction, regardless of whether or not there is a non-payment issue, resides exclusively with the Risk Management Department in its various sections.

Circular 3/2020, which amends the accounting treatment of certain refinancing and restructuring operations, came into force in 2020 (Note 2.3). When refinancing and/or restructuring operations do not qualify as Stage 1, they shall be classified as:

b.1) Stage 2 - Standard subject to special monitoring

Those that are not Doubtful or Failed, but have weaknesses. Operationally, this kind of classification will be assigned by default, if the refinancing/restructuring operation is not classified under any of the types below, but exhibits a significant increase in credit risk.

b.2) Stage 3 - Doubtful as a result of borrower arrears

Those in which the refinanced or restructured operations are over 90 days past due.

b.3) Stage 3 - Doubtful for reasons other than borrower arrears

Those in which there are reasonable doubts about their full repayment. Indications or indicators will be observed to support this situation.

Hedging of credit risk loss (necessary provisioning) will be made by collective estimation, except those considered "significant" (over 3 million euros, this being the threshold applied for doubtful operations or those under special surveillance) or have been classified as Doubtful for reasons other than late payments due to non-automatic factors. In these cases, the provision will be estimated through individualised analysis.

The Risk Analyst will have a proposed provision obtained from the model for the individualised estimate and will then establish the required provision based on the model proposal and knowledge of the operation.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

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In line with the requirements of IFRS 9 and in compliance with the amendments introduced by Circular 6/2012, of 28 September, and Circular 4/2017, of 27 November, defining the criteria for classifying operations as refinancing operations, refinanced operations and restructured operations and, following the policies set by the Parent Entity in this respect, below is the breakdown as at 31 December 2022 and 2021 of refinancing, refinanced and restructured operations:

#### 2022 Financial year

	TOTAL							Of which: with defaults/doubtful						
	Without collateral security		With collateral security				Accumulated impairment value	Without collateral security		With collateral security			Accumulated impairment value	
	Number of operations	Gross book value	Number of operations	Gross book value	Maximum amount of collateral security that can be considered			Number of operations	Gross book value	Number of operations	Gross book value	Maximum amount of collateral security that can be considered		
					Real estate collateral	Other collateral securities						Real estate collateral		Other collateral securities
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Government Bodies	-	-	1	6,080	6,080	-	(3,040)	-	-	1	6,080	6,080	-	(3,040)
Other financial companies and individual entrepreneurs (financial business)	5	51	3	320	320	-	(32)	4	48	1	160	160	-	(31)
Non-Financial institutions and individual entrepreneurs (non-financial business)	886	50,843	358	90,017	54,930	666	(69,286)	542	25,894	271	70,816	38,465	178	(59,490)
<i>Of which: financing for construction and development (including land)</i>	2	287	21	14,109	11,609	-	(9,912)	2	287	16	7,402	7,075	-	(5,326)
Other homes	600	6,475	767	72,395	64,436	24	(24,448)	334	3,910	492	51,276	45,814	-	(20,901)
<b>TOTAL</b>	<b>1,491</b>	<b>57,369</b>	<b>1,129</b>	<b>168,812</b>	<b>125,766</b>	<b>690</b>	<b>(96,806)</b>	<b>880</b>	<b>29,852</b>	<b>765</b>	<b>128,332</b>	<b>90,519</b>	<b>178</b>	<b>(83,462)</b>
<b>ADDITIONAL INFORMATION</b>														
Financing classified as Non-current assets and disposal groups classified as held for sale.	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### 2021 Financial year

	TOTAL							Of which: with defaults/doubtful						
	Without collateral security		With collateral security				Accumulated impairment value	Without collateral security		With collateral security			Accumulated impairment value	
	Number of operations	Gross book value	Number of operations	Gross book value	Maximum amount of collateral security that can be considered			Number of operations	Gross book value	Number of operations	Gross book value	Maximum amount of collateral security that can be considered		
					Real estate collateral	Other collateral securities						Real estate collateral		Other collateral securities
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Bodies	-	-	1	6,460	6,460	-	(3,230)	-	-	1	6,460	6,460	-	(3,230)
Other financial companies and individual entrepreneurs (financial business)	3	13	3	350	350	-	(12)	3	13	1	166	166	-	(11)
Non-Financial institutions and individual entrepreneurs (non-financial business)	785	52,328	410	112,165	71,020	835	(94,012)	512	20,364	300	89,511	51,792	384	(73,920)
<i>Of which: financing for construction and development (including land)</i>	3	480	25	15,640	12,684	-	(10,546)	3	480	23	8,605	8,198	-	(5,628)
Other homes	887	8,006	1,040	99,904	88,003	29	(30,336)	411	4,894	592	61,424	52,843	21	(25,663)
<b>TOTAL</b>	<b>1,675</b>	<b>60,347</b>	<b>1,454</b>	<b>218,879</b>	<b>165,833</b>	<b>864</b>	<b>(127,590)</b>	<b>926</b>	<b>25,271</b>	<b>894</b>	<b>157,561</b>	<b>111,261</b>	<b>405</b>	<b>(102,824)</b>
<b>ADDITIONAL INFORMATION</b>														
Financing classified as Non-current assets and disposal groups classified as held for sale.	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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The next table shows the breakdown as at 31 December 2022 and 2021 of the gross amounts of transactions classified as standard under special surveillance and doubtful during the year subsequent to their refinancing or restructuring:

	<b>2022</b>		
	<b>Gross amount</b>		
	<b>Full property mortgage guarantee</b>	<b>Other collateral securities</b>	<b>Without collateral security</b>
Government Bodies	-	-	-
Other legal persons and individual entrepreneurs	9,495	232	30,732
<i>Of which: Financing for construction and development</i>	<i>251</i>	<i>-</i>	<i>-</i>
Other physical persons	18,986	18	2,692
<i>Of which: Financing for construction and development</i>	<i>112</i>	<i>-</i>	<i>-</i>
	<b>2021</b>		
	<b>Gross amount</b>		
	<b>Full property mortgage guarantee</b>	<b>Other collateral securities</b>	<b>Without collateral security</b>
Government Bodies	-	-	-
Other legal persons and individual entrepreneurs	17,419	667	16,414
<i>Of which: Financing for construction and development</i>	<i>4,874</i>	<i>-</i>	<i>-</i>
Other physical persons	21,719	29	3,251
<i>Of which: Financing for construction and development</i>	<i>-</i>	<i>-</i>	<i>-</i>

The value of guarantees received to ensure collection of refinancing and restructuring operations, distinguishing between real guarantees and other guarantees as at 31 December 2022 and 2021 is as follows:

<b>Value of guarantees received – Refinancing</b>	<b>2022</b>	<b>2021</b>
Value of security interests	336,688	404,144
<i>Of which: doubtful risks guarantees</i>	<i>234,035</i>	<i>254,296</i>
Value of other guarantees	50,083	44,977
<i>Of which: doubtful risks guarantees</i>	<i>24,207</i>	<i>19,983</i>
<b>Total value of guarantees received</b>	<b>386,771</b>	<b>449,121</b>

The detailed movement of refinancing and restructuring operations, net of provisions, in 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
<b>Opening balance</b>	<b>151,636</b>	<b>183,341</b>
(+)/(-) Incoming / Outgoing refinancing and restructuring within the period	(13,307)	1,898
<i>Pro-memoria: impact recorded in profit and loss account for the period</i>	<i>15,114</i>	<i>5,273</i>
(-) Debt repayments	(21,725)	(33,747)
(-) Foreclosures	(1,378)	(1,134)
(-) Balance sheet derecognition (reclassification to write-offs)	-	(1)
(+)/(-) Other variations	14,149	1,279
<b>Balance at year end</b>	<b>129,375</b>	<b>151,636</b>

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c) Measures adopted in relation to the COVID-19 crisis

As a result of the crisis caused by COVID-19, the public authorities approved various measures in 2021 and 2020 to mitigate the economic and financial impact of the pandemic. These measures were aimed at supporting businesses and individuals that were particularly affected by the pandemic in order to sustain economic activity with a view to a future economic recovery. The main measures with an impact on these annual accounts were as follows:

- Approval of public support measures in the form of guarantees to cover the renewal of loans and new financing granted by credit institutions to companies to meet working capital or liquidity needs, including those arising from maturing financial or tax obligations.
- Establishment of a moratorium, for a period of time, on the payment of obligations arising from financing granted to economically vulnerable individuals belonging to sectors particularly affected by the fall in activity resulting from the pandemic.

In addition, the Laboral Kutxa Group launched a moratorium programme to complement the one approved by the Government, aimed at mitigating the impact of the economic crisis on certain groups excluded from the Government's measures, as well as extending the moratorium periods for borrowers who were able to take advantage of the Government's programme.



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c.1) Moratoriums granted

The gross amount of transactions for which customers have requested some form of payment moratorium, whether under legal measures, private agreements or both, is shown below, detailing those transactions entered into up to 31 December 2022, as well as a breakdown of the residual maturity of those granted and still outstanding at that date:

	Number of customers	Thousands of Euros							
		Gross amount							
		Total	Of which legal moratorium	Of which: expired	Residual expiry of the moratorium				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratoriums have been requested	1,226	85,856							
Loans and advances subject to moratorium (granted)	977	69,846	49,639	69,846	-	-	-	-	-
of which: Homes		67,149	46,942	67,149	-	-	-	-	-
<i>of which: Secured by residential real estate</i>		61,758	42,708	61,758	-	-	-	-	-

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The gross amount of transactions for which customers have requested some form of payment moratorium, whether under legal measures, private agreements or both, is shown below, detailing those transactions entered into up to 31 December 2021, as well as a breakdown of the residual maturity of those granted and still outstanding at that date:

	Number of customers	Thousands of Euros							
		Gross amount							
		Total	Of which legal moratorium	Of which: expired	Residual expiry of the moratorium				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratoriums have been requested	1,265	98,815							
Loans and advances subject to moratorium (granted)	1,014	80,184	57,209	78,726	749	550	160	-	-
of which: Homes		75,921	52,946	74,463	749	550	160	-	-
<i>of which: Secured by residential real estate</i>		69,141	47,561	67,969	497	527	149	-	-

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

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As at 31 December 2022, all transactions with some form of moratorium on payments have expired, whether granted under legal measures, private agreements or both, and no new ones have been granted during the year.

Thousands of Euros														
Gross Amount							Cumulative impairment, cumulative changes in fair value arising from credit risk						Gross amount	
Total	Standard			Doubtful			Total	Standard			Doubtful			Entries to doubtful
	Total Standard	Of which: exposures with refinancing measures	Of which: instruments with significant increase in risk but not impaired (Stage 2).	Total Doubtful	Of which: exposures with refinancing measures	Of which: unlikely to pay but not in default or in default <= 90 days		Total Standard	Of which: exposures with refinancing measures	Of which: instruments with significant increase in risk but not impaired (Stage 2).	Total Doubtful	Of which: exposures with refinancing measures	Of which: unlikely to pay but not in default or in default <= 90 days	
Loans and advances subject to moratorium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Homes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: Secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

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The gross amount of transactions with some form of moratorium on payments, whether granted under legal measures, private agreements or both, that have been entered into and are still outstanding as at 31 December 2021 is shown below:

	Thousands of Euros														
	Gross Amount							Cumulative impairment, cumulative changes in fair value arising from credit risk						Gross amount	
	Total	Standard			Doubtful			Total	Standard			Doubtful			Entries to doubtful
		Total Standard	Of which: exposures with refinancing measures	Of which: instruments with significant increase in risk but not impaired (Stage 2).	Total Doubtful	Of which: exposures with refinancing measures	Of which: unlikely to pay but not in default <= 90 days		Total Standard	Of which: exposures with refinancing measures	Of which: instruments with significant increase in risk but not impaired (Stage 2).	Total Doubtful	Of which: exposures with refinancing measures	Of which: unlikely to pay but not in default <= 90 days	
Loans and advances subject to moratorium	1,458	597	433	433	861	859	861	(136)	(51)	(28)	(28)	(85)	(83)	(85)	79
of which: Homes	1,458	597	433	433	861	859	861	(136)	(51)	(28)	(28)	(85)	(83)	(85)	76
<i>of which: Secured by residential real estate</i>	1,172	381	381	381	791	791	791	(18)	-	-	-	(18)	(18)	(18)	76

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### **NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022**

**(Expressed in thousands of euros)**

As indicated above, the operations shown in the tables above have been carried out in accordance with the provisions of Royal Decree-Laws 8/2020, 11/2020, 25/2020, 26/2020 and 3/2021, as well as with the guidelines and private agreements between the Parent Entity and its customers.

With regard to the legal moratorium, this entailed the suspension of the mortgage debt for a period of three months and the consequent non-application during the period of validity of the moratorium of the early maturity clause that, where applicable, was included in the mortgage loan contract. The application deadline for these moratoriums ended on 30 September 2020, without prejudice to the approval of new measures by the Spanish Government. During the period of validity of the moratorium, the creditor entity could not demand payment of the mortgage instalment, nor of any of the items included in it (amortisation of the capital or payment of interest), either in full or a percentage. Royal Decree-Law 3/2021 of 12 February extended the deadline for customers who met the requirements of the applicable regulations to apply for a legal moratorium until 31 March 2021. This regulation allowed for up to 9 months of moratorium for those customers who had not requested it before or for those who, having been granted some kind of moratorium, the accumulated period had not exhausted the 9 months.

As at 31 December 2022, the Parent Entity has not formalised any legal moratorium measures. As at 31 December 2021, the Parent Entity has formalised legal moratorium measures affecting 53 transactions, with an outstanding risk exposure of 164 thousand euros.

The private moratorium is applicable both to borrowers who have benefited from the legal moratorium described above and to borrowers who have not benefited from the legal moratorium and whose financial situation has deteriorated as a result of COVID-19. This private moratorium, applied exclusively by Laboral Kutxa, allows the suspension of up to 6 instalments of capital of the operation, which may be extended in the case of mortgage loans by up to 12 instalments in certain cases (in the calculation of the suspended instalments, the possible deferral that may have occurred as a result of the application of legal moratoriums must be taken into account). As at 31 December 2022, the Parent Entity has not formalised any private moratorium measures. As at 31 December 2021, the Parent Entity has formalised private moratorium measures affecting 325 transactions, with an outstanding risk exposure of 1,292 thousand euros.

The effect of the changes in contractual conditions resulting from the measures described in this note did not have a significant impact on the profit and loss account for the year.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### c.2) Publicly guaranteed operations

In addition, the Parent Entity has entered into new operations backed by public assistance measures introduced in response to the COVID-19 crisis. The table below shows information as at 31 December 2022 for these operations:

	Thousands of Euros			
	Gross amount		Maximum amount of the guarantee that can be considered	Gross amount in doubt
	Total	of which: refinancing	Public guarantees received	
<b>Newly granted operations backed by public assistance measures</b>	726,686	21,226	632,557	45,129
of which: Self-employed	55,311	-	-	1,983
of which: Secured by residential real estate	-	-	-	-
of which: Non-financial companies	669,961	19,323	579,570	43,077
of which: SMEs	565,676	-	-	41,338
of which: Secured by commercial real estate	-	-	-	-

In addition, the Parent Entity has entered into new operations backed by public assistance measures introduced in response to the COVID-19 crisis. The table below shows information as at 31 December 2021 for these operations:

	Thousands of Euros			
	Gross amount		Maximum amount of the guarantee that can be considered	Gross amount in doubt
	Total	of which: refinancing	Public guarantees received	
<b>Newly granted operations backed by public assistance measures</b>	726,741	1,226	636,347	11,668
of which: Self-employed	57,500	-	-	668
of which: Secured by residential real estate	-	-	-	-
of which: Non-financial companies	666,639	1,061	580,916	11,000
of which: SMEs	578,975	-	-	9,550
of which: Secured by commercial real estate	-	-	-	-

The public assistance measures presented in the table above include:

- a) Guarantees from the ICO COVID-19 credit facility, provided for in article 29 of Royal Decree-Law 8/2020, of 17 March, on extraordinary urgent measures, which establishes that the Ministry of Economic Affairs and Digital Transformation will grant up to 100,000 million euros in guarantees for financing, provided by credit institutions to companies and the self-employed affected by the health crisis to meet their needs arising from invoice management, working capital requirements, financial or tax obligations, the payment of employees' salaries or other liquidity needs to support them in maintaining economic activity. Companies and the self-employed have access to these guarantees via their financial institutions, through the formalisation of new financing operations or the renewal of existing ones, with the ICO guaranteeing a percentage of between 70% and 80% (60% in renovation operations), depending on the characteristics of the company or self-employed person concerned. The Parent Entity pays the ICO an annual fee on the amounts guaranteed.

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(Expressed in thousands of euros)

The number of operations approved by the Parent Entity for the self-employed, SMEs and other companies was 5,918 (5,605 as at 31 December 2021), for an amount of 452,817 thousand euros (461,960 thousand euros as at 31 December 2021), and an ICO guarantee amount of 359,252 thousand euros (372,002 thousand euros as at 31 December 2021).

- b) In addition, various regional governments, mainly the Basque Government and the Government of Navarre, have also developed extraordinary urgent measures for credit facilities through agreements with Elkargi, S.G.R. (in the case of the Basque Government) and Sonagar (in the case of the Government of Navarre) aimed at meeting the liquidity needs of SMEs and the self-employed to enable them to maintain their economic activity. The number of operations approved by the Parent Entity for the self-employed, SMEs and other companies for this type of guarantee was 3,637 (3,536 as at 31 December 2021), for an amount of 273,869 thousand euros (264,781 thousand euros as at 31 December 2021) and a guarantee amount of 273,305 thousand euros (264,344 thousand euros at 31 December 2021).

With regard to the accounting treatment of these transactions, the Parent Entity considers the expected cash flows from the possible execution of the guarantee in the calculation of the expected loss on the transaction.

#### 16. Liquidity risk

There are two different definitions of liquidity risk:

- Fund liquidity risk: the risk that the Parent Entity may not be able to efficiently meet expected and unforeseen cash flows, present and future, as well as guarantee provisions resulting from its payment obligations, without its daily operations or financial situation being affected.
- Market liquidity risk: the risk that a financial Parent Entity cannot compensate or easily dispose of a position at market prices because of a deep insufficiency or distortions on the market.

The Entity has always treated liquidity as a strategic objective, applying systematic management and control procedures over the past two decades. As part of this, Caja Laboral Popular Coop. de Crédito has a Liquidity Risk Policies and Procedures Guide approved by its Governing Board based on the Basel Committee on Banking Supervision's "Principles for sound liquidity risk management and supervision" (document dated September 2008) and establishes various liquidity objectives and a contingency plan including alert levels and action protocols. It is also worth mentioning that in 2015 the Parent Entity also prepared the Risk Appetite Framework, which is the subject of a systematic process of authorisation and improvement, in which the different tolerance thresholds for certain key liquidity risk indicators are included and, furthermore, the Recovery Plan, which updates the aforementioned alert levels and action protocols relating to situations of liquidity crisis.



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Based on the tasks set out in the procedures, liquidity management is supported by a control system that, on the one hand, sets limits on certain key indicators and medium-term liquidity targets for the above and additional indicators and, on the other, systematically monitors the degree of compliance with these limits and targets. These limits and targets are monitored on the basis of a monthly updated financing plan containing forecasts of the performance of investible funds, lending and wholesale funding, which determine the performance of the indicators subject to the limits and targets, enabling the ALCO to have permanently updated information on the foreseeable performance of both these indicators and liquidity in general over the medium term. The ALCO therefore has time to prepare appropriate actions to correct any imbalances in the evolution of aggregates affecting liquidity. Liquidity objectives include Available liquid assets and various liquidity ratios including the liquidity coverage ratio (LCR), which at year-end 2022 reached very high levels in the Parent Entity, well above the limit stipulated by the regulator for 1 January 2018.

Specifically, at year-end 2022, the Parent Entity had:

- An LCR of 415%.
- Liquid discountable (and available) assets in the European Central Bank (ECB) of 6,720 million euros (following the application of haircuts), which allow unexpected contingencies to be dealt with. Of this amount, 1,883 million euros are available as an ECB loan and 4,837 million euros are eligible assets in the ECB which can be drawn down as collateral. Over the year, the Parent Entity has maintained high positive net liquidity levels.
- A balance in the current account of the Bank of Spain of 1,227 million euros, of which 225.8 corresponds to the cash ratio.
- A Loan to Deposits Ratio standing at 65%.
- Wholesale Financing in which the Parent Entity has followed a prudent policy:
  - With an amount of 1,000 million euros, which represents 4% of the total balance. This amount includes money taken from the ECB, and excludes covered bonds for treasury shares, securitisations and ICO financing, as their maturity flows are matched to those related to the assets they finance.
  - Diversified with respect to financing sources. Thus, at the end of the year, Caja Laboral had 1,000 million euros in borrowed money (TLTRO III) from the ECB (Note 32). The Parent Entity also has financing in the market through the securitisation of mortgage bond holdings (discounting the tranches acquired by the Entity itself) for an amount of 60 million euros, and 2 million euros of ICO intermediated financing, although, as mentioned above, neither the ICO Financing nor the Securitisations require refinancing at maturity.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

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(Expressed in thousands of euros)

- Diversified in terms of maturities, the ECB borrowing is scheduled to mature in June 2023 and June 2024.

The financing structure of the Parent Entity is distributed in accordance with the following breakdown:

Financing structure	2022	
	Million €	%
Customer deposits	22,646	83.31%
Mortgage bonds (1)	-	-
ECB borrowing	1,000	3.68%
Securitisations (1)	60	0.22%
ICO financing	2	0.01%
<b>Total Assets</b>	<b>27,183</b>	

(1) Treasury stock is excluded

As for the distribution by maturity of wholesale financing, it should be noted that this occurs from 2022 onwards according to the following breakdown:

Maturities of wholesale issues	Million €			
	2023	2024	2025	> 2025
Mortgage Bonds	-	-	-	-
Territorial Bonds	-	-	-	-
Senior Debt	-	-	-	-
Issues guaranteed by the State	-	-	-	-
Subordinate, Preferential and convertible	-	-	-	-
Securitisations sold to third parties	9	8	7	36
ECB borrowing	820	180	-	-
ICO financing	0.4	0.3	0.4	0.9
	<b>830</b>	<b>188</b>	<b>7</b>	<b>37</b>

Liquidity needs in the medium-term are amply covered by the financing capabilities. Thus, the attached tables show the Net Liquid Assets available after the application of "haircuts" and the Issuing Capacity of the Parent Entity:

Net Liquid assets (2)	Million €	
	31.12.2022	
	Drawn	Available
	1,000	6,720

(2) Bank of Spain liquidity statements criteria (excluding equity instruments)

Issue Capacity	Million €
Issue capacity of Mortgage Bonds	5,773
Issue capacity of Territorial Bonds	725
Available in issues guaranteed by the State	-
	<b>6,498</b>

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The attached table contains an analysis (in millions of euros) of the assets and liabilities of the Parent Entity grouped by their residual maturity in accordance with the criteria of the liquidity statements sent to the Bank of Spain (excluding overdue balances, doubtful loans, foreclosures and non-performing):

#### 2022

##### DISTRIBUTION OF ASSETS AND LIABILITIES BY TERM TO MATURITY

	Million €							
	Total balance	On demand	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year 5 years	More than 5 years
TOTAL inflows	27,616	1,020	300	446	904	1,616	8,162	15,168
TOTAL outflows	(24,956)	(22,640)	(549)	(00)	(845)	(72)	(602)	(248)
<b>Net</b>	<b>2,660</b>	<b>(21,620)</b>	<b>(249)</b>	<b>445</b>	<b>59</b>	<b>1,544</b>	<b>7,560</b>	<b>14,920</b>

#### 2021

##### DISTRIBUTION OF ASSETS AND LIABILITIES BY TERM TO MATURITY

	Million €							
	Total balance	On demand	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year 5 years	More than 5 years
TOTAL inflows	26,438	2,680	314	364	363	736	8,046	13,935
TOTAL outflows	(25,535)	(22,595)	(931)	(00)	(04)	(13)	(1,916)	(76)
<b>Net</b>	<b>903</b>	<b>(19,915)</b>	<b>(617)</b>	<b>364</b>	<b>359</b>	<b>723</b>	<b>6,130</b>	<b>13,859</b>

## 17. Interest rate risk

Interest rate risk refers to losses that may arise in the Profit and Loss Account and in the Equity Value of the Parent Entity as a consequence of an adverse movement in interest rates.

The Governing Board has delegated to the Assets and Liabilities Committee (ALCO) the function of managing this risk, within the limits set by the Board, which are reviewed each year. These limits are established in terms of the maximum permissible loss between two interest rate scenarios: market and unfavourable.

The ALCO systematically analyses exposure to the interest rate risk and through active management, attempts to anticipate through its decisions the negative impact that undesired changes in market interest rates may have on the profit and loss account in the medium term. Its decisions are supported by measuring the results of the Parent Entity in the long term under different interest rate scenarios, carried out by means of simulations that deal with structural balance sheet and off-balance sheet positions.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The accompanying table sets out the static gap of interest rate sensitive items, which represents an initial approximation to the Parent Entity's exposure to interest rate fluctuations. However, given the limitations of the assumptions implicit in the gap, it should be noted that at Caja Laboral it is not the measurement technique used to measure the aforementioned risk, which is described in the preceding paragraph.

Million €									
	Balance on balance sheet as at 31.12.22	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
<b>Sensitive assets</b>	26,974	4,109	2,666	8,760	3,003	1,329	717	674	5,716
Money market	1,520	1,520	-	-	-	-	-	-	-
Credit market	16,163	2,215	2,663	5,522	731	592	687	500	3,254
Securities market	9,291	375	3	3,238	2,271	737	29	175	2,463
<b>Sensitive liabilities</b>	24,239	2,950	4,300	8,351	40	17	20	35	8,527
Wholesale market	1,044	48	1,002	1	(1)	(5)	-	-	-
Other creditors	23,195	2,903	3,298	8,350	41	22	20	35	8,527
Simple GAP		1,159	(1,633)	409	2,963	1,312	697	639	(2,811)
% of total liabilities		4%	(6%)	2%	11%	5%	3%	2%	(10%)
Cumulative GAP		1,159	(474)	(65)	2,898	4,210	4,906	5,545	2,735
% of total liabilities		4%	(2%)	(0%)	11%	16%	18%	21%	10%

Million €									
	Balance on balance sheet as at 31.12.21	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
<b>Sensitive assets</b>	28,497	6,208	2,700	7,992	2,056	2,469	1,272	690	5,111
Money market	3,488	3,488	-	-	-	-	-	-	-
Credit market	15,942	2,339	2,683	5,622	633	589	433	610	3,034
Securities market	9,066	381	17	2,370	1,423	1,880	839	80	2,077
<b>Sensitive liabilities</b>	25,390	8,739	1,776	3,638	1,682	191	13	22	9,327
Wholesale market	1,860	55	-	1	1,627	176	-	-	-
Other creditors	23,530	8,684	1,776	3,637	55	15	13	22	9,327
Simple GAP		(2,532)	924	4,353	374	2,278	1,258	667	(4,216)
% of total liabilities		(9%)	3%	15%	1%	8%	4%	2%	(15%)
Cumulative GAP		(2,532)	(1,608)	2,746	3,120	5,398	6,656	7,323	3,107
% of total liabilities		(9%)	(6%)	10%	11%	19%	23%	26%	11%

Those items with an associated contractual interest rate are considered to be interest rate sensitive and are therefore included in the gap. Other items are excluded, namely Measurement Adjustments, Non-classifiable Credit, Cash, Fixed Assets (including foreclosed assets), Derivatives, Sundry and Accrual Accounts, Community Projects, Special Funds, Capital and Reserves and Results for the year.

Within the aforementioned gap, the items considered sensitive are distributed among the different time periods in accordance with the criteria set out below. Variable interest rate products are placed in the time segment corresponding to the time at which their interest rate will be reviewed (re-appreciated). Fixed interest rate items are distributed on the basis of time remaining to maturity. For on-demand products, the Parent Entity has established assumptions regarding behaviour based on estimates of balance variances. Statistical analyses have been performed on each type of account with no explicit maturity date (interest-free, administered and indexed accounts) based on the evolution of the interest rate applied to these accounts and the market interest rate.

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According to the impact analysis performed by the Entity for the Supervisor, a fall of 200 basis points in interest rates would cause a reduction of approximately 6.35% in net interest income in the first year horizon. The criteria established by the Supervisor for the preparation of these analyses are basically the maintenance of initial balances and structure of balance, the evolution of interest rates in accordance with market expectations, the limit of 5 years for the non-interest-bearing current accounts and administered accounts, and a floor for market interest rates ranging between -1% and 0% for on-demand and 20 year terms, respectively.

As for the impact on economic value, a decrease of 200 basis points in interest rates would generate a 155.0 million euros reduction in the economic value of the Parent Entity, that is, around 8.38% of its Equity. On the other hand, an increase of the same magnitude would increase the Parent Entity's economic value by 40.6 million euros, roughly 2.19% of its Equity. The criteria used to calculate the Equity Value are the same as those previously mentioned in the interest rate gap section. The EBA recently published the technical standards for interest rate and risk management for all European banks, which will come into force, foreseeably, from June 2023.

#### **18. Other market risks**

After a 2020 affected by the outbreak of the coronavirus pandemic, 2021 marked the beginning of a recovery in economic growth in the vast majority of countries thanks to the boost of monetary and fiscal stimuli and advances in the progress of vaccination. Derived from the boost in demand, the increase in energy prices, the persistence of bottlenecks, the management of the COVID pandemic in China and geostrategic risks (especially the war in Ukraine), high inflation has been the main issue in 2022.

As a result, 2022 will be remembered as a year marked by the tightening of monetary policy in practically all Central Banks (with the exception of China, Turkey and Russia) and for being one of the worst years ever in the financial markets due to the simultaneous correction of variable income and fixed income.

In terms of macroeconomic magnitudes, the global economy is expected to grow by +3.1% in 2022, a positive development, but below initial expectations for the year (+4.5%). The US will grow by +1.8% (compared to the 4% expected at the beginning of 2022). Spain, with a possible year-end growth of +4.5%, stands out within the Eurozone, whose average growth was +3.2%. Regarding other geographical areas, the United Kingdom will grow by +4.4%, Japan by +1.6% and the group of Emerging countries by +4%. On the negative side, the country with the biggest fall is Russia, with -3.9%.

Regarding inflation rates, maximums were reached during the year of 9% in the US, 10.6% in the Eurozone and 10.8% in Spain. At the end of December, although below the highs for the year, the year-on-year inflation rate surpassed the forecasts at the start of the year. Thus, the closing inflation data published show a rate of 6.5% in the US, 9.2% in the Eurozone and an increase in the CPI of 5.7% in the case of Spain.

In relation to the financial markets, it was the worst year in recent decades, and not only because of the sharp falls in share prices, with MSCI World losing -19.5%: it was the worst performance of bonds in the last fifty years.

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In the stock market, the S&P500 registered a fall of -19.4% and the Nasdaq -33.1%, with the technology sector heavily penalized as a result of interest rate rises. The Eurostoxx50 closed the year down -11.7%, with the Ibex falling by -5.6% (helped by better performance in the banking and oil sector). The United Kingdom ended the year in slightly positive figures, with a rise of +0.9%. Japan's main index was down -9.4% and the MSCI Emerging Index was down -22.4% for the year.

In private fixed income, the Barclays US Investment Grade index returned -15.8% compared to -11.2% for the High Yield. In Europe, the Barclays Investment Grade index lost -13.7% while the High Yield index did slightly better but still fell by -10.6%. The Barclays Emerging Markets hard currency index lost -12%.

Widespread losses also in government bond markets as a result of the rise in interest rates in all sections of the curve, although felt more intensely in short-term than in long-term bonds. The Barclays sovereign indices for Italy, Spain and Germany ended the year with returns of close to -18%, while the US registered -12.5%.

In terms of currencies, the euro depreciated again this year by 6.2% against the dollar while in the opposite direction, against the pound it appreciated by 5% and against the Japanese yen the euro gained a 7%.

Given the low exposure to risky assets in our investment portfolios (private fixed income and equities), the impact of their evolution has been limited. Given the uncertainty of how inflation and interest rates will develop, different strategies have been implemented to cover the risk of possible scenarios of falls in interest rates. The purchases made of Treasury debt in the Financial Assets portfolio at fair value with changes in other comprehensive income, have been kept in the portfolio during the year without carrying out any sale and have recorded losses in line with the evolution of market valuations. Likewise, and in view of the changes in its remuneration, in December the TLTRO was partially refunded.

#### **19. Operational Risk**

This is the risk of incurring losses due to insufficient or failing procedures, human resources and internal systems or external events.

Caja Laboral Popular Coop. de Crédito has complied with its reporting obligations through the standard method, according to the methodology described in Regulation 575/2013 of the European Parliament and Council of 26 June 2013.

On a qualitative level, the Group has risk maps and controls in all departments. Periodically, a self-assessment of these risks is made and then action plans are launched to mitigate the most critical ones.



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The Group has a network of 58 coordinators and 30 validators to perform the functions required by the system (self-assessments and action plans).

On a quantitative level, the Group has an internal database of operational losses since 2002. Each loss is assigned to an event type and business line, defined by Regulation 575/2013 of the European Parliament and Council of 26 June 2013.

Additionally, Caja Laboral Popular Coop. de Crédito belongs to the CERO Group (Spanish Operational Risk Consortium), in which the main financial entities are represented at state level and which shares information and experience related to operational risk.

#### **20. Insurance operation risk**

Risks relating to the underwriting of insurance contracts include a number of variables that could significantly affect future cash flows in terms of both amount and chronological distribution.

Mortality, disability and longevity tables are variables that affect claims and therefore the cash outflow from claims payments. The Group periodically adapts its technical bases by adapting the mortality and survival tables to the most recent data provided by national and international sector working groups and by the statistics approved by the Directorate General of Insurance and Pension Funds.

The Group, following the regulations established by the Insurance General Directorate, is aligned with the new PASEM2020 and PER2020 tables. For disability risks, it uses the PEAIM-2007 tables.

For policies with guaranteed technical interest rates in force before the entry into force of the Private Insurance Regulations - Royal Decree 2486/1998 of November 20, hereinafter the Regulations, the Group applies the provisions of the Second Transitional Provision of said Regulations, verifying that the real yield obtained by the investments affected by these policies is higher than the technical interest rate included in the policies.

The Group complies with the provisions of the Regulation, applying the different valid methodologies for calculating provisions:

- For some portfolios, Article 33.2 is accepted, applying immunisation.
- For other portfolios, the fifth Additional Provision of the 2016 Regulation is followed, applying the risk-free curve including the component related to the volatility adjustment, following a linear calculation method until the adaptation period set at 10 years from 31/12/2015.
- For contracts concluded as of 1/1/2016, the risk-free curve directly applies, including the component related to the volatility adjustment.

In all portfolios, it monitors asset and liability flow projections and systematically controls that the Real Return on Assets exceeds the Average Return on Mathematical Provisioning.

In keeping with Spanish legislation, the Group's policies cover the consequences of the catastrophes covered by the Insurance Compensation Consortium, an entity that reports to the Ministry for Finance.



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Elsewhere, the Group uses reinsurance contracts to reduce the risk of claims under the policies entered into.

It is not considered that there is a significant concentration of risk due to the fact that the Group's insurance business is mainly based on insuring the personal risks of individuals and therefore, except for catastrophic risk, which is already covered by the Insurance Compensation Consortium, the level of risk is low.

The calculation of the Provision for Benefits is carried out in accordance with the provisions of the Private Insurance Regulations.

At the date of preparation of these annual accounts, the Parent Entity's Directors confirm that an internal risk and solvency assessment has been carried out and that the Group's Insurance Companies comply with the overall solvency requirements, taking into account their profile risk tolerances, approved risk tolerance limits as well as business strategy.

It has implemented processes that are proportionate to the nature, volume and complexity of the risks inherent to its activity and which enable it to properly determine and evaluate the risks it faces in the short and long term, and to which the Group's insurance companies are or could be exposed.

The Parent Entity's directors also confirm that the Group's insurance companies are in continuous compliance with capital requirements and technical provisioning requirements.

#### **21. Risk concentration**

Pursuant to EU Parliament and Council Regulation 575/2013 and subsequent amendments concerning solvency requirements, with respect to major exposures, defined as those exceeding 10% of equity, no exposure to a subject or group may exceed 25% of its equity. If in an exceptional case exposures exceed that limit, the entity shall immediately report the size of the exposure to the competent authorities, which may grant the credit institution, if the circumstances so warrant, a limited period of time to comply with the limit. The Entity's risk appraisal policy takes into account these limits and criteria, having established risk limits by counterpart that are consistent with these requirements, as well as excess control procedures.

As at 31 December 2022 and 2021, only the risk with the MONDRAGON cooperatives, which for the purposes of large exposures are considered to be an economic risk unit, may be regarded as a "large exposure" as it exceeds 10% of equity.

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The Group's concentrations of risk by geography (where the exposure is located) and counterparty category, showing the book value of these exposures as at 31 December 2022 and 2021, are as follows:

#### 2022

	Total (book value) (a)	Spain	Rest of the EU	America	Rest of the world
Central Banks and credit institutions	2,472,710	1,793,291	313,644	10,252	355,523
Government Bodies	10,355,833	9,831,583	425,901	-	98,349
– Central Government	8,742,423	8,490,520	251,903	-	-
– Other public administrations	1,613,410	1,341,063	173,998	-	98,349
Other financial companies and individual entrepreneurs	271,385	176,103	76,675	1,779	16,828
Non-financial companies and individual entrepreneurs	3,282,875	3,168,486	71,791	23,156	19,442
– Construction and real estate development	40,691	40,691	-	-	-
– Public works construction	141,055	140,921	134	-	-
– Other purposes	3,101,129	2,986,874	71,657	23,156	19,442
Large companies	867,617	762,248	64,002	22,396	18,971
SMEs and individual entrepreneurs	2,233,512	2,224,626	7,655	760	471
Other homes	10,901,874	10,883,514	12,901	2,053	3,406
– Homes	10,084,919	10,067,033	12,621	1,894	3,372
– Consumer	444,911	444,652	181	45	33
– Other purposes	372,044	371,829	99	114	1
<b>TOTAL</b>	<b>27,284,677</b>	<b>25,852,977</b>	<b>900,912</b>	<b>37,240</b>	<b>493,548</b>

#### 2021

	Total (book value) (a)	Spain	Rest of the EU	America	Rest of the world
Central Banks and credit institutions	4,207,615	3,499,940	202,395	11,114	494,166
Government Bodies	9,233,133	9,117,948	115,185	-	-
– Central Government	7,920,033	7,804,848	115,185	-	-
– Other public administrations	1,313,100	1,313,100	-	-	-
Other financial companies and individual entrepreneurs	219,091	116,987	73,085	1,503	27,516
Non-financial companies and individual entrepreneurs	3,231,500	3,104,933	78,234	27,750	20,583
– Construction and real estate development	54,188	54,188	-	-	-
– Public works construction	112,916	112,782	134	-	-
– Other purposes	3,064,396	2,937,963	78,100	27,750	20,583
Large companies	774,742	664,069	66,054	24,878	19,741
SMEs and individual entrepreneurs	2,289,654	2,273,894	12,046	2,872	842
Other homes	10,996,373	10,979,212	11,376	2,391	3,394
– Homes	10,225,353	10,208,710	11,075	2,194	3,374
– Consumer	419,279	419,000	192	68	19
– Other purposes	351,741	351,502	109	129	1
<b>TOTAL</b>	<b>27,887,712</b>	<b>26,819,020</b>	<b>480,275</b>	<b>42,758</b>	<b>545,659</b>

(a) The definition of exposures includes loans and advances, debt securities, equity instruments, derivatives (held for trading and hedging), investments in joint ventures and associates, and guarantees granted, regardless of the item in which they are included on the balance sheet.

The geographic breakdown by area is made on the basis of the country or Spanish regional government of residence of the borrower, securities issuer and counterparts of the derivatives and guarantees granted.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**  
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**2022**

<b>Business in Spain</b>	<b>REGIONAL GOVERNMENTS OF SPAIN</b>				
	<b>Total (book value) (a)</b>	<b>Basque Country</b>	<b>Navarra</b>	<b>Madrid</b>	<b>Remainder</b>
Central Banks and credit institutions	1,793,291	37,009	-	1,557,938	198,344
Government Bodies	9,831,583	483,912	108,830	200,296	9,038,545
– Central Government	8,490,520	-	-	-	8,490,520
– Other public administrations	1,341,063	483,912	108,830	200,296	548,025
Other financial companies and individual entrepreneurs	176,103	94,227	909	70,489	10,478
Non-financial companies and individual entrepreneurs	3,168,486	1,834,602	302,910	352,872	678,102
– Construction and real estate development	40,691	28,722	5,085	-	6,884
– Public works construction	140,921	102,752	5,198	20,891	12,080
– Other purposes	2,986,874	1,703,128	292,627	331,981	659,138
Large companies	762,248	465,226	67,531	126,115	103,376
SMEs and individual entrepreneurs	2,224,626	1,237,902	225,096	205,866	555,762
Other homes	10,883,514	6,089,903	1,209,441	733,966	2,850,204
– Homes	10,067,033	5,513,944	1,124,162	717,613	2,711,314
– Consumer	444,652	275,972	56,873	10,483	101,324
– Other purposes	371,829	299,987	28,406	5,870	37,566
<b>TOTAL</b>	<b>25,852,977</b>	<b>8,539,653</b>	<b>1,622,090</b>	<b>2,915,561</b>	<b>12,775,673</b>

**2021**

<b>Business in Spain</b>	<b>REGIONAL GOVERNMENTS OF SPAIN</b>				
	<b>Total (book value) (a)</b>	<b>Basque Country</b>	<b>Navarra</b>	<b>Madrid</b>	<b>Remainder</b>
Central Banks and credit institutions	3,499,940	47,250	-	3,215,281	237,409
Government Bodies	9,117,948	506,419	9,934	220,180	8,381,415
– Central Government	7,804,848	-	-	-	7,804,848
– Other public administrations	1,313,100	506,419	9,934	220,180	576,567
Other financial companies and individual entrepreneurs	116,987	51,238	1,298	56,184	8,267
Non-financial companies and individual entrepreneurs	3,104,933	1,891,236	291,636	287,549	634,512
– Construction and real estate development	54,188	33,067	4,244	-	16,877
– Public works construction	112,782	84,118	6,253	11,458	10,953
– Other purposes	2,937,963	1,774,051	281,139	276,091	606,682
Large companies	664,069	422,182	48,413	104,527	88,947
SMEs and individual entrepreneurs	2,273,894	1,351,869	232,726	171,564	517,735
Other homes	10,979,212	6,228,593	1,228,160	659,987	2,862,472
– Homes	10,208,710	5,690,708	1,145,235	644,038	2,728,729
– Consumer	419,000	260,319	52,999	10,384	95,298
– Other purposes	351,502	277,566	29,926	5,565	38,445
<b>TOTAL</b>	<b>26,819,020</b>	<b>8,724,736</b>	<b>1,531,028</b>	<b>4,439,181</b>	<b>12,124,075</b>

(a) The definition of exposures includes loans and advances, debt securities, equity instruments, derivatives (held for trading and hedging), investments in joint ventures and associates, and guarantees granted, regardless of the item in which they are included on the balance sheet.

The following notes provide details of the Group's risk concentration by type of transaction, business and geographical area, currency, risk quality, etc.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### 22. Cash, cash balances at central banks and other on demand deposits

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

	<u>2022</u>	<u>2021</u>
Cash	94,062	70,962
Cash balances at central banks	1,226,861	2,893,077
Other on demand deposits	<u>29,475</u>	<u>35,229</u>
	<u>1,350,398</u>	<u>2,999,268</u>
By currency:		
In Euros	1,343,710	2,992,025
In US dollars	3,839	5,706
Swiss francs	144	115
Pounds sterling	1,762	939
Japanese yen	511	175
Others	<u>432</u>	<u>308</u>
	<u>1,350,398</u>	<u>2,999,268</u>

The average annual interest rate during the 2022 and 2021 financial years for cash balances at central banks and other demand deposits amounted to -0.177% and -0.183%, respectively.

Under EC Regulation 1745/2003 of the European Central Bank, credit institutions in EU Member States were required to comply with a minimum reserve ratio of 1% as at 31 December 2022 and 2021, respectively, calculated on the basis of their qualifying liabilities as determined in said Regulation. As at 31 December 2022 and 2021, part of the balance of the current account held with the Bank of Spain was affected by compliance with the minimum reserve ratio, with the Parent Entity complying with the minimum requirements for this ratio under current regulations.

#### 23. Financial assets and liabilities held for trading

The breakdown of these items in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Derivatives	2,683	1,868	3,684	731
Equity instruments	576	1,727	-	-
Debt securities	<u>6,283</u>	<u>13,256</u>	-	-
	<u>9,542</u>	<u>16,851</u>	<u>3,684</u>	<u>731</u>

During 2022, "Financial assets held for trading" fell by around 7 million euros, due mainly to sales of debt issued by the State, as well as the decrease in the valuation of debt securities issued by the State in the portfolio. During 2021, "Financial assets held for trading" fell by around 7 million euros, due mainly to sales of debt issued by the State.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The fair value of the items included in financial assets and liabilities held for trading as at 31 December 2022 and 2021, as well as the measurement techniques applied, are set out in Note 41.

The effect on the consolidated profit and loss accounts for the years ended 31 December 2022 and 2021 of changes in the fair value of items included in Financial assets and liabilities held for trading is as follows (Note 51):

	Profit		Loss	
	2022	2021	2022	2021
Derivatives	25,017	8,826	32,166	8,579
Equity instruments	744	234	938	49
Debt securities	5,556	2,007	3,542	1,945
	<u>31,317</u>	<u>11,067</u>	<u>36,646</u>	<u>10,573</u>

The breakdown based on the criterion for determining the fair value of the effect on the consolidated profit and loss accounts for the years ended 31 December 2022 and 2021 resulting from changes in fair value of the financial assets and liabilities held for trading is as follows:

	Profit		Loss	
	2022	2021	2022	2021
Items whose fair value is:				
Determined by reference to quoted prices (Level 1)	11,239	2,853	9,180	2,750
Estimated through a measurement technique based on:				
Market-based data (Level 2)	20,078	8,214	27,466	7,823
Non-market-based data (Level 3)	-	-	-	-
	<u>31,317</u>	<u>11,067</u>	<u>36,646</u>	<u>10,573</u>

The breakdown by currency and maturity of the balances included under Financial assets and liabilities held for trading in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
By currency:				
In Euros	9,542	16,851	3,684	731
In US dollars	-	-	-	-
	<u>9,542</u>	<u>16,851</u>	<u>3,684</u>	<u>731</u>
By maturity:				
Up to 1 month	235	165	83	97
Between 1 month and 3 months	444	198	324	90
Between 3 months and 1 year	468	959	1,255	205
Between 1 year and 5 years	7,781	13,802	900	339
More than 5 years	38	-	1,122	-
Maturity not determined	576	1,727	-	-
	<u>9,542</u>	<u>16,851</u>	<u>3,684</u>	<u>731</u>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### a) Credit risk

The concentrations of risk by geographical sector where the risk is located, by type of counter-party and by type of instrument, indicating the book value of the instruments at those dates, were as follows:

	2022		2021	
	Amount	%	Amount	%
<b>By geographical area:</b>				
Spain	9,225	96.68%	15,683	93.07%
Other European Union countries	225	2.36%	-	-
Rest of the world	92	0.96%	1,168	6.93%
	<b>9,542</b>	<b>100.00%</b>	<b>16,851</b>	<b>100%</b>
<b>By counter-party categories:</b>				
Credit institutions	1,871	19.60%	1,071	6.36%
Resident Public Administrations	6,283	65.85%	14,426	85.61%
Other resident sectors	1,388	14.55%	1,354	8.03%
Other non-resident sectors	-	-	-	-
	<b>9,542</b>	<b>100.00%</b>	<b>16,851</b>	<b>100.00%</b>
<b>By instrument types:</b>				
Listed bonds and debentures	6,283	65.85%	13,256	78.66%
Other fixed-income securities	-	-	-	-
Derivatives not traded on organised markets	2,683	28.11%	1,868	11.09%
Listed shares	576	6.04%	1,727	10.25%
	<b>9,542</b>	<b>100.00%</b>	<b>16,851</b>	<b>100.00%</b>

The breakdown of the Financial assets held for trading based on external credit ratings assigned by the main rating agencies is as follows:

	2022		2021	
	Amount	%	Amount	%
A-rated risks	7,350	77.03%	14,784	87.74%
B-rated risks	228	2.39%	152	0.90%
Amounts not assigned	1,964	20.58%	1,915	11.36%
	<b>9,542</b>	<b>100.00%</b>	<b>16,851</b>	<b>100.00%</b>

#### b) Debt securities

Debt securities on the asset side of the consolidated balance sheets as at 31 December 2022 and 2021 are broken down as follows:

	2022	2021
Public Debt Other European Union Countries	-	-
Spanish/Regional Public Debt	6,283	13,256
Official Credit Institute	-	-
Other fixed-income securities	-	-
	<b>6,283</b>	<b>13,256</b>

The average annual interest rate on the debt securities in the banking business in 2022 and 2021 was 0.878% and 0.832%, respectively.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### c) Equity instruments

The breakdown of the balance of equity instruments on the asset side of the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Holdings in Spanish entities	-	-
Holdings in foreign entities	-	-
Investment Fund Units	576	1,727
Other holdings	-	-
	<u>576</u>	<u>1,727</u>

#### d) Derivatives held for trading

The breakdown of the balance of Derivatives under "Financial Assets Held for Trading" and "Financial Liabilities Held for Trading" in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>Value</u> <u>Notional</u>	<u>2022</u> <u>Fair value</u>	
		<u>Assets</u>	<u>Liabilities</u>
Purchase-sale of unmaturred currencies			
Purchases	58,089	241	1,746
Sales	37,647	907	423
Financial and interest rate forwards			
Purchased	-	-	-
Sold	511	-	-
Securities options			
Purchased	17,950	86	-
Sold	592,516	-	-
Currency options			
Purchased	-	-	-
Sold	-	-	-
Interest rate options			
Purchased	28,600	822	1,099
Sold	135	-	1
Other interest rate transactions			
FRAs	-	-	-
Financial swaps	19,933	450	415
Call Money Swap (CMS)	-	-	-
Other term transactions			
Purchased	-	-	-
Sold	6,416	177	-
		<u>2,683</u>	<u>3,684</u>



## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

	Value Notional	2021	
		Fair value	
		Assets	Liabilities
Purchase-sale of unmatured currencies			
Purchases	72,465	1,255	39
Sales	28,993	70	368
Financial and interest rate forwards			
Purchased	-	-	-
Sold	531	-	-
Securities options			
Purchased	17,950	152	-
Sold	753,408	-	-
Currency options			
Purchased	-	-	-
Sold	-	-	-
Interest rate options			
Purchased	19,778	290	-
Sold	1,449	-	-
Other interest rate transactions			
FRAs	-	-	-
Financial swaps	17,563	101	68
Call Money Swap (CMS)	-	-	-
Other term transactions			
Purchased	-	-	-
Sold	12,417	-	256
		<u>1,868</u>	<u>731</u>

The notional and/or contractual amount of contracts corresponding to Derivatives held for trading does not imply a quantification of the risk assumed by the Group since its net position is obtained from the offsetting and/or combination of these instruments.

The guarantees granted by the Group to certain investment funds, pension funds and voluntary social welfare entities (all managed by companies belonging to the Laboral Kutxa Group (see Appendix I)) are recorded as options issued on securities. The nominal value of these transactions as at 31 December 2022 and 2021 amounted to 593 and 753 million euros, respectively, with a fair value of 0 thousand euros in both cases.

The effect of the inclusion of both counterparty risk and own risk in the valuation of derivatives held for trading as at 31 December 2022 and 2021 is not material.

The differences between the value of derivatives sold to and purchased from customers and those purchased from and sold to counter-parties, where there is a margin for the Group, are not material.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 24. Financial assets at fair value with changes in other comprehensive income

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

	<u>2022</u>	<u>2021</u>
Equity instruments	137,499	127,582
Holdings in Spanish entities	20,858	21,275
Holdings in foreign entities	18,925	24,128
Investment Fund Units	-	-
Holdings in Venture Capital Companies	94,279	78,742
Securities related to the Development and Education Fund	3,437	3,437
Debt securities	685,202	574,972
Spanish Public Debt	424,892	291,672
Treasury Bills	-	-
Government bonds and debentures	424,892	291,672
Other recorded debts	-	-
Other Spanish Government debt	14,397	17,459
Foreign public debt	26,306	36,664
Issued by credit institutions	116,737	132,352
Residents	24,238	31,581
Non-residents	92,499	100,771
Other fixed-income securities	100,811	96,825
Issued by other residents	30,626	29,854
Issued by other non-residents	70,185	66,971
Doubtful assets	16,637	10,353
Value adjustments due to asset impairment	(14,578)	(10,353)
Micro-hedging transactions	-	-
	<u>822,701</u>	<u>702,554</u>

As at 31 December 2022 and 2021 most of the references in this portfolio were classified as Stage 1, with Stage 3 being 17 million euros in the 2022 financial year and 10 million euros in 2021.

The fair value subject to quantification of the items included under "Financial assets at fair value with changes in other comprehensive income" as at 31 December 2022 and 2021, together with the measurement techniques applied, are set out in Note 41.

Note 39 provides a breakdown of the balance of "Other Accumulated Comprehensive Income" in consolidated equity as at 31 December 2022 and 2021 arising from changes in the fair value of the items included under "Financial Assets at Fair Value through Other Comprehensive Income".

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The amount derecognised from "Other accumulated comprehensive income" in equity in the years ended 31 December 2022 and 2021 and recognised in the consolidated profit and loss account for the sale of financial instruments classified in the portfolio of financial assets at fair value through other comprehensive income amounted to 2,436 and 2,973 thousand euros, respectively, both net of tax effect (see Note 39).

In addition, in 2022 they were derecognised from "Other accumulated comprehensive income - Items not to be reclassified to profit or loss" in Net Equity as a result of the sale of equity financial instruments classified in the "Financial assets at fair value through other comprehensive income" portfolio, for an amount net of tax of 1,395 thousand euros (50 thousand euros in 2021).

The breakdown by currency and maturity of "Financial assets measured at fair value through other comprehensive income" in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	791,358	672,867
In US dollars	26,843	24,425
Pounds sterling	1,317	1,538
Swiss francs	2,409	2,866
Remainder	774	858
	<u>822,701</u>	<u>702,554</u>
By maturity:		
Up to 1 month	24,517	20,784
Between 1 month and 3 months	8,979	5,265
Between 3 months and 1 year	37,275	41,948
Between 1 year and 5 years	252,270	245,817
More than 5 years	366,197	260,933
Maturity not determined	148,041	138,160
	-	-
Value adjustments due to asset impairment	<u>(14,578)</u>	<u>(10,353)</u>
	<u>822,701</u>	<u>702,554</u>

Movements in 2022 and 2021 under "Financial assets at fair value through other comprehensive income" are set out below:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	702,554	791,888
Net additions/removals	237,827	(92,388)
Movements due to changes in fair value	(113,456)	3,368
Impairment losses (net) charged to profit and loss (Note 62)	(4,224)	(314)
Others	-	-
Balance at the close of the year	<u>822,701</u>	<u>702,554</u>

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31  
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**(Expressed in thousands of euros)**

The average annual interest rate on the debt securities in the banking business in 2022 and 2021 was 1.076% and 0.678%, respectively. The average annual yield in 2022 and 2021 on debt securities in the insurance business was 0.65% and 1.74%, respectively.

The Group also holds other subordinated debt instruments amounting to 4,419 thousand euros in the portfolio of financial assets at fair value with changes in other comprehensive income as at 31 December 2022 (4,268 thousand euros as at 31 December 2021).

As at 31 December 2022 and 2021, the Parent Entity had subscribed shares in the share capital of certain unlisted companies for which there are unpaid disbursements not required amounting to 30 thousand euros, in both years.

During the 2022 financial year, the Parent Entity sold fixed income issues for a nominal amount of 58,000 thousand euros, materialising gross capital gains for a value of 3,692 thousand euros, which were recorded under the heading "Gains and (-) losses upon derecognition of financial assets and liabilities not valued at fair value through income, net" in the profit and loss account for the 2022 financial year (Note 50).

In 2021, the Group redeemed 100 million euros in government bonds in nominal terms.

As at 31 December 2022, the Parent Entity did not hold a fair value hedge on fixed income issuances, included in the portfolio of "Financial assets at fair value with changes in other comprehensive income".

As at 31 December 2021, the Parent Entity held a fair value hedge on certain fixed income issuances, included in the portfolio of "Financial assets at fair value with changes in other comprehensive income" for a nominal amount of 58,000 thousand euros. This hedging was performed by contracting OTC financial swaps on interest rates with Credit Entities and their fair value as at 31 December 2021, amounted to (3,168) thousand euros.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

#### a) Credit risk

Risk concentration by geographical sector in the debt securities portfolio is as follows:

	2022		2021	
	Amount	%	Amount	%
Spain	486,510	69.52%	359,586	61.43%
Other European Union countries	144,749	20.68%	201,106	34.36%
Rest of Europe	-	-	-	-
Rest of the world	68,521	9.80%	24,634	4.21%
	<u>699,780</u>	<u>100.00%</u>	<u>585,325</u>	<u>100.00%</u>
Value adjustments due to asset impairment	(14,578)		(10,353)	
	<u>685,202</u>		<u>574,972</u>	

A breakdown of debt securities based on external credit ratings assigned by the main rating agencies is as follows:

	2022		2021	
	Amount	%	Amount	%
A-Rated Risks	522,957	76.32%	366,939	63.82%
B-Rated Risks	162,193	23.67%	204,978	35.65%
C-Rated Risks	-	-	-	-
Non-rated doubtful assets	-	-	-	-
Amounts not assigned	52	0.01%	3,055	0.53%
	<u>685,202</u>	<u>100.00%</u>	<u>574,972</u>	<u>100.00%</u>

Due mainly to the expected recovery of future flows from certain financial assets, stock market developments, the liquidity situation of certain fixed-income issues and the increase in credit risk spreads, the Group considered certain debt instruments included in the Financial Assets at Fair Value through Other Comprehensive Income portfolio to be impaired.

#### b) Impairment losses

The breakdown of the balance of "Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss or (-) net gains by modification - Financial assets at fair value through other comprehensive income" in the consolidated profit and loss accounts for the years ended 31 December 2022 and 2021 is as follows (see Note 62):

	2022	2021
Debt securities	4,224	314
Equity instruments	-	-
	<u>4,224</u>	<u>314</u>
Allocations charged to P&L		
Determined individually	4,225	294
Determined collectively	-	-
Recovery of allocations credited to P&L	(1)	-
Recovery of write-offs with credit to P&L	-	-
Other allocations	-	20
	<u>4,224</u>	<u>314</u>

The changes in 2022 and 2021 in the asset impairment losses recognised under "Financial assets at fair value through other comprehensive income - Debt securities" were as follows:

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	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	10,353	18,517
Net allocations/(recoveries) charged/(credited) to P&L	4,225	294
Transfer to write-offs against set-up funds	-	(8,458)
Other movements	-	-
	<u>14,578</u>	<u>10,353</u>

The breakdown, by method of determination, of the balance of Value adjustments for impairment of assets under "Financial assets at fair value through other comprehensive income" as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
By manner of determination:		
Determined individually	14,578	10,353
Determined collectively	-	-
	<u>14,578</u>	<u>10,353</u>

**25. Financial assets at amortised cost**

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

	<u>2022</u>	<u>2021</u>
Debt securities	9,065,591	7,863,783
Loans and advances	15,636,665	15,941,858
Credit institutions	436,779	784,326
Customers	15,199,886	15,157,532
	<u>24,702,256</u>	<u>23,805,641</u>

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The breakdown by currency and maturity of "Financial assets at amortised cost" in the consolidated balance sheets as at 31 December 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	24,938,099	23,975,234
In US dollars	79,069	86,328
Pounds sterling	-	7
In Japanese yen	37	24
Swiss francs	20	27
Other	-	-
Valuation adjustments	<u>(314,969)</u>	<u>(255,979)</u>
	<u>24,702,256</u>	<u>23,805,641</u>
By maturity:		
On demand	323,847	23,534
Up to 1 month	7,741	118,427
Between 1 month and 3 months	1,179	43,286
Between 3 months and 1 year	1,194,959	153,141
Between 1 year and 5 years	4,635,315	5,576,937
More than 5 years	18,143,805	16,983,478
Maturity not determined	710,379	1,162,817
	-	-
Valuation adjustments	<u>(314,969)</u>	<u>(255,979)</u>
	<u>24,702,256</u>	<u>23,805,641</u>

#### a) Debt securities

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

	<u>2022</u>	<u>2021</u>
Bonds and debentures	9,113,82	7,805,542
Spanish Public Debt	8,387,447	7,615,285
Foreign public debt	<u>271,733</u>	<u>74,898</u>
French public debt	-	-
German public debt	4,412	4,440
Dutch public debt	697	716
Belgian public debt	-	3,201
Portuguese public debt	266,624	66,541
Issued by credit institutions	<u>444,636</u>	<u>104,223</u>
Residents	89,749	89,898
Non-residents	354,887	14,325
Issued by Other sectors	<u>10,009</u>	<u>11,136</u>
Residents	10,009	10,096
Non-residents	-	1,040
Promissory notes and other fixed income issues:	1,991	3,903
Issued by Other sectors	<u>1,991</u>	<u>3,903</u>
Residents	1,991	3,903
Non-residents	-	-
Value adjustments due to asset impairment	-	-
Micro-hedging transactions	<u>(50,225)</u>	<u>54,338</u>
	<u>9,065,591</u>	<u>7,863,783</u>

As at 31 December 2022 and 2021, all the references in this portfolio were classified as Stage 1.



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The breakdown by currency, maturity and rating of "Financial assets measured at amortised cost - Debt securities" in the consolidated balance sheets as at 31 December 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	9,046,113	7,742,904
In US Dollars	69,703	66,541
Valuation adjustments	<u>(50,225)</u>	<u>54,338</u>
	<u>9,065,591</u>	<u>7,863,783</u>
By maturity:		
Up to 1 year	1,141,057	24,662
Between 1 year and 5 years	2,597,450	3,117,868
More than 5 years	5,377,309	4,666,915
Valuation adjustments	<u>(50,225)</u>	<u>54,338</u>
	<u>9,065,591</u>	<u>7,863,783</u>
By ratings:		
A-Rated Risks	8,862,310	7,739,524
B-Rated Risks	253,506	69,921
Amounts not assigned	-	-
Valuation adjustments	<u>(50,225)</u>	<u>54,338</u>
	<u>9,065,591</u>	<u>7,863,783</u>

Movements in 2022 and 2021 under "Financial assets at amortised cost - Debt securities" are set out below:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	7,863,783	8,232,315
Additions due to purchases	812,119	597,499
Amortisation	(35,488)	(915,258)
Micro-hedge adjustments	(104,563)	(36,416)
Receipt of interests	(172,760)	(68,085)
Interest accrual	702,500	53,728
Impairment/(Reversal of impairment) (Note 62)	<u>-</u>	<u>-</u>
Balance at the close of the year	<u>9,065,591</u>	<u>7,863,783</u>

The average annual interest rate for "Financial assets at amortised cost - Debt securities" in the banking business in 2022 and 2021 was 0.795% and 0.681%, respectively. The average annual profitability for "Financial assets at amortised cost - Debt securities" in the insurance business in 2022 and 2021 was 3.62% and 3.64%, respectively.

The book value shown in the above tables represents the maximum level of exposure to credit risk with respect to the financial instruments included therein.

The fair value subject to quantification of the items included under "Financial assets at amortised cost - Debt securities" as at 31 December 2022 and 2021, together with the valuation techniques applied, are set out in Note 41.

During 2022, the Parent Entity made purchases of government debt of European Union member states for a nominal amount of 451 million euros (585 million euros in 2021). In addition, during the 2022 financial year, state fixed-income issues with a nominal amount of 16 million euros (904 million euros in the 2021 financial year) were redeemed at maturity.

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As at 31 December 2022 and 2021, the Parent Entity maintains a fair value hedge on Government Debt issues included in the "Financial assets at amortised cost" portfolio for a notional amount of 350,000 thousand euros in both years. This hedge was performed through contracting OTC financial swaps on interest rates with non-resident credit entities, the fair value of which, as at 31 December 2022 and 2021, amounted to (9,870) and (57,312) thousand euros, respectively.

In addition, as at 31 December 2022 and 2021, the Parent Entity held a cash flow hedge on certain fixed income issuances included in the "Financial assets at amortised cost" portfolio for a notional amount of 3,637 million euros, in both years. This hedging was performed by contracting OTC financial swaps (Eurozone inflation - interest rate) with Credit Entities and their fair value as at 31 December 2022 and 2021, amounted to (312,518) thousand euros and (540,031) thousand euros, respectively.

As at 31 December 2022 and 2021, the Parent Entity held fair value hedging transactions on regional public debt and public debt of other European Union states for a nominal amount of 305 million and 302 million euros, respectively, included in the "Financial assets at amortised cost" portfolio. These hedges have been achieved by contracting OTC interest rate swaps with Credit Institutions. As at 31 December 2022, the fair value of the aforementioned hedging instruments amounted to 13,370 thousand euros, respectively (in the 2021 financial year the fair value of these hedging instruments amounted to 1,858 thousand euros, respectively).

#### b) Loans and advances

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

	<u>2022</u>	<u>2021</u>
Loans and advances		
Credit institutions	436,779	784,326
Customers	<u>15,199,886</u>	<u>15,157,532</u>
	<u>15,636,665</u>	<u>15,941,858</u>

Regarding the breakdown of "Financial assets at amortised cost - Loans and advances - Customers" according to the internal or external credit ratings assigned, and regarding the default rates on these investments, as detailed in the note on Credit Risk, the Parent Entity has developed internal scoring and rating models that grade customers (rating) or operations (scoring) according to their level of risk, in order to improve risk management, as well as to access the validation of said internal models for the calculation of regulatory capital in accordance with Basel requirements.

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At the close of the 2022 and 2021 financial years, the Parent Entity had information on the scoring models for mortgage and consumer transactions for private individuals, as well as that concerning the rating model for SMEs. However, in order to provide comprehensive information on the risk levels of the Group's investments, it was decided to include a breakdown of Financial Assets at amortised cost - Loans and advances according to their credit quality for 31 December 2022 and 2021:

	2022		
	Amount gross	Impairment adjustments	Amount value
Stage 1 (standard)	15,287,310	81,107	15,206,203
Stage 2 - (standard, subject to special monitoring)	281,288	53,227	228,061
Stage 3 (doubtful)	386,817	184,416	202,401
<b>TOTAL</b>	<b>15,955,415</b>	<b>318,750</b>	<b>15,636,665</b>

	2021		
	Amount gross	Impairment adjustments	Amount value
Stage 1 (standard)	15,595,013	83,438	15,511,575
Stage 2 (special monitoring)	295,952	54,857	241,095
Stage 3 (doubtful)	401,883	212,695	189,188
<b>TOTAL</b>	<b>16,292,848</b>	<b>350,990</b>	<b>15,941,858</b>

The following indicates the default rate of the Parent Entity, calculated as the relationship between the balances classified for accounting purposes as doubtful and the balance of Loans and Advances - Customer, without considering the valuation adjustments:

2022	2021	2020
2.50%	2.60%	3.15%

#### b.1) Loans and advances - Credit institutions

The breakdown of this balance sheet heading by type of instrument is as follows:

	2022	2021
Term accounts	152,681	198,107
Temporary acquisition of assets	-	-
Other accounts	284,098	586,219
Valuation adjustments	-	-
Value adjustments due to asset impairment	-	-
Remainder	-	-
	<b>436,779</b>	<b>784,326</b>

Average annual interest rates on Loans and advances - credit institutions for 2022 and 2021 were 0.035% and -0.351% respectively.

As at 31 December 2022 and 2021, all the references in this portfolio were classified as Stage 1.

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#### b.2) Loans and advances - Customers

The breakdown, by various criteria, of the Customer balances under "Financial assets measured at amortised cost - Loans and advances" as at 31 December 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
By type and situation:		
Spanish Government Bodies	1,184,811	1,262,594
Commercial loans	289,356	231,123
Debtors with mortgage guarantee	10,530,413	10,688,263
Debtors with other collateral	32,216	33,908
Other term loans	2,450,805	2,350,412
Finance leases	143,404	149,104
Sight debtors and miscellaneous	346,819	265,723
Reverse repurchase agreements with counter party entities	-	-
Doubtful assets	386,817	401,883
Other financial assets	99,989	84,839
Valuation adjustments	(264,744)	(310,317)
Accrued interest and acquisition premium	22,585	17,220
Value adjustments for asset impairment	(318,750)	(350,990)
Fees	(19,481)	(15,186)
Transaction Costs (Note 13.e)	50,902	38,639
	<b>15,199,886</b>	<b>15,157,532</b>
By sector of activity of borrower:		
Spanish Government Bodies	1,190,890	1,269,054
Other resident sectors:	14,056,347	14,099,076
Agriculture, farming, hunting, forestry and fisheries	76,781	84,072
Industries	903,755	829,072
Construction	246,854	263,127
Services:	1,824,239	1,678,857
Commerce and hotel and catering	728,633	729,770
Transport and communications	250,392	239,160
Other services	845,214	709,927
Loans to individuals:	10,887,049	11,007,936
Home	9,833,501	9,981,476
Consumer and other	1,053,548	1,026,460
Not classified	117,669	236,011
Valuation adjustments	(264,744)	(310,317)
Other non-resident sectors	136,643	27,844
Other financial assets	80,750	71,876
Reverse repurchase agreements with counter party entities	-	-
	<b>15,199,886</b>	<b>15,157,532</b>
By geographical area:		
- Biscay	3,440,291	3,570,725
- Gipuzkoa	4,538,546	4,658,299
- Araba	1,462,043	1,449,849
- Navarra	1,481,765	1,495,920
- New network	4,541,985	4,293,056
- Not classified	-	-
Valuation adjustments	(264,744)	(310,317)
	<b>15,199,886</b>	<b>15,157,532</b>
By interest rate applied:		
Fixed interest rate	4,854,170	4,497,714
Variable interest rate linked to Euribor	10,073,928	10,563,511
Variable interest rate linked to CECA	-	-
Variable interest rate linked to IRMH	79,778	35,194
Others	456,754	371,430
Valuation adjustments	(264,744)	(310,317)
	<b>15,199,886</b>	<b>15,157,532</b>

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During 2019, the Parent Entity acquired a loan with the General State Administration for an amount of 530,480 thousand euros. The nominal amount of the loan, due in 2023, amounts to 500 million euros and accrues a variable interest rate referenced to the Euribor. In addition in 2019, the Entity formalised a hedge on the cash flows of this operation by contracting an interest rate swap for a notional amount of 500 million euros. As at 31 December 2022 the fair value of the hedging derivative is 23,929 thousand euros (10,976 thousand euros in 2021).

The breakdown by currency and maturity of the Customer balance under heading "Financial assets at amortised cost - Loans and advances" in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	15,455,207	15,448,084
In US dollars	9,366	19,679
Pounds sterling	-	7
Japanese yen	37	52
Swiss francs	20	27
Others	-	-
Valuation adjustments	<u>(264,744)</u>	<u>(310,317)</u>
	<u>15,199,886</u>	<u>15,157,532</u>
By maturity:		
On demand	323,848	23,534
Up to 1 month	258	113,098
Between 1 month and 3 months	1,179	43,286
Between 3 months and 1 year	7,163	128,479
Between 1 year and 5 years	1,931,922	2,260,963
More than 5 years	12,766,496	12,316,562
Maturity not determined	433,764	581,927
Valuation adjustments	<u>(264,744)</u>	<u>(310,317)</u>
	<u>15,199,886</u>	<u>15,157,532</u>

As at 31 December 2022 and 2021, the Group had not recognised any subordinated loans under this heading, except for the financing granted to the asset securitisation funds "IM Caja Laboral 1, F.T.A." and "IM Caja Laboral 2, F.T.A.".

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The changes in 2022 and 2021 in the gross amount of the Customer balance under the heading "Financial assets at amortised cost - Loans and advances", by risk classification, were as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance at the close of the previous year	14,619,635	229,681	464,359	15,313,675
Concessions/(Amortisations) net	1,072,495	(21,163)	(42,955)	1,008,377
Transfers between gross balances	(96,712)	87,565	9,147	-
Transfers to non-current assets for sale	-	-	(7,090)	(7,090)
Transfer to write-offs	(405)	(131)	(21,578)	(22,114)
Balance at the close of 2021	<u>15,595,013</u>	<u>295,952</u>	<u>401,883</u>	<u>16,292,848</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance at the close of the previous year	15,595,013	295,952	401,883	16,292,848
Concessions/(Amortisations) net	(234,381)	(38,200)	(26,838)	(299,419)
Transfers between gross balances	(72,451)	23,982	48,469	-
Transfers to non-current assets for sale	-	-	(9,075)	(9,075)
Transfer to write-offs	(871)	(446)	(27,622)	(28,939)
Balance at the close of 2022	<u>15,287,310</u>	<u>281,288</u>	<u>386,817</u>	<u>15,955,415</u>

As at 31 December 2022 and 2021 the Group has finance leases with customers for property, plant and equipment which are recorded as described in Note 13.m). The residual value of these contracts, which corresponds to the amount of the last lease instalment, is secured by the asset forming the object of the lease. As at 31 December 2022 and 2021 the breakdown of the investment outstanding and residual values by type of asset financed are as follows:

<u>Principal</u>	<u>2022</u>	<u>2021</u>
Capital goods	35,093	35,202
IT equipment	844	770
Materials and transport vehicles	48,365	49,708
Cars	19,483	18,979
Other assets	7,922	7,436
Total furniture	<u>111,707</u>	<u>112,095</u>
Property Assets	<u>17,236</u>	<u>19,107</u>
TOTAL	<u>128,943</u>	<u>131,202</u>
<u>Principal</u>	<u>2022</u>	<u>2021</u>
Capital goods	1,332	35,202
IT equipment	33	770
Materials and transport vehicles	5,353	49,708
Cars	8,015	18,979
Other assets	301	7,436
Total furniture	<u>15,034</u>	<u>112,095</u>
Property Assets	<u>2,461</u>	<u>19,107</u>
TOTAL	<u>17,495</u>	<u>131,202</u>

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Of these balances, a total amount of 3,036 and 2,141 thousand euros related to Impaired assets included in the Doubtful assets item as at 31 December 2022 and 2021, respectively.

A breakdown of securitisation and other asset transfers by the Parent Entity as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Fully derecognised from the balance sheet:	-	-
Mortgage assets securitised through mortgage bond holdings	-	-
<i>Pro-memoria: Derecognised from the balance sheet before 1 January 2004</i>	-	-
Maintained in full on the balance sheet:	342,372	395,590
Mortgage assets securitised through transfer certificates	342,372	395,590
Mortgage	-	-
Other securitised assets	-	-
	<u>342,372</u>	<u>395,590</u>

In previous years, the Group carried out various asset securitisation programmes, transferring mortgage and company loans to the "I.M. Caja Laboral 1, F.T.A." and "IM Caja Laboral 2, F.T.A." for 900,000 and 600,000 thousand euros, respectively. These asset transfers did not meet the requirements laid down by the International Financial Reporting Standards for the derecognition of the transferred assets, since the Parent Entity retains the risks and rewards associated with ownership of the assets and also maintains control over them. As a result, a liability associated with the net assets transferred to the above-mentioned funds has been recognised (Note 35).

The outstanding balance of these assets as at 31 December 2022 amounted to 342,372 thousand euros (395,590 thousand euros as at 31 December 2021). It is worth mentioning that the Parent Entity subscribed all securitisation bonds of the "IM Caja Laboral 2, F.T.A.". It is the Parent Entity's intention to use them as collateral in Eurosystem credit operations.

Additionally, as at 31 December 2022, the Parent Entity has granted subordinated loans to the aforementioned Asset Securitisation Funds amounting to 18,853 thousand euros (21,932 thousand euros as at 31 December 2021).



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c) Impairment losses

The breakdown of the balance under "Impairment or (-) reversal of impairment losses on financial assets not measured at fair value through profit or loss (-) or net income by modification - Financial assets at amortised cost - Loans and advances" in the consolidated profit and loss accounts for the years ended 31 December 2022 and 2021 (see Note 62) is as follows:

	<u>2022</u>	<u>2021</u>
Loans and advances	(11,284)	39,151
Allocations	122,012	137,817
Failed asset recovery	(8,316)	(5,471)
Other recoveries	(124,980)	(93,195)
Debt securities	-	-
	<u>(11,284)</u>	<u>39,151</u>
Allocations charged to P&L	122,012	137,817
Determined individually	30,552	29,647
Determined collectively	91,460	108,170
Recovery of allocations credited to P&L	(124,980)	(93,195)
Recovered suspense items	(8,316)	(5,471)
	<u>(11,284)</u>	<u>39,151</u>

The details as at 31 December 2022 and 2021 of the balance of Impairment losses on assets under "Financial assets at amortised cost - Loans and advances" were as follows:

	<u>2022</u>	<u>2021</u>
By manner of determination:		
Determined individually	117,398	201,865
Determined collectively	201,352	149,125
	<u>318,750</u>	<u>350,990</u>
By counter-party:		
Other resident sectors	318,586	350,575
Other non-resident sectors	164	415
	<u>318,750</u>	<u>350,990</u>

As at 31 December 2022, the balance in generic hedging includes 53,227 thousand euros for the value adjustment of operations classified in Stage 2 amounting to 281,288 thousand euros (54,857 thousand euros and 295,952 thousand euros, respectively, as at 31 December 2021).

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The changes in 2022 and 2021 in the balance of Value adjustments due to impairment losses on assets under "Financial assets at amortised cost - Loans and advances" were as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Balance as at 1 January 2021	62,121	56,387	211,821	330,329
Net provisions charged to P&L	21,354	(1,530)	21,602	41,426
Transfer to write-offs against set-up funds	-	-	(19,032)	(19,032)
Transfer between value adjustments	-	-	-	-
Others	(38)	-	(1,695)	(1,733)
Balance at the close of 2021	<u>83,437</u>	<u>54,857</u>	<u>212,696</u>	<u>350,990</u>
Net provisions charged to P&L	(2,150)	(1,630)	(6,586)	(10,366)
Transfer to write-offs against set-up funds	-	-	(21,617)	(21,617)
Transfer between value adjustments	-	-	-	-
Others	(180)	-	(77)	(257)
Balance at the close of 2022	<u>81,107</u>	<u>53,227</u>	<u>184,416</u>	<u>318,750</u>

The Parent Entity has recognised 7,397 thousand euros as at 31 December 2022 (3,196 thousand euros as at 31 December 2021) as amortisation of bad debts, which increases the balance of the heading "Impairment or (-) reversal of impairment of financial assets not measured at fair value through profit or loss - Financial assets at amortised cost" in the profit and loss account (Note 62).

In 2022 and 2021, "Other" mainly includes the reclassification of the specific hedging of certain financing that has been derecognised following the Group's foreclosure of its associated guarantee. to "Non-current assets and disposal groups classified as held for sale" in the amount of 77 and 1,695 thousand euros, respectively (Note 34).

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The accumulated financial income not recognised in the consolidated profit and loss account of the impaired financial assets as at 31 December 2022 and 2021 amounted to 52,138 thousand euros and 54,122 thousand euros, respectively.

The breakdown of the book value of impaired assets, without deducting impairment losses, is as follows:

	<u>2022</u>	<u>2021</u>
By geographical area:		
- Biscay	88,984	82,103
- Gipuzkoa	116,356	133,687
- Araba	33,174	32,494
- Navarra	35,003	39,609
- New network	113,300	113,990
- Not classified	-	-
	<u>386,817</u>	<u>401,883</u>
By counter-party:		
Spanish Government Bodies	6,080	6,460
Other resident sectors	379,996	394,696
Other non-resident sectors	741	727
	<u>386,817</u>	<u>401,883</u>
By type of instrument:		
Commercial loans	8,103	4,783
Loans and credits	366,012	386,035
Finance leases	5,312	3,923
Remainder	7,390	7,142
	<u>386,817</u>	<u>401,883</u>

The breakdown by age of the amounts due is as follows:

	<u>2022</u>	<u>2021</u>
Up to 6 months	195,504	175,812
Over 6 months without exceeding 9 months	18,743	19,302
Over 9 months without exceeding 12 months	17,784	16,289
Over 12 months without exceeding 15 months	9,203	10,466
Over 15 months without exceeding 18 months	9,700	8,439
Over 18 months without exceeding 21 months	5,624	9,284
Over 21 months	130,259	162,291
	<u>386,817</u>	<u>401,883</u>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

A breakdown is provided below as at 31 December 2022 and 2021 of the balances of financial assets derecognised from the Group's consolidated balance sheet as their recoverability is considered remote:

	<u>2022</u>	<u>2021</u>
Financial assets at amortised cost - Loans and advances - Customers	614,459	605,930
	<u>614,459</u>	<u>605,930</u>

The movement in impaired financial assets derecognised because recovery is considered to be remote, is as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	605,930	599,621
Additions:	30,620	23,790
Value adjustment due to asset impairment and other movements	28,940	22,115
Contractually payable interest	1,680	1,675
Recoveries:	(8,316)	(5,471)
Due to collection in cash of principal	(8,316)	(5,471)
Definitive derecognitions:	(13,775)	(12,010)
For cancellation	(11,184)	(4,081)
For other items	(2,591)	(7,929)
Balance at year end	<u>614,459</u>	<u>605,930</u>

#### 26. Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss

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

	<u>2022</u>	<u>2021</u>
Equity instruments	40,829	47,951
Holdings in collective investment institutions (*)	40,829	47,951
Debt securities	1,841	2,197
	<u>42,670</u>	<u>50,148</u>

(\*) As at 31 December 2022, 2,544 thousand euros correspond to investment funds managed by the Group (2,564 thousand euros as at 31 December 2021).

The fair value of the items included under "Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss" as at 31 December 2022 and 2021, together with the valuation techniques applied, are set out in Note 41.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The effect on the consolidated profit and loss account for the years ended 31 December 2022 and 2021 resulting from changes in the fair value of the items recorded as "Financial assets not intended for trading, which are necessarily valued at fair value through profit and loss", is as follows:

	Profit		Loss	
	2022	2021	2022	2021
Equity instruments	4,023	8,848	(8,192)	(5,387)
Debt securities	-	-	(356)	(47)
	<u>4,023</u>	<u>8,848</u>	<u>(8,548)</u>	<u>(5,434)</u>

Below is a breakdown based on the criterion for determining fair value of the effect on the consolidated profit and loss account for the years ended 31 December 2022 and 2021, resulting from changes in the fair value of the "Financial assets not intended for trading, necessarily valued at fair value through changes in profit and loss" portfolio:

	Profit		Loss	
	2022	2021	2022	2021
Items whose fair value is:				
Determined by reference to quoted prices (Level 1)	2,778	7,825	(6,697)	(4,921)
Estimated through a measurement technique based on:				
Market-based data (Level 2)	-	-	(356)	(47)
Non-market-based data (Level 3)	1,245	1,023	(1,495)	(466)
	<u>4,023</u>	<u>8,848</u>	<u>(8,548)</u>	<u>(5,434)</u>

The balances included under "Financial assets not intended for trading, necessarily valued at fair value through profit and loss" in the consolidated balance sheets as at 31 December 2022 and 2021 is broken down below by currencies and expiry:

	2022	2021
By currency:		
In Euros	42,670	50,148
In US dollars	-	-
	<u>42,670</u>	<u>50,148</u>
By maturity:		
Up to 1 month	-	-
Between 1 month and 3 months	-	-
Between 3 months and 1 year	-	-
Between 1 year and 5 years	-	-
More than 5 years	1,841	2,197
Maturity not determined	40,829	47,951
	<u>42,670</u>	<u>50,148</u>

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### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Set out below is an analysis of credit risk concentrations by the geographical sector in which the risk is located, counter-party categories, and instrument types, indicating book value at the dates in question:

	2022		2021	
	Amount	%	Amount	%
<b>By geographical area:</b>				
Spain	42,670	100.00%	44,929	89.59%
Other European Union countries	-	-	5,219	10.41%
Rest of the world	-	-	-	-
	<b>42,670</b>	<b>100.00%</b>	<b>50,148</b>	<b>100.00%</b>
<b>By counter-party categories:</b>				
Credit institutions	1,841	4.31%	2,197	4.38%
Resident Public Administrations	-	-	-	-
Other resident sectors	40,829	95.69%	42,732	85.21%
Other non-resident sectors	-	-	5,219	10.41%
	<b>42,670</b>	<b>100.00%</b>	<b>50,148</b>	<b>100.00%</b>
<b>By instrument types:</b>				
Listed bonds and debentures	1,841	4.31%	2,197	4.38%
Other fixed-income securities	-	-	-	-
Derivatives not traded on organised markets	-	-	-	-
Holdings in collective investment institutions	40,829	95.69%	47,951	95.62%
Listed shares	-	-	-	-
	<b>42,670</b>	<b>100.00%</b>	<b>50,148</b>	<b>100.00%</b>

"Financial assets not intended for trading, necessarily valued at fair value through profit and loss" are listed below by external credit ratings assigned by the main rating agencies:

	2022		2021	
	Amount	%	Amount	%
A-Rated Risks	-	-	-	-
B-Rated Risks	-	-	-	-
Amounts not assigned	42,670	100.00%	50,148	100.00%
	<b>42,670</b>	<b>100.00%</b>	<b>50,148</b>	<b>100.00%</b>

## 27. Derivatives - asset and liability hedge accounting

The breakdown of these items in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
Micro-hedges:	78,994	19,504	345,570	608,212
Fair value hedges	55,065	8,528	9,870	68,181
Cash flow hedges	23,929	10,976	335,700	540,031
Credit risk adjustment	-	-	1,895	721
	<b>78,994</b>	<b>19,504</b>	<b>347,465</b>	<b>608,933</b>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in thousands of euros)

The items under "Derivatives – hedge accounting" on the asset and liability sides of the consolidated balance sheets as at 31 December 2022 and 2021 are itemised below by currency and expiry:

	Assets		Liabilities	
	2022	2021	2022	2021
By currency:				
In Euros	76,920	19,504	347,465	608,473
In US dollars	2,074	-	-	460
	<b>78,994</b>	<b>19,504</b>	<b>347,465</b>	<b>608,933</b>
By maturity:				
Up to 1 month	-	-	-	-
Between 1 month and 3 months	-	-	-	-
Between 3 months and 1 year	747	-	-	-
Between 1 year and 5 years	2,186	10,976	130,321	106,535
More than 5 years	76,061	8,528	215,249	501,677
Undetermined expiry	-	-	1,895	721
	<b>78,994</b>	<b>19,504</b>	<b>347,465</b>	<b>608,933</b>

The balance of hedging derivatives – hedge accounting on the asset and liability sides of the consolidated balance sheets at 31 December 2022 and 2021 breaks down as follows:

	2022		
	Value Notional	Fair value	
		Assets	Liabilities
Other interest rate transactions			
Financial swaps	4,936,858	78,994	347,465
Other share operations			
Financial swaps	-	-	-
		<b>78,994</b>	<b>347,465</b>
2021			
	Value Notional	Fair value	
		Assets	Liabilities
Other interest rate transactions			
Financial swaps	5,169,789	19,504	608,933
Other share operations			
Financial swaps		-	-
		<b>19,504</b>	<b>608,933</b>

The notional and/ or contractual amount of Derivatives - Asset and liability hedge accounting does not represent the risk assumed by the Group since its net position is obtained from the offset and/or combination of such instruments.



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The characteristics of the main hedges held by the Group as at 31 December 2022 and their variations with respect to December 2021 are described below:

Fair value hedges:

- Micro-hedges of the risk of changes in fair value due to changes in the risk-free interest rate of a number of government debt instruments individually considered and classified in the "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost" portfolios. These hedges exchange the fixed rate exposure for a floating rate exposure.

As at 31 December 2022 and 2021, said debt instruments (hedged items) had a nominal value of 655,422 thousand euros and 709,559 thousand euros, respectively (Notes 24 and 25).

- As at 31 December 2022 and 2021 there are no micro-hedges of the risk of changes to the fair value as a result of changes in the risk-free interest rate of a number of financing instruments (covered bonds) classified as "Financial liabilities at amortised cost", due to their maturity during 2021.

Cash flow hedges:

- Micro-hedges of the risk of changes in cash flows due to inflation on certain bonds in the "Financial assets at fair value through other comprehensive income" and "Financial assets at amortised cost" portfolios. The coupon on these bonds is linked to inflation in the Eurozone. The financial products used to hedge this exchange rate were swaps for a notional amount of 3,637,000 thousand euros as at 31 December 2022 and 2021, in both years.
- Micro-hedges of the risk of variations in cash flows on a loan to the Spanish State Administration acquired in 2019 classified under "Financial assets at amortised cost", the interest on which is linked to the Euribor. The financial products used to hedge this interest rate risk are swaps for a notional amount of 166,666 and 333,333 thousand euros as at 31 December 2022 and 2021, respectively (note 25).

The effect of the inclusion of both counterparty risk and own risk in the valuation of derivatives held for trading as at 31 December 2022 and 2021 is not material.

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The notional value of certain types of financial instruments provides a basis for comparison with instruments recorded on the balance sheet, but does not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, does not indicate the Entity's exposure to credit risk or price risk. Derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in the market interest rates or exchange rates related to their terms.

The contractual or notional aggregate of available derivatives, the extent to which the instruments are favourable or unfavourable and therefore the aggregate fair values of the financial asset and liability derivatives may fluctuate significantly.

#### 28. Investments in joint ventures and associates

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

	<u>2022</u>	<u>2021</u>
Jointly-controlled entities:		
Net value	-	-
Associates:		
Net value	385	337
Unquoted	385	337
Value adjustments due to asset impairment	-	-
	<u>385</u>	<u>337</u>

Movements during 2022 and 2021 in the balance of Investments in joint ventures and associates are as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	337	315
Acquisitions	-	-
Disposals due to sale	-	-
Disposals due to capital redemption	-	-
Profit sharing (Note 47)	50	20
Provision for impairment (Note 63)	-	-
Share of valuation gains/(losses)	-	-
Distribution of dividends	-	-
Others	(2)	2
Balance at year end	<u>385</u>	<u>337</u>

Appendix I includes the relevant information on the investments in Jointly controlled and Associated Companies, as well as Subsidiaries which have been consolidated using the equity method, as at 31 December 2022 and 2021.

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**29. Assets covered by insurance or reinsurance contracts**

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

	<u>2022</u>	<u>2021</u>
Technical provision for unconsumed premiums	12,599	12,160
Life insurance technical provisions	1,374	1,288
Technical provisions for benefits	14,283	14,065
Credits for reinsurance operations	952	295
	<u>29,208</u>	<u>27,808</u>

**30. Tangible assets**

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

	<u>2022</u>	<u>2021</u>
<u>Property, plant and equipment</u>	<u>304,261</u>	<u>282,709</u>
Own use:	290,733	269,313
IT equipment and installations	11,041	10,577
Furnishings, vehicles and other installations	34,436	30,139
Buildings	273,749	267,407
<i>Of which: rights of use through leases</i>	51,325	35,499
Work in progress	6,427	1,548
Others	-	-
Impairment adjustments	(34,920)	(40,358)
Leased out under operating leases	13,528	13,396
<u>Investment properties</u>	<u>53,602</u>	<u>51,729</u>
Buildings	64,647	61,823
Rural properties, land and plots	419	427
Impairment adjustments	(11,464)	(10,521)
	<u>357,863</u>	<u>334,438</u>

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The movement in 2022 and 2021 in the Tangible assets balance is as follows:

	For own use	Leased out under operating leases	Associated with Community Projects	Investment properties	Total
<b>Gross</b>					
Balance as at 1 January 2021	544,914	30,410	-	76,674	651,998
Additions	22,745	5,100	-	8	27,853
Withdrawals	(15,032)	(7,490)	-	(2,862)	(25,384)
Transfers	(253)	-	-	252	(1)
Transfers to/from non-current assets for sale	(9,574)	-	-	3,644	(5,930)
Balance as at 31 December 2021	<u>542,800</u>	<u>28,020</u>	<u>-</u>	<u>77,716</u>	<u>648,536</u>
Balance as at 1 January 2022	<u>542,800</u>	<u>28,020</u>	<u>-</u>	<u>77,716</u>	<u>648,536</u>
Additions	44,521	7,402	-	-	51,923
Withdrawals	(13,949)	(6,632)	-	(3,241)	(23,822)
Transfers	(5,439)	-	-	5,439	-
Transfers to/from non-current assets for sale	(757)	-	-	3,454	2,697
Balance as at 31 December 2022	<u>567,176</u>	<u>28,790</u>	<u>-</u>	<u>83,368</u>	<u>679,334</u>
<b>Accumulated amortisation</b>					
Balance as at 1 January 2021	233,235	14,359	-	14,711	262,305
Allocations	14,989	6,599	-	833	22,421
Withdrawals	(12,780)	(6,334)	-	(543)	(19,657)
Transfers	(104)	-	-	104	-
Transfers to/from non-current assets for sale	(2,211)	-	-	362	(1,849)
Others	-	-	-	-	-
Balance as at 31 December 2021	<u>233,129</u>	<u>14,624</u>	<u>-</u>	<u>15,467</u>	<u>263,220</u>
Balance as at 1 January 2022	<u>233,129</u>	<u>14,624</u>	<u>-</u>	<u>15,467</u>	<u>263,220</u>
Allocations	16,777	6,196	-	785	23,758
Withdrawals	(6,679)	(5,558)	-	(463)	(12,700)
Transfers	(1,497)	-	-	1,497	-
Transfers to/from non-current assets for sale	(207)	-	-	1,016	809
Others	-	-	-	-	-
Balance as at 31 December 2022	<u>241,523</u>	<u>15,262</u>	<u>-</u>	<u>18,302</u>	<u>275,087</u>
<b>Value adjustments due to asset impairment</b>					
Balance as at 1 January 2021	(38,009)	-	-	(8,984)	(46,993)
Allocations	(3,744)	-	-	217	(3,527)
Withdrawals	-	-	-	453	453
Transfers	-	-	-	-	-
Others	1,395	-	-	(2,206)	(811)
Balance as at 31 December 2021	<u>(40,358)</u>	<u>-</u>	<u>-</u>	<u>(10,520)</u>	<u>(50,878)</u>
Balance as at 1 January 2022	<u>(40,358)</u>	<u>-</u>	<u>-</u>	<u>(10,520)</u>	<u>(50,878)</u>
Allocations	-	-	-	-	-
Withdrawals	3,258	-	-	1,717	4,975
Transfers	2,103	-	-	(2,103)	-
Others	77	-	-	(558)	(481)
Balance as at 31 December 2022	<u>(34,920)</u>	<u>-</u>	<u>-</u>	<u>(11,464)</u>	<u>(46,384)</u>
<b>Net</b>					
Balance as at 31 December 2021	<u>269,313</u>	<u>13,396</u>	<u>-</u>	<u>51,729</u>	<u>334,438</u>
Balance as at 31 December 2022	<u>290,733</u>	<u>13,528</u>	<u>-</u>	<u>53,602</u>	<u>357,863</u>

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During the 2022 financial year, tangible assets were derecognised for a gross amount of 23,822 thousand euros, generating a profit on sale of 1,104 thousand euros (derecognitions of 25,384 thousand euros in 2021 with a profit/(loss) of (182) thousand euros).

Additionally, during the 2022 financial year, tangible assets were recognised for a gross amount of 51,923 thousand euros, corresponding mainly to new lease contracts (recognition of 27,853 thousand euros in 2021).

The heading Property, plant and equipment for own use on the consolidated balance sheets at 31 December 2022 and 2021 breaks down as follows:

	<u>Gross</u>	<u>Accumulated amortisation</u>	<u>Impairment adjustments</u>	<u>Net</u>
<b>As at 31 December 2022</b>				
IT equipment and installations	54,719	(43,678)	-	11,041
Furnishings, vehicles and other installations	161,715	(127,279)	-	34,436
Buildings	343,461	(69,712)	(34,920)	238,829
Work in progress	6,427	-	-	6,427
Others	854	(854)	-	-
	<u>567,176</u>	<u>(241,523)</u>	<u>(34,920)</u>	<u>290,733</u>
<b>As at 31 December 2021</b>				
IT equipment and installations	50,545	(39,967)	-	10,578
Furnishings, vehicles and other installations	155,531	(125,393)	-	30,138
Buildings	334,302	(66,895)	(40,358)	227,049
Work in progress	1,548	-	-	1,548
Others	872	(872)	-	-
	<u>542,798</u>	<u>(233,127)</u>	<u>(40,358)</u>	<u>269,313</u>

The fair value of Property, plant and equipment for own use is included in Note 41 to the Report.

The net balance at 31 December 2022 and 2021 of Property, plant and equipment for own use does not include any amount in respect of property, plant and equipment not in use.

The gross value of the Group's property, plant and equipment for own use that was in use and fully depreciated as at 31 December 2022 and 2021 amounted to approximately 137,381 and 135,238 thousand euros, respectively.

As at 31 December 2022 and 2021, the Parent Entity does not have property, plant and equipment for own use or under construction, for which there are restrictions on ownership or that have been pledged as a collateral for the repayment of debts. As of December 31, 2022, there is a commitment with third parties for the amount of 354 thousand euros for the acquisition of tangible assets.

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The balance of Investment properties in the consolidated balance sheets at 31 December 2022 and 2021 breaks down as follows:

	<u>Gross</u>	<u>Accumulated amortisation</u>	<u>Impairment adjustments</u>	<u>Net</u>
<b>As at 31 December 2022</b>				
Buildings	82,949	(18,302)	(11,464)	53,183
Rural properties, land and plots	419	-	-	419
	<u>83,368</u>	<u>(18,302)</u>	<u>(11,464)</u>	<u>53,602</u>
<b>As at 31 December 2021</b>				
Buildings	77,290	(15,467)	(10,520)	51,303
Rural properties, land and plots	426	-	-	426
	<u>77,717</u>	<u>(15,467)</u>	<u>(10,520)</u>	<u>51,729</u>

The fair value of Investment properties is included in Note 41 to the annual accounts.

The gross value of the Group's property investments that were rented out and fully depreciated as at 31 December 2022 and 2021 amounted to approximately 2,525 and 1,940 thousand euros, respectively.

Net operating income from the Group's Investment properties during 2022 and 2021 amounted to approximately 2,444 and 2,346 thousand euros, respectively.

When dealing with the lease of commercial premises or similar, contracts have a defined maturity, the term being established in each specific case.

Set out below is a breakdown of the balance of Assets assigned under operating leases in the consolidated balance sheets as at 31 December 2022 and 2021:

	<u>Gross</u>	<u>Accumulated amortisation</u>	<u>Net</u>
<b>As at 31 December 2022</b>			
Machinery	9,332	(4,248)	5,084
Furnishings and fixtures	707	(586)	121
Buildings	-	-	-
IT Equipment	16,249	(9,074)	7,175
Medical equipment	1,155	(516)	639
Vehicles	-	-	-
Others	1,347	(838)	509
	<u>28,790</u>	<u>(15,262)</u>	<u>13,528</u>
<b>As at 31 December 2021</b>			
Machinery	7,764	(3,441)	4,323
Furnishings and fixtures	1,121	(831)	290
Buildings	-	-	-
IT Equipment	17,070	(9,250)	7,820
Medical equipment	930	(454)	476
Vehicles	-	-	-
Others	1,135	(648)	487
	<u>28,020</u>	<u>(14,624)</u>	<u>13,396</u>

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Rental income from assets leased out by the Group under operating leases in 2022 and 2021 amounted to approximately 7,175 and 7,594 thousand euros, respectively. Operating costs for all items of the Group's assets leased out under operating leases in 2022 and 2021 amounted to approximately 543 and 525 thousand euros, respectively (Note 56).

The Group holds rights of use through leasing, mainly of office buildings, for the performance of its business activities.

The breakdown of the rights of use under finance leases and of the changes therein in 2022 is as follows:

	<b>Land and buildings</b>	<b>Others</b>	<b>Total</b>
<b>Balance as at 1 January 2021</b>	33,442	-	33,442
Additions	7,947	-	7,947
Withdrawals	(2,857)	-	(2,857)
Amortisation	(3,033)	-	(3,033)
Other movements	-	-	-
<b>Balance as at 31 December 2021</b>	<b>35,499</b>	<b>-</b>	<b>35,499</b>
Additions	21,479	-	21,479
Withdrawals	(2,011)	-	(2,011)
Amortisation	(3,642)	-	(3,642)
Other movements	-	-	-
<b>Balance as at 31 December 2022</b>	<b>51,325</b>	<b>-</b>	<b>51,325</b>

The lease liabilities associated with the rights of use (which are recognised under "Financial liabilities at amortised cost") are detailed below:

	<b>2022</b>	<b>2021</b>
Lease Liabilities		
For current leases	51,964	35,882
For non-current leases	-	-
	<b>51,964</b>	<b>35,882</b>

The lease liabilities held by the entity as at 31 December 2022 are broken down by maturity as follows:

	<b>2022</b>	<b>2021</b>
Up to 1 year	452	53
Between 1 and 5 years	5,419	3,663
More than 5 years	46,093	32,166
	<b>51,964</b>	<b>35,882</b>



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**31. Intangible assets**

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

	<u>2022</u>	<u>2021</u>
Goodwill	33,425	33,425
Other intangible assets	<u>-</u>	<u>-</u>
	<u>33,425</u>	<u>33,425</u>

The breakdown of the balance in Goodwill in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Seguros Lagun Aro, S.A.		
Gross	33,425	33,425
Impairment adjustments	<u>-</u>	<u>-</u>
	<u>33,425</u>	<u>33,425</u>

Until 20 December 2011, the Group directly held 36.05% of the share capital of Seguros Lagun Aro, S.A. and indirectly held 4.94%. On that date, the Group acquired 59.01% of the share capital, thus obtaining control of Seguros Lagun Aro, S.A., a company that operates as a risk insurer in the main non-life areas of the insurance sector, with the hedging legally established for each area.

Goodwill of 33,425 thousand euros arising on the acquisition is attributable to the customer base acquired and to the economies of scale that will foreseeably be generated by combining the Group's operations with those of Seguros Lagun Aro, S.A.

In accordance with the estimates and projections available to the directors of the Parent Entity, the income forecasts attributable to the Group of the Investee companies generated by the goodwill properly support the recorded net value thereof.

Without taking into account the corrections for impairment of the assets, the changes in the balance of Goodwill during 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	33,425	33,425
Entries due to changes in the scope of consolidation due to business combinations	<u>-</u>	<u>-</u>
	<u>33,425</u>	<u>33,425</u>

There were no corrections recorded for impairment under the heading "Impairment or (-) reversal of impairment on non-financial assets - Goodwill" in the consolidated profit and loss account during the years ended 31 December 2022 and 2021.

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Macroeconomic assumptions and interest rates used in the evaluation of goodwill impairment are as follows:

Each year, the Parent Entity submits the goodwill recognised as a result of the acquisition of 100% of Seguros Lagun Aro, S.A. to the impairment analysis established in the accounting standards, which include a sensitivity analysis. This analysis is based on the analysis of the impairment of the cash-generating unit to which this goodwill has been allocated, in this case Seguros Lagun Aro, S.A. This unit would be impaired if its book value were to be higher than its value in use, defined as the present value of its estimated cash flows. This circumstance has not occurred since its acquisition.

The estimated cash flows are derived from the Seguros Lagun Aro, S.A. business plan, constructed on the basis of moderate growth rates and excluding the positive net flows that could arise from structural changes in the business or in its efficiency. Specifically, the projection of cash flows takes as a starting hypothesis the projection of the results of the financial years for which planning is prepared.

Concerning the goodwill resulting from the business combination consisting of the acquisition of assets from Seguros Lagun Aro, S.A., at the close of 2022 and 2021 the Group carried out an assessment of whether there were any indications of impairment to that goodwill and estimated the recoverable value. As the recoverable amounts are higher than their respective carrying amounts, no impairment has been recognised.

The value was calculated by discounting future distributable net profits from the business carried on by the insurance company for a five-year projection period (to 2027, plus a calculation of its terminal value applying a 1% perpetuity growth rate, which corresponds to the target inflation rate in the economic environment in which the company operates. Previous experience has been greater than this 1%. Financial projections are based on the following key variables: the changes in the gross margin of direct insurance (conditional upon expected business volumes and interest rates) and the changes in the rest of the profit and loss account items and the solvency levels.

The present value of the flows to be distributed, used to calculate value in use, was calculated applying as a discount rate the cost of capital ( $K_e$ ) of Seguros Lagun Aro, S.A. from the viewpoint of a market participant. It was determined using the CAPM (Capital Asset Pricing Model)

Under this method, the pre-tax discount rate applied to the cash flow projections was 7.53%, as the cost of capital was considered internally. This estimate of the cost of capital is in line with those applied by independent analysts in the sector.

Annualised growth rates used in the forecast period (CAGR) for earned premiums have ranged from 1% to 4.12%, and for technical insurance expenses have ranged from 1% to 5.05%.

The analysis as at 31 December 2022 has been carried out taking into consideration the current situation of economic crisis caused by the geopolitical situation.

At 31 December 2022 and 2021, sensitivity analyses were conducted of the key valuation variables, and it was concluded that there was no evidence of impairment.

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According to current tax legislation, as at 31 December 2022 and 2021, the goodwill generated is not tax deductible.

#### 32. Tax assets and liabilities

The breakdown of these items in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
Current taxes:	783	432	6,252	9,283
Corporate income tax	311	-	2,709	4,098
VAT	-	-	745	2,533
Withholdings refundable/payable	472	432	-	-
Others	-	-	2,798	2,652
Deferred taxes:	207,469	381,778	91,708	50,320
Value adjustments for financial instruments	30,640	188,445	63,382	23,592
Fixed asset restatement	-	-	28,326	26,728
Opening fees	535	750	-	-
Tax credits	140,329	154,357	-	-
Reinvestment of fixed assets	-	-	-	-
Provision for pensions and similar obligations	5,110	8,185	-	-
Insolvency fund and other provisions	27,448	26,659	-	-
Depreciation of fixed assets	-	-	-	-
Impairment of shareholdings	-	-	-	-
Revaluation of own financial liabilities-mortgage certificates	-	-	-	-
Deposit Guarantee Fund	-	-	-	-
Other items	3,407	3,382	-	-
	<b>208,252</b>	<b>382,210</b>	<b>97,960</b>	<b>59,603</b>

As a result of current Corporate Income Tax legislation applicable to the Parent Entity and the Investee Entities, certain differences have arisen in 2022 and 2021 between accounting and tax criteria which have been recorded as Deferred tax assets and Deferred tax liabilities upon calculation and recording of the corresponding tax expense related to profit from continuing operations.

Movements in 2022 and 2021 in the deferred tax asset and liability balances are set out below:

	Assets		Liabilities	
	2022	2021	2022	2021
Balance at the beginning of the year	381,778	293,279	50,320	56,296
Increases / (decreases)	(174,309)	88,499	41,388	(5,976)
Bad-debt provision and other provisions	789	(5,129)	-	-
Reinvestment of fixed assets	-	-	-	-
Valuation adjustments for financial instruments	(157,805)	109,355	39,790	1,815
Fixed-asset revaluation	-	-	1,598	(2,761)
Opening fees	(215)	(249)	-	-
Tax credits	(14,028)	(15,501)	-	-
Provision for pensions and similar obligations	(3,075)	23	-	-
Revaluation of own financial liabilities mortgage bonds	-	-	-	(5,030)
Others	25	-	-	-
Balance at the close of the year	<b>207,469</b>	<b>381,778</b>	<b>91,708</b>	<b>50,320</b>

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Deferred tax assets for tax loss carry-forwards are recognised to the extent that it is probable that the related tax benefit will be realised through taxable profits in the next 10 years, from the year-end date. As at 31 December 2022, the Parent Entity has recognised deferred tax assets for tax losses and deductions pending application amounting to 106,615 thousand euros and 33,714 thousand euros, respectively, (122,016 thousand euros and 32,342 thousand euros, respectively, as at 31 December 2021), which are expected to be offset in future years against the tax benefits generated by the Parent Entity, as contemplated in the annual business plans drawn up by the Management.

The Parent Entity performs an annual exercise to assess the recoverability of the tax loss carry-forwards recognised as at 31 December 2022 on the basis of a projection of its future results, which supports their recoverability in a period of less than 10 years.

Pursuant to the Second Final Provision of Royal Decree-Law 14/2013, dated 29 November, on urgent measures for the adaptation of Spanish law to European Union regulations on the supervision and solvency of financial institutions, and its transposition into regional regulations in accordance with the provisions of Regional Regulation 17/2014, dated 16 December, of the Regional Government of Gipuzkoa, the Group has deferred tax assets available for conversion into receivables from the tax authorities amounting to an estimated 107 million euros as at 31 December 2022 (122 million euros as at 31 December 2021). Also, as from the 2016 financial year, in order for this conversion to be effective, it has an equity benefit associated with it of 1.5% of the amount of the aforementioned assets (Note 56).

Note 40 outlines the Group's tax matters in further detail.

### 33. Other assets and liabilities

The breakdown of these items in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	Assets		Liabilities	
	2022	2021	2022	2021
Stocks	28,073	43,661	-	-
Accruals for fees and commissions	37,326	37,094	-	-
Other accruals	-	3,523	60,739	58,758
Transactions in progress	88	108	251	43
Community projects fund	-	-	14,886	10,785
Other items	68	112	618	9,715
	<b>65,555</b>	<b>84,498</b>	<b>76,494</b>	<b>79,301</b>

As mentioned in Note 10, as at 31 December 2021 the heading "Other assets – other accrual items" included 3,523 thousand euros, corresponding to the payment made to the Deposit Guarantee Fund in accordance with Royal Decree Law 2/2012 of 3 February, with no outstanding amount remaining for this commitment as at 31 December 2022.

In 2022 and 2021, the amounts of 0 and 3,279 thousand euros, respectively, were transferred from the heading "Non-current assets and disposal groups of items classified as held for sale" to "Other assets - Inventories", related to foreclosed assets that will be promoted and developed by the Group.

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During the 2022 financial year there have been sales of inventories for a gross amount of 43,812 thousand euros and a net book value of 34,051 thousand euros at a selling price of 46,685 thousand euros. The sale of these inventories generated a profit of 12,634 thousand euros.

#### Community projects fund

Set out below is a breakdown of this item included under the heading "Other liabilities in the consolidated balance sheets as at 31 December 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Education and Development Fund	14,886	10,785
Allocation:	<u>14,886</u>	<u>10,785</u>
Applied to Tangible assets	-	-
Applied to other investments - Financial assets at fair value through other comprehensive income	3,437	3,437
Expenses committed during the year	7,348	7,751
Current year maintenance expenses	(7,348)	(7,751)
Amount not committed	11,449	7,348
Revaluation reserves	-	-
	<u>14,886</u>	<u>10,785</u>

Movements during 2022 and 2021 in the balance of the Community Projects Fund are as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	10,785	11,060
Mandatory provision charged against the surplus for the year (Notes 4 and 56)	11,449	7,348
Maintenance costs for the year	(7,348)	(7,751)
Others	-	128
Balance at year end	<u>14,886</u>	<u>10,785</u>

Law 13/1989 on Credit Cooperatives, amended by Law 20/1990 concerning the Tax Regime applicable to Cooperatives, maintains the distribution criteria contained in Royal Decree 2860/1978, of 3 November 1978, under which 10% of the net surplus, at least, should be allocated to the Development and Education Fund (Note 4).

The transfers to this Fund are to be used, among other purposes, for the development of cooperativism and to meet the welfare or cultural needs of the community, or to be invested in assets that meet these objectives. In this respect, the mandatory allocation for 2021 and 2020 amounted to 7,348 thousand and 7,751 thousand euros, respectively; and in 2022, 3,367 thousand and 3,160 thousand euros (5,213 and 833 thousand euros in 2021) were allocated to the financing of corporate institutions of the MONDRAGON Group and to the Inter-cooperative Education and Development Fund, respectively.

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**34. Non-current assets and disposal groups classified as held for sale**

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

	<u>2022</u>	<u>2021</u>
Property, plant and equipment for own use	21,467	25,187
Investment properties	3,709	4,042
Foreclosed tangible assets	409,359	457,258
Value adjustments due to asset impairment	<u>(381,053)</u>	<u>(380,016)</u>
	<u>53,482</u>	<u>106,471</u>

The movements during 2022 and 2021 in "Non-current assets and disposal groups classified as held for sale" are as follows:

	<u>2022</u>	<u>2021</u>
Individualised items:		
Balance at the beginning of the year	106,471	155,468
Additions	9,065	5,395
Disposals	(16,792)	(16,946)
Net impairment provisions (Note 66)	(43,855)	(39,059)
Transfers to tangible assets (Note 30)	(1,407)	4,892
Transfers to write-off assets	-	-
Transfers to inventories (Note 33)	<u>-</u>	<u>(3,279)</u>
Balance at the close of the year	<u>53,482</u>	<u>106,471</u>

The breakdown of the impairment losses or reversals of non-current assets and disposal groups of items classified as held for sale recognised in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows (see Note 66):

	<u>2022</u>	<u>2021</u>
Tangible assets	(3,065)	8,224
Other assets	<u>(40,790)</u>	<u>(47,283)</u>
	<u>(43,855)</u>	<u>(39,059)</u>
Allocations charged to P&L	<u>(43,855)</u>	<u>(39,059)</u>
	<u>(43,855)</u>	<u>(39,059)</u>

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The movement in Value Adjustments due to asset impairment under Non-current assets and disposal groups classified as held for sale during December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	380,016	429,954
Net provisions charged to P&L	43,855	39,059
Transfer of Financial assets at amortised cost (Note 25)	77	1,695
Transfer to failed assets against constituted funds and disposals	(42,414)	(79,800)
Transfers to inventories (Note 33)	-	(10,081)
Transfers to tangible assets (Note 30)	(481)	(811)
	<u>381,053</u>	<u>380,016</u>

The breakdown of Measurement Adjustments for asset impairment under Non-current assets and disposal groups classified as held for sale as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Individualised items	381,053	380,016
	<u>381,053</u>	<u>380,016</u>

**35. Financial liabilities at amortised cost**

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

	<u>2022</u>	<u>2021</u>
Central bank deposits	981,817	1,833,098
Credit institution deposits	3,961	3,001
Customer deposits	23,182,835	23,499,590
Debt securities issued	30,292	46,413
Other financial liabilities	278,142	233,070
	<u>24,477,047</u>	<u>25,615,172</u>



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The breakdown by currency and maturity of financial liabilities measured at amortised cost in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	24,457,737	25,574,357
In US dollars	16,136	32,454
Pounds sterling	1,589	2,387
Swiss francs	896	88
Japanese yen	535	307
Remainder	154	5,579
	<u>24,477,047</u>	<u>25,615,172</u>
By maturity:		
On demand	20,448,473	19,799,159
Up to 1 month	700,981	1,107,018
Between 1 month and 3 months	460,210	476,705
Between 3 months and 1 year	2,008,970	1,489,485
Between 1 year and 5 years	419,614	2,344,145
More than 5 years	56,489	72,109
Maturity not determined	397,413	345,312
Valuation adjustments	<u>(15,103)</u>	<u>(18,761)</u>
	<u>24,477,047</u>	<u>25,615,172</u>

#### a) Central bank deposits

The balance of Deposits by central banks in the consolidated balance sheets as at 31 December 2022 and 2021 breaks down as follows:

	<u>2022</u>	<u>2021</u>
Bank of Spain	1,000,000	1,860,000
Valuation adjustments	<u>(18,183)</u>	<u>(26,902)</u>
	<u>981,817</u>	<u>1,833,098</u>

As indicated in note 16, in accordance with the Parent Entity's active funding and liquidity monitoring policy, in June 2020 the third series of targeted longer-term refinancing operations (TLTRO III) announced by the European Central Bank for an amount of 1,680 million euros was undertaken. In 2021, the Parent Entity increased financing by 180 million euros, reaching a total amount of 1,860 million euros. In December 2022, 860 million euros were repaid, leaving 1,000 million pending repayment as part of the TLTRO III programme at the close of the year ended 31 December 2022.

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The final interest rate of this financing will depend on the Parent Entity meeting certain targets for eligible transactions. According to management's estimate, the expected interest rate for the Parent Entity's outstanding refinancing will be 50 basis points less the deposit facility rate in the period from the start of the transaction until 23 June 2022 and less the deposit facility rate from 24 June 2022 onwards. As of 24 June 2022, TLTRO III issues accrue an interest rate equivalent to the average rate of the marginal deposit facility throughout the life of the corresponding issue (thus including both periods past since its issuance and future periods until maturity). In this case, the Parent Entity, in accordance with the provisions of the Decisions of the European Central Bank, accrues interest on the TLTRO III issues calculating an average interest rate. The calculation of this average interest rate does not take into account the evolution of future interest rates and, in application of paragraph B5.4.5 of IFRS 9, with each change that occurs in the marginal deposit facility, the interest rate to accrue during the period remaining until maturity is re-estimated.

On November 7, 2022, Decision (EU) 2022/2128 of 27 October 2022, which modifies Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations, by which the interest accrual conditions of the TLTRO III are modified, adding a last interest rate period that begins on 23 November 2022, and which divides into two parts what until now was the main interest period (discarding the special interest rate period described above).

In this way, from 24 June 2022 to 22 November 2022, interest accrues based on the average of the deposit facility from the start of the issuance until 22 November 2022, and from 23 November 2022 onwards, until the maturity of the issue, interest accrues based on the average deposit facility in that period.

The average annual interest rate during the 2022 and 2021 financial years for central bank Deposits amounted to -0.48% and -1.00%, respectively. With respect to Deposits lent to central banks, the annual interest rate was 1.13% in 2022. There were no such Deposits in 2021.

The limit assigned by the Bank of Spain to the Parent Entity as at 31 December 2022 in the credit system guaranteed by public funds amounted to 2,886,534 thousand euros (3,200,408 thousand euros as at 31 December 2021).

#### b) Credit institution deposits

The balance of Deposits by credit institutions in the consolidated balance sheets as at 31 December 2022 and 2021 breaks down as follows:

	<u>2022</u>	<u>2021</u>
Term accounts	1,928	2,979
Repurchase agreements	-	-
Other accounts	2,018	18
Valuation adjustments	<u>15</u>	<u>4</u>
	<u>3,961</u>	<u>3,001</u>

The average rates of interest per annum on Deposits by credit institutions in 2022 and 2021 were -0.08% and -0.60% respectively.

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#### c) Customer deposits

Set out below is a breakdown of the balance of Customer funds in the consolidated balance sheets as at 31 December 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Spanish Government Bodies	678,276	802,996
Repurchase agreements with counter-parties	-	-
Other resident sectors:	<u>22,454,031</u>	<u>22,645,580</u>
Demand deposits	<u>20,292,568</u>	<u>19,820,582</u>
Current accounts	7,310,552	7,011,093
Savings accounts	12,953,043	12,786,765
Others	28,973	22,724
Fixed-term deposits:	<u>1,614,634</u>	<u>1,890,025</u>
Time deposits	1,547,167	1,825,705
Others	67,467	64,320
Repurchase agreements	544,035	926,860
Valuation adjustments	<u>2,794</u>	<u>8,113</u>
Interest accrued	2,312	5,482
Micro-hedging transactions	482	2,631
Other non-resident sectors	<u>50,528</u>	<u>51,014</u>
	<u><u>23,182,835</u></u>	<u><u>23,499,590</u></u>

Average rates of interest per annum during 2022 and 2021 on Customer funds may be broken down by product as follows:

	<u>2022</u>	<u>2021</u>
Demand deposits	0.00%	0.02%
Fixed- term deposits	0.04%	0.06%

As at 31 December 2022 and 2021 there were no outstanding mortgage bonds.

The heading "Other sectors - Term deposits - Other" includes 29,874 thousand euros as at 31 December 2022 (46,242 thousand euros as at 31 December 2021) relating to the net amount of financing obtained in the issue of bonds through securitisation funds "I.M. Caja Laboral 1, F.T.A.", "I.M. Caja Laboral 2, F.T.A.". Certain loans were contributed to these funds and, as they do not comply with the requirements for derecognition, they remain on the Entity's balance sheet as at 31 December 2022 and 2021 (Note 25).

This heading mainly includes the outstanding balance of the loans contributed to these funds amounting to 341,233 thousand euros (394,246 thousand euros as at 31 December 2021), net of the bonds subscribed by the Group amounting to 283,743 thousand euros (317,157 thousand euros as at 31 December 2021).

It is to be noted that it is the Group's intention to use the bonds subscribed to the "I.M. Caja Laboral 2 F.T.A." fund as collateral in the implementation of Eurosystem credit transactions.

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Set out below is a breakdown by currency and maturity of the balance of Customer funds in the consolidated balance sheets as at 31 December 2022 and 2021:

	<u>2022</u>	<u>2021</u>
By currency:		
In Euros	23,163,525	23,458,775
In US dollars	16,136	32,454
Pounds sterling	1,589	2,387
Swiss francs	896	88
In Japanese yen	535	307
Remainder	154	5,579
	<u>23,182,835</u>	<u>23,499,590</u>
By maturity:		
On demand	20,416,874	19,771,490
Up to 1 month	700,940	1,106,827
Between 1 month and 3 months	458,282	476,425
Between 3 months and 1 year	1,008,719	1,486,764
Between 1 year and 5 years	418,976	483,031
More than 5 years	12,264	10,574
Maturity not determined	163,715	156,342
	<u>23,179,770</u>	<u>23,491,453</u>
Valuation adjustments	3,065	8,137
	<u>23,182,835</u>	<u>23,499,590</u>

#### d) Debt securities issued

Set out below is a breakdown of the balance of debt securities issued in the consolidated balance sheets as at 31 December 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Promissory notes and bills	-	-
Other non-convertible securities	-	-
Mortgage securities	30,292	46,413
Own securities	-	-
Valuation adjustments	-	-
	<u>30,292</u>	<u>46,413</u>

#### Mortgage securities

During the year 2006 the Group contributed certain mortgage loans to the Securitisation fund "I.M. Caja Laboral 1, F.T.A." for the issue of security bonds. Also, during 2008 and 2011 the Group contributed certain loans to the "I.M. Caja Laboral 2, F.T.A." (see Note 25), for the issue of securitisation bonds, which were fully subscribed by the Group. It is the Group's intention to use these subscribed bonds as collateral security in credit operations with the Eurosystem.

As at 31 December 2022, the securitisation bonds issued through the "I.M. Caja Laboral 1, F.T.A." and "I.M. Caja Laboral 2, F.T.A." which were subscribed by third parties outside the Group amounts to 30,292 thousand euros (46,413 thousand euros, as at 31 December 2021). These bonds mature in October 2049 and in January 2051, respectively, and bear annual interest at the Euribor plus a mark-up between 0.15% and 0.21% and 0.30% and 1%, respectively.

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The movements experienced during 2022 and 2021 under the heading "Debt securities issued" are as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	46,413	59,779
Issues	-	-
Securities issued by third parties	-	-
Amortisation	(16,369)	(13,112)
The Group's own securities	-	-
Valuation adjustments	248	(254)
	<u>30,292</u>	<u>46,413</u>

#### e) Other financial liabilities

The breakdown of the balance of the heading "Other financial liabilities" in the balance sheet as at 31 December 2021 and 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Obligations payable	25,725	28,525
Guarantees received	9,805	3,704
Clearing Houses	30,128	16,130
Collection accounts	105,772	100,671
Special accounts	575	645
Accruals for financial guarantees	2,286	2,254
Other items	103,851	81,141
	<u>278,142</u>	<u>233,070</u>

Under the heading "Other items" the Group recognises a lease liability of 51,964 thousand euros as at 31 December 2022 (Note 30) (35,882 thousand euros as at 31 December 2021).

### 36. Liabilities covered by insurance or reinsurance contracts

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

	<u>2022</u>	<u>2021</u>
Technical provisions for insurance:	<u>424,996</u>	<u>462,000</u>
Technical provisions for unearned premiums and current risks	<u>72,853</u>	<u>70,278</u>
Direct insurance	72,853	70,278
Mathematical technical provisions	<u>352,143</u>	<u>391,722</u>
Direct insurance	352,143	391,722
Technical provisions for life insurance when the investment risk is assumed by policyholders:	<u>296</u>	<u>312</u>
Direct insurance	296	312
Technical provisions for benefits:	<u>84,077</u>	<u>81,887</u>
Direct insurance	84,077	81,887
Technical provisions for profit sharing and rebates:	<u>3,219</u>	<u>1,838</u>
Direct insurance	3,219	1,838
Deposits received in respect of ceded reinsurance	11,149	10,437
Debts due to reinsurance operations	<u>1,310</u>	<u>1,598</u>
	<u>525,047</u>	<u>558,072</u>

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The Group uses actuarial and financial methods and modelling techniques approved by the Directorate General of Insurance and Pension Funds (DGSFP) to estimate the mathematical provisions for insurance products. These methods and techniques are set out in the IFRS and consist mainly of the valuation of estimated future cash flows discounted at the technical interest rate of each policy. In order to secure this technical interest rate, the Group acquires a portfolio of securities that generate the necessary cash flows to cover the payment commitments entered into with the insured customers.

### 37. Provisions

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

	<u>2022</u>	<u>2021</u>
Pensions and other post-employment defined benefit obligations	18,251	29,230
Other long-term employee benefits	-	-
Pending procedural issues and tax disputes	-	-
Commitments and guarantees given	17,524	25,872
Other provisions	<u>106,710</u>	<u>100,471</u>
	<u>142,485</u>	<u>155,573</u>

Movements in Provisions during 2022 and 2021 are set out below:

	<u>Pensions and other post-employment defined benefit obligations</u>	<u>Other long-term employee benefits</u>	<u>Pending procedural issues and tax disputes</u>	<u>Commitments and guarantees given</u>	<u>Other provisions</u>	<u>Total</u>
<b>As at 31 December 2021</b>						
Balance at the beginning of the year	29,149	-	-	23,433	114,899	167,481
Additions, including increases in existing provisions	11,905	-	-	16,247	9,226	37,378
(-) Amounts used	(11,824)	-	-	-	(16,628)	(28,452)
(-) Unused amounts reversed during the period	-	-	-	(14,039)	(7,128)	(21,167)
Other movements	-	-	-	231	102	333
Balance at year-end	<u>29,230</u>	<u>-</u>	<u>-</u>	<u>25,872</u>	<u>100,471</u>	<u>155,573</u>
<b>As at 31 December 2022</b>						
Balance at the beginning of the year	29,230	-	-	25,872	100,471	155,573
Additions, including increases in existing provisions	602	-	-	10,194	23,768	34,564
(-) Amounts used	(11,507)	-	-	(194)	(27,457)	(39,158)
(-) Unused amounts reversed during the period	(74)	-	-	(18,701)	(741)	(19,516)
Other movements	-	-	-	353	10,669	11,022
Balance at year-end	<u>18,251</u>	<u>-</u>	<u>-</u>	<u>17,524</u>	<u>106,710</u>	<u>142,485</u>

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#### a) Pensions and other post-employment benefit obligations

As at 31 December 2022, the Parent Entity had entered into future commitments with some of its partners under the voluntary agreement to adhere to the PD 61", "PD 62", "PD 63" and "New Network" plans (" PD 59", "PD 60", "PD 61", "PD 62", "PD 63" and "New Network" as at 31 December 2021). Consequently, the Parent Entity has recorded provisions to cover commitments for serving personnel accruing since the date of implementation of the scheme to the date on which they cease their employment with the Parent Entity for the salary supplements and other welfare charges that they will receive until the employees' actual retirement.

The present value of the commitments entered into by the Parent Entity relating to post-employment remuneration and the way in which these commitments were covered are as set out below:

	<u>2022</u>	<u>2021</u>
Commitments entered into	18,251	29,230
	<u>18,251</u>	<u>29,230</u>
Hedges		
Internal funds	18,251	29,230
	<u>18,251</u>	<u>29,230</u>

On 31 December 2022 and 2021 future flows of benefits were measured regarding the cover of the commitments for post-employment compensation using the projected credit unit method of calculation and taking the retirement age of each employee to be the earliest date on which he or she becomes entitled to retire.

The hypotheses considered in the valuation are the following:

	<u>2022</u>	<u>2021</u>
Discount rate	0%	0%
Growth in advance gross future consumption	0%	0%
Growth in benefits	0%	0%
Retirement age	Earliest possible age	Earliest possible age

The CPI estimate used in the valuation is 5.8% for 2023, 4.1% for 2024, 3.6% for 2025, 2% for 2026 and beyond. As at 31 December 2021, the estimate used for these years was 6.7% for 2022, 1.6% for 2023, 1.2% for 2024, 2% for 2025 and beyond.

The discount rate applied to the commitments was determined on the basis of the duration of the commitment, 1.5 years, and the reference curve was calculated based on the Euro Denominated Corporate Bonds AA curve as at 31 December 2022 (Source: Bloomberg).



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b) Other provisions

The balance in the heading “Provisions – Other provisions”, which includes provisions for possible expenses, losses and/or probable or certain costs arising from lawsuits or claims in progress, or obligations derived from the Group's business activities, among other items, was estimated using prudent calculation procedures to reflect the uncertainty inherent in the obligations covered.

The Group's general policy is to record provisions for legal proceedings in which the risk of loss is deemed probable and no provisions are recorded when the risk of loss is possible or remote. The amounts to be allocated are calculated in accordance with the best estimate of the amount required to settle the corresponding claim, based, inter alia, on an individualised analysis of the facts and legal opinions of the internal and external advisers or taking into account the historical average number of losses arising from claims of this nature. The final date of the release of resources which incorporate economic benefits for the Group depends on each one of the obligations. In some cases, the obligations do not have a fixed settlement period and, in other cases, they depend on ongoing legal processes.

At year-end, and in accordance with the evolution of complaints and claims received in 2022 and prior, provisions were established, among other things, for expenses associated with the formalisation of mortgages. The Parent Entity periodically monitors the evolution and outcome of complaints and claims, allocating an additional amount for this item charged to the consolidated profit and loss account for the year 2022 for an amount of 17,542 thousand euros.

The Group has estimated the obligations relating to each claim and/or legal process and has recognised, when necessary, adequate provisions that reasonably cover the liabilities that might arise from the claims received and/or from the legal proceedings opened.

c) Reference rate for mortgages in Spain

In relation to the reference rate for mortgages in Spain, a number of legal proceedings have emerged in relation to the use of the official reference rate known as the IRPH (Mortgage Loan Reference Index) in certain mortgage loan contracts.

The legal aspect in question is the control of transparency based on Article 4.2 of Directive 93/13, in cases where the borrower is a consumer. Since the IRPH is the price of the contract and is included in the definition of the main object of the contract, it must be drafted in a clear and understandable manner so that the consumer is in a position to assess, on the basis of clear and understandable criteria, the economic consequences of the contract for him/her.

Ruling 669/2017 of the Plenary of the Spanish Supreme Court (SC), of 14 December 2017, declared that the clause relating to the IRPH passed the transparency controls, thus upholding its validity.

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Subsequent to this SC ruling, a court of first instance referred a question to the Court of Justice of the European Union (CJEU) for a preliminary ruling on the interpretation of EU consumer law in relation to the IRPH clause.

On 3 March 2020, the CJEU delivered a judgement on this issue, which set out the following conclusions:

1st.- The judgement does not declare the nullity of the IRPH clauses, but refers the matter to the national courts for their assessment and decision, in order to determine the transparency of a contractual clause that fixes a variable interest rate in a mortgage loan contract, on the understanding that the clause must not only be comprehensible on a formal and grammatical level, but also enable the average consumer, who is reasonably well-informed and reasonably observant and circumspect, to be able to understand the actual operation of the method of calculation of that interest rate and thus to assess, on the basis of precise and comprehensible criteria, the potentially significant economic consequences of that clause for their financial obligations.

2nd.- Linked to the above, the CJEU has already ruled that i) the main elements relating to the calculation of the IRPH were readily available to any person intending to take out a mortgage loan, since they were contained in Circular 8/1990, itself published in the Official State Gazette, and that; ii) the information given to the consumer on the past behaviour of the reference rate is a relevant element in assessing the transparency of the clause.

3rd.- In the event that the National Court declares the nullity of IRPH, given that this would mean the termination of the contract to the detriment of the consumer, in the absence of agreement between the parties, the Court may replace the annulled index with the supplementary index indicated by Law 14/2013 (this being the IRPH entities, the magnitude of which is an average of the IRPH savings banks and IRPH Banks).

Following the CJEU ruling, the Plenary of the Supreme Court handed down four rulings on 12/11/2020 (numbers 595, 596, 597 and 598) in which, applying the case law of the CJEU, it declared that the IRPH clause does not pass the transparency control when there has been no information on the past evolution of the index, but that this lack of transparency does not automatically determine the unfairness of the clause, but only opens up the possibility of carrying out a control of its unfairness, as it deals with an essential element of the loan contract. The SC has concluded in these judgements that the IRPH clause passes the control of abuse, because it is not contrary to good faith to offer the IRPH, nor does its application cause an imbalance in the rights and obligations of the parties to the detriment of the consumer.

The Senior Management of the Parent Entity understands that the likelihood of this Supreme Court doctrine being modified is remote. For this reason, the Entity has not made any provision for this item.

As at 31 December 2022, the total amount of mortgage loans up to date with payment, indexed to IRPH, with individuals is approximately 77.1 million euros.

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**38. Equity**

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

	<u>2022</u>	<u>2021</u>
Capital	797,870	786,383
Other reserves	1,072,721	1,030,165
(Treasury shares)	(2,507)	(2,297)
Profit/(loss) attributable to owners of the parent entity	139,060	101,433
(Interim dividends)	-	-
	<u>2,007,144</u>	<u>1,915,684</u>

Capital

The Parent Entity's share capital is made up of contributions made and paid by working members, collaborating members and Associate Cooperatives. In accordance with the Parent Entity's Articles of Association (Note 1), the total amount of contributions by each member may not exceed 20% of share capital, for legal entities, and 2.5% of share capital, for individuals. Members' liability for the entity's debts is equal to the value of their contributions.

For each year, the General Assembly, at the proposal of the Governing Board, approves, where appropriate, the remuneration on account applicable to these contributions, which, in accordance with the Regulations concerning the Credit Cooperative Law, may not exceed the legal interest rate increased by six points. The rate applied for contributions to share capital in 2022 and 2021 was 4.5% and 4% per annum, respectively, and the 4.5% rate for 2022 is pending approval at the General Meeting.

Movements in 2022 and 2021 in the Parent Entity's capital balance are set out below:

	<u>2022</u>	<u>2021</u>
Balances at the beginning of the year	786,383	777,913
Cooperative returns from the distribution of previous year's surplus (Note 4)	18,369	19,379
Capitalised remuneration of contributions to share capital in the present year	-	-
Contributions to share capital		
- Associate cooperatives	10	1,973
- Members and others	583	548
Less, liquidation of contributions owing to departures		
- Associate cooperatives	(1,171)	(1,133)
- Members and others	(6,304)	(12,297)
Transfers to capital classed as financial liabilities	-	-
Balances at the end of the year	<u>797,870</u>	<u>786,383</u>

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As at 31 December 2022, the only entity that directly or indirectly has a shareholding of 10% or more in the share capital of the Entity is Lagun-Aro, Voluntary Welfare Entity, which owns 15.02% (15.06% in 2021).

During 2013 and 2012, the Parent Entity issued two new capital contributions:

- i) The first issue was aimed at working members, collaborating members and Associated Cooperatives, with a subscription term from April to October 2012. As at 31 December 2022 and 2021, the amount subscribed for this first issue was 34,624 and 34,811 thousand euros, respectively. The remuneration associated with the first issue is an annual rate of 7.5% up to 15 December 2015, on which date the remuneration was aligned with the rate on other ordinary contributions approved at the Entity's General Assembly.
- ii) The second issue was launched in December 2012 and is targeted at customers with specific ties to the Parent Entity. As at 31 December 2022 and 2021, subscriptions for this second issue were 53,703 and 54,281 thousand euros, respectively. The remuneration on this second issue is an annual rate of 6% until 30 December 2014, on which date remuneration aligned with the rate on other ordinary contributions approved at the Entity's General Assembly.

Contributions (shares in the Entity) are transferable "inter vivos" only to other members and to parties wishing to acquire such status, in accordance with the terms and conditions contained in the Parent Entity's Articles of Association, and by succession "mortis causa", if the successor is a member or acquires member status within six months. In the event of departure, the member or his successors are entitled to request the reimbursement of the contributions to share capital, the value of which, following the relevant reduction, where appropriate, by a percentage determined by the Governing Board on the basis of the reason for the forfeiture of member status, will be estimated based on the balance sheet approved by the General Assembly following the definitive departure date. The reimbursement period will be set by the Governing Board and may not exceed five years following the date of departure or one year from the member's death, where appropriate.

Final Provision Six of Royal Decree 1309/2005, dated 4 November, introduced certain amendments to Article 10 of Royal Decree 84/1993 which approved the Regulations on credit cooperatives, which enabled credit cooperatives to establish restrictions in their articles of association on the reimbursement of members' contributions to capital. The Parent Entity's Articles of Association provide that the reimbursement of contributions to members is subject to the approval of the Governing Board and to the condition that said reimbursement does not lead to insufficient coverage of minimum share capital, equity or solvency ratios.

Under the Parent Entity's Articles of Association, minimum share capital is 10,000 thousand euros and must be fully paid up.

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As at 31 December 2022 and 2021, equity instruments in subsidiaries held by the Parent Entity, ISGA Inmuebles, S.A. and Caja Laboral Euskadiko Kutxa Cartera, S.L.U. and their nominal values, as well as payments pending on those dates, are the following:

	2022			2021		
	Number of shares	Nominal value (in euros)	Payments pending	Number of shares	Nominal value (in euros)	Payments pending
Seguros Lagun Aro Vida, S.A.	285,000	111.88	-	285,000	111.88	-
Seguros Lagun Aro, S.A.	87,360	90.15	-	87,360	90.15	-
Caja Laboral Gestión, SGIIC, S.A.	1,045,000	6.01	-	1,045,000	6.01	-
Caja Laboral Pensiones, G.F.P., S.A.	250,000	10	-	250,000	10	-
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.	1,237,500	6	-	1,237,500	6	-
Caja Laboral Bancaseguros O.B.S.V., S.L.U.	10,000	1	-	10,000	1	-
ISGA Inmuebles, S.A.	60,000	1	-	60,000	1	-

#### Other reserves

Set out below is a breakdown of the balance of other reserves in the consolidated balance sheets as at 31 December 2022 and 2021:

	2022	2021
Reserves or accumulated losses of investments in joint ventures and associates:		
Associated Entities	2	(16)
Jointly-controlled entities	-	-
Others:	1,072,719	1,030,181
Reserves (losses) attributed to Parent Entity	1,195,877	1,167,925
Reserves (losses) attributed to Subsidiaries	(123,158)	(137,744)
	<u>1,072,721</u>	<u>1,030,165</u>

The movements experienced during the 2022 and 2021 financial years in the balance of Other Reserves are shown below:

	2022	2021
Balance as at 31 December 2021	1,030,165	979,389
Prior year profit distribution	40,401	50,522
Capital reduction	-	(1)
Net membership contributions	90	60
Dividends (or remuneration paid to partners)	-	-
Others	2,065	195
Balance as at 31 December 2022	<u>1,072,721</u>	<u>1,030,165</u>

Law 13/1989, of 26 May 1989, on Credit Cooperatives, partially amended by Law 20/1990, of 19 December 1990 on the Tax Regime applicable to Cooperatives, established new bases for arranging credit in relation to these entities. In 1993 Royal Decree 84/1993, of 22 January 1993, was published which approves the enabling regulations of Law 13/1989, of 26 May 1989, on Credit Cooperatives. The criteria employed to distribute the surplus available from the year are described in Note 4.

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The breakdown by Entity of the balance of Other reserves – Reserves/(losses) attributable to Subsidiaries as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Seguros Lagun-Aro Vida, S.A. (*)	11,047	8,884
Caja Laboral Gestión, SGIIC, S.A.	1,257	2,874
Caja Laboral Pensiones, G.F.P., S.A.	510	279
Seguros Lagun-Aro, S.A. (*)	9,688	(1,405)
Caja Laboral Kutxa Cartera, S.L.U.	3,419	8,335
Caja Laboral Bancaseguros O.B.S.V., S.L.U.	1,870	5,793
ISGA Inmuebles, S.A. (**)	<u>(150,949)</u>	<u>(162,504)</u>
	<u>(123,158)</u>	<u>(137,744)</u>

(\*) Includes the consolidated effect of the entity Seguros Lagun Aro 2003, A.I.E.

#### Mandatory Reserve Fund

As at 31 December 2022 and 2021, the Other Reserves heading includes 840,929 thousand euros and 804,100 thousand euros, respectively, corresponding to the Mandatory Reserve Fund. Law 13/1989 established that at least 50% of the available surplus for the year should be allocated to this Mandatory Reserve Fund. Law 20/1990 amended previous legislation and established that at least 20% of the available surplus for the year should be allocated to the Mandatory Reserve Fund. Under the Parent Entity's current Articles of Association, 50%, at least, of the available surplus for the year should be distributed. A breakdown is included in Note 4.

#### Reserve for insolvency risks

Prior to effectiveness of Law 13/1989, qualifying credit cooperatives had to earmark at least 15% of their available annual surpluses for the constitution of this Reserve. Laws 13/1989 and 20/1990 do not require any specific provisions for such an insolvency reserve fund within the criteria for distributing available surplus for the year.

The breakdown of the balance of Reserves or accumulated losses of investments in joint ventures and associates as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Associates:		
Ategi Green Power, S.L.	<u>2</u>	<u>(16)</u>
Jointly-controlled entities:	<u>-</u>	<u>-</u>
	<u>2</u>	<u>(16)</u>

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Below is a breakdown by Entities of the contribution to Income attributed to the Group as at 31 December 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Parent Entity	146,019	67,206
Subsidiaries:	(7,009)	34,207
Caja Laboral Gestión S.G.I.I.C., S.A.	2,572	2,388
Caja Laboral Pensiones, G.F.P., S.A.	138	232
Seguros Lagun Aro, S.A.	4,853	11,433
Seguros Lagun Aro Vida, S.A.	3,303	2,263
Seguros Lagun-Aro 2003, A.I.E.	-	-
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.	(15)	5,365
Caja Laboral, Bancaseguros, O.B.S.V. S.L.U.	1,900	1,764
ISGA Inmuebles, S.A.	(19,760)	10,762
Entities accounted for using the equity method:	50	20
- Associates:	50	20
Ategi Green Power, S.L.	50	20
	<u>139,060</u>	<u>101,433</u>

### 39. Other accumulated comprehensive income

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

	<u>2022</u>	<u>2021</u>
Items that may be reclassified to profit or loss:	48,734	(459,502)
Hedging derivatives. Cash flow hedging (effective part):	116,097	(474,933)
Financial assets with changes in other comprehensive income.	(67,363)	15,431
Debt instruments	(67,363)	15,431
Items that will not be reclassified to profit or loss	28,671	29,586
Financial assets with changes in other comprehensive income.	28,671	29,586
Equity instruments	28,671	29,586
	<u>77,405</u>	<u>(429,916)</u>

The balance included in “Other accumulated comprehensive income - Financial assets with changes in other comprehensive income - Debt instruments” of the Net Equity corresponds to the net amount of those variations in the fair value of said fixed income financial instruments that must be classified as an integral part of the Group net Equity. When available-for-sale assets are sold, the changes are recorded in the consolidated profit and loss account.

The balance included in “Other accumulated comprehensive income - Financial assets with changes in other comprehensive income - Equity instruments” of the Net Equity corresponds to the net amount of those variations in the fair value of said equity instruments that must be classified as an integral part of the Group net Equity. When financial assets are sold, the changes are recorded under "Other reserves" in Net Equity (Note 38).



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The changes in the total of the "Other accumulated comprehensive income" heading in equity in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	(429,916)	(147,933)
Net movement charged to reserves	(1,395)	(50)
Net movement charged /(credited) to P&L	774	(2,747)
Sales and depreciation	(2,436)	(2,973)
Impairment losses (net) charged against profit and loss	3,210	226
Revaluations gains / (losses), net	(83,087)	4,801
Variations in micro-hedging cash flows	591,029	(283,987)
	<u>77,405</u>	<u>(429,916)</u>

In order to adequately evaluate the evolution of this heading, the exceptional circumstances in the financial markets during 2022 and 2021 must be taken into consideration, as explained in Note 18.

The breakdown by Entity of the amount included in "Other accumulated comprehensive income" in equity as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Parent Entity	102,484	(443,224)
Subsidiaries:	<u>(25,079)</u>	<u>13,308</u>
- Seguros Lagun-Aro Vida, S.A.	(15,655)	12,813
- Seguros Lagun Aro, S.A.	(9,424)	495
Associates and Jointly-controlled companies	<u>-</u>	<u>-</u>
	<u>77,405</u>	<u>(429,916)</u>

#### 40. Tax situation

The Parent Entity and Investees file individual income tax returns in accordance with the tax regulations applicable to them.

Pursuant to Provincial Regulation 2/97 of the Gipuzkoa Tax Regime for Cooperatives, the tax rate applicable to credit cooperatives is 28%. In the remaining subsidiaries, the applicable tax rate was set at 24%.

The legislation applicable to the payment of corporate income tax for 2022 for the main Investees consists of Provincial Regulation 2/2014, of 17 January, the Gipuzkoa regional authority and Provincial Regulation 11/2013, of 5 December, of the Bizkaia regional authority, depending on the region in which each investee operates and files its corporate income tax returns.

The Directors of the Parent Entity and the Investees have calculated the amounts related to this tax for 2022, and those years open to inspection, in accordance with regional legislation in force at each year end.

The tax losses and deductions generated under Gipuzkoa's provincial regulations are limited to 30 years.

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The reconciliation for the Parent Entity of the individual accounting result for 2022 and 2021, with the corporate income tax base was as follows:

	<u>2022</u>	<u>2021</u>
Accounting profit for the year before tax (*)	166,347	120,093
Permanent differences		
Increases		
- Non-deductible expenses	1,545	1,598
- Other items	-	-
- Costs recognised in equity	-	-
Decreases		
- Mandatory allocation to Development and Education Fund (Note 56) (*)	(11,449)	(7,348)
- Allocation to the Inter-Coop Welfare Fund	(11,022)	-
- Gross deductible interest paid on account for contributions to share capital	(36,064)	(31,640)
- 50% of the mandatory allocation to the Mandatory Reserve Fund	(28,623)	(18,369)
- Reinvested capital gains from the sale of real estate for exploitation	(804)	(674)
- Deductions for double taxation	(14,578)	(8,618)
- Non-computable income	(4,051)	-
- Other items	-	-
Accounting tax base	<u>61,301</u>	<u>55,042</u>
Temporary differences		
- Arising in the current year	<u>(6,298)</u>	<u>1,878</u>
- Revitalisation Plan	(10,979)	81
- Allocations to other provisions	2,815	(18,316)
- Opening fees (IFRS 9)	(765)	(892)
- Revaluation of own financial liabilities - mortgage bonds	-	17,964
- Others	<u>2,631</u>	<u>3,041</u>
Tax base	<u>55,003</u>	<u>56,920</u>
Offset of tax losses	<u>(55,003)</u>	<u>(56,920)</u>
Net tax base	<u>-</u>	<u>-</u>
Gross amount payable (28%)	-	-
Deductions and allowances	-	-
Net amount	-	-
Withholdings and payments on account	<u>(472)</u>	<u>(432)</u>
Corporate income tax payable / (refundable)	<u>(472)</u>	<u>(432)</u>

(\*) Profit before tax, without considering the mandatory allocation to community projects and social funds, included under the heading Other operating expenses in the consolidated profit and loss account (Note 56).

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The breakdown of "Tax expenses or (-) income related to profit from continuing operations" of the Parent Entity's profit and loss account for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Accounting basis at applicable rate	17,164	15,412
Deductions and allowances	(1,372)	(1,649)
Other items	-	1,212
	<u>15,792</u>	<u>14,975</u>

The composition of "Expenditure or (-) Income for Taxes on Profit from continuing operations" in the consolidated profit and loss account for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Accounting basis at applicable rate	17,164	15,412
Deductions and allowances	(1,372)	(1,649)
Other items	-	1,212
Tax on profits of the Parent Entity	<u>15,792</u>	<u>14,975</u>
Tax on profits of the Investee Entities		
Accounting basis at applicable rate	2,599	4,911
Other items	-	-
	<u>18,391</u>	<u>19,886</u>

In addition to the "Expenditure or (-) Income for Taxes on Profit from continuing operations" in the profit and loss account, deferred taxes arising from other accumulated comprehensive income from equity in 2022 and 2021 were generated or reversed for the following items and amounts:

	<u>2022</u>	<u>2021</u>
Hedging derivatives Cash flow hedges (effective portion)	229,844	(110,440)
Financial assets at fair value with changes in other comprehensive income	(21,047)	1,366
	<u>208,797</u>	<u>(109,074)</u>

As at 31 December 2022 and 2021, the breakdown of deductions and allowances from corporate income tax of the Parent Entity pending application in future years, is as follows:

	<u>Last year of compensation</u>	<u>2022</u>	<u>2021</u>
Tax loss carry-forwards	2042	380,766	435,769
		<u>380,766</u>	<u>435,769</u>

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As at 31 December 2022 and 2021, the breakdown of deductions and allowances from corporate income tax of the Parent Entity pending application in future years, is as follows:

	<b>Last year of use</b>	<b>2022</b>	<b>2021</b>
Deductions for double taxation	2041 to 2049	11,225	11,107
Deductions with joint limit on quota at 35%	2038 to 2049	14,208	13,574
Deductions with joint limit on quota at 70%	2040 to 2049	8,280	7,661
		<u>33,713</u>	<u>32,342</u>

Deductions with the limit over gross tax payable at 70% relate mainly to deductions generated as a result of investments made by the Parent Entity in R&D&I.

The directors of the Parent Entity believe that it is probable that it will generate sufficient taxable profit in the future to enable the utilisation of the amounts shown above, to which end it has capitalized all of the above unused tax credits and unused tax losses as deferred tax assets (Note 32).

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed.

As at 31 December 2022, the Parent Entity was pending inspection by the tax authorities for the main taxes applicable for the last four financial years.

The Parent Entity's Directors consider that any liabilities that could arise from the years open to inspection would not have a significant effect on the consolidated annual accounts for 2022. Due to the different interpretations that may be afforded to tax regulations applicable to the transactions performed by the Group, for the years pending inspection certain contingent tax liabilities could exist. However, in the opinion of the Parent Entity's Directors, the possibility of such contingent liabilities arising is remote and, in any event, the tax liability which could arise would not have a significant effect on the Group's consolidated annual accounts as a whole.

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**41. Fair value of the consolidated balance sheet assets and liabilities**

i) Fair value of financial assets and liabilities.

As indicated in Note 13, the Group's financial assets are recorded in the accompanying consolidated balance sheet at fair value except financial assets at amortised cost. Similarly, the Group's financial liabilities are recorded in the accompanying consolidated balance sheet at their fair value, with the exception of Capital repayable on demand and Financial liabilities at amortised cost, which are not covered by accounting provisions.

The following table summarizes the fair values at the end of 2022 and 2021 assigned to the following financial assets and liabilities, classified in accordance with the various measurement methods applied by the Group:

	<u>2022</u>		Fair value hierarchy		
	<u>Total Balance</u>	<u>Value value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, cash balances at central banks and other on demand deposits	1,350,398	1,350,398	-	-	1,350,398
Financial assets held for trading	9,542	9,542	7,036	2,506	-
Financial assets at fair value with changes in other comprehensive income	822,701	822,701	701,184	-	121,517
Financial assets not intended for trading, which are necessarily valued at fair value	42,670	42,670	38,843	1,842	1,985
Financial assets at amortised cost	24,702,256	24,584,271	8,961,033	-	15,623,238
Derivatives – hedge accounting	78,994	78,994	-	78,994	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>27,006,561</b>	<b>26,888,576</b>	<b>9,708,096</b>	<b>83,342</b>	<b>17,097,138</b>
Financial liabilities held for trading	3,684	3,684	-	3,684	-
Financial liabilities at amortised cost	24,477,047	24,477,047	-	-	24,477,047
Derivatives – hedge accounting	347,465	347,465	-	345,570	1,895
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>24,828,196</b>	<b>24,828,196</b>	<b>-</b>	<b>349,254</b>	<b>24,478,942</b>
	<u>2021</u>		Fair value hierarchy		
	<u>Total Balance</u>	<u>Value value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, cash balances at central banks and other on demand deposits	2,999,268	2,999,268	-	-	2,999,268
Financial assets held for trading	16,851	16,851	14,982	1,869	-
Financial assets at fair value with changes in other comprehensive income	702,554	702,554	606,071	-	96,483
Financial assets not intended for trading, which are necessarily valued at fair value	50,148	50,148	45,611	2,197	2,340
Financial assets at amortised cost	23,805,641	24,746,782	8,790,552	-	15,956,230
Derivatives – hedge accounting	19,504	19,504	-	19,504	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>27,593,966</b>	<b>28,535,107</b>	<b>9,457,216</b>	<b>23,570</b>	<b>19,054,321</b>
Financial liabilities held for trading	731	731	256	475	-
Financial liabilities at amortised cost	25,615,172	25,615,172	-	-	25,615,172
Derivatives – hedge accounting	608,933	608,933	-	608,212	721
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>26,224,836</b>	<b>26,224,836</b>	<b>256</b>	<b>608,687</b>	<b>25,615,893</b>

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The criteria used to determine fair value are as follows:

Level 1: using listed prices on active markets for the same financial instruments.

Level 2: using listed prices on active markets for similar instruments or other measuring techniques in which all significant inputs are based on market data that is observable either directly or indirectly.

Level 3: using measurement techniques in which some significant inputs are not based on observable market data.

The measurement techniques used, and the assumptions applied to determine fair value, were as follows:

- Cash, cash balances at central Banks and other on demand deposits: Fair value is considered to coincide with the carrying value as these consist of on demand deposits or amounts that can be realized in the short-term.
- Debt securities: For public debt assets and certain fixed-income securities issued by credit entities, fair value is based on listed prices on active markets (Level 1). Certain fixed-income securities whose returns are linked to trends in interest rates were measured using valuation techniques based on discounted cash flow analysis, taking the interest rate curve and market spreads for similar instruments as inputs (Level 2). The value of all other debt securities was measured using prices calculated by authorized external valuation agents (Level 3).
- Equity instruments: The listed price on active markets (Level 1) has been used, except for certain mutual funds and venture capital funds, for which the prices were calculated by external appraisers (Levels 2 and 3).
- Financial assets at amortised cost - Loans and advances - Customers: The carrying amount of these loans is considered a good proxy for their fair value as the vast majority of loans granted by the former Caja Laboral are referenced to floating rates and/or, if not, they mature within 12 months of the reporting date. Moreover, the impairment provisions for loan losses on this portfolio were calculated in keeping with prevailing applicable regulations and these provisions are deemed sufficient to cover the related credit risk.

However, in financial and economic scenarios such as the current situation, and given that there is no market for those financial assets, the amount by which they may be exchanged between interested parties could be different to their recognised net value since the potential buyer could not only discount the losses incurred and recognised in accordance with applicable accounting rules, but also the losses that could be incurred in the future in the case of a prolonged existence of the current economic situation, exceptional in terms of its length and effects.

- Financial liabilities measured at amortised cost: No significant differences are deemed to exist between their carrying value and fair value due to the fact that most are indexed to a variable interest rate and/or, if this is not the case, they mature within 12 months.

The reasons why there may be differences between fair value and the carrying value of financial instruments are as follows:

- For fixed rate instruments, the fair value varies based on market interest rates. The variance is higher the longer the instrument's residual life.

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- For variable rate instruments, fair value may differ from carrying value if the margins relating to the interest rate of reference have changed since the instrument was issued. If the margins remain constant the fair value coincides with the carrying value only on the repricing dates. At all other dates there is interest rate risk for flows that have already been calculated.

The movement of the balances of financial assets and liabilities at fair value classified as Level 3 in the accompanying consolidated balance sheets is shown below:

	<u>Assets</u>	<u>Liabilities</u>
<b>Balances as at 31 December 2020</b>	<b>108,365</b>	<b>816</b>
Valuation adjustment recorded in profit and loss account	557	(95)
Valuation adjustment not recorded in profit and loss account	27,940	-
Purchases, sales and liquidations	(38,039)	-
Net entries / (exits) in Level 3	-	-
Exchange rate and other differences	-	-
<b>Balance as at 31 December 2021</b>	<b>98,823</b>	<b>721</b>
Valuation adjustment recorded in profit and loss account	(250)	1,174
Valuation adjustment not recorded in profit and loss account	28,134	-
Purchases, sales and liquidations	(3,205)	-
Net entries / (exits) in Level 3	-	-
Exchange rate and other differences	-	-
<b>Balance as at 31 December 2022</b>	<b>123,502</b>	<b>1,895</b>

During 2022 and 2021, there were no transfers of financial instruments between the different levels of valuation.

#### ii) Fair value of non-financial assets

The comparison as at 31 December 2022 and 2021 between the carrying value in the balance sheet of the Group's non-financial assets which are measured other than at fair value together with the pertinent fair value is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Value recorded</u>	<u>Fair value</u>	<u>Value recorded</u>	<u>Fair value</u>
<b>Assets</b>				
Tangible asset:				
For own use and investment properties	344,335	372,074	321,042	333,646
Non-current assets and disposal groups classified as held for sale	53,482	53,482	106,471	106,471
Stocks	28,073	28,073	43,661	43,661



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The fair value of these assets has been determined as follows:

- As at 31 December 2022 and 2021 the fair value of the properties included under the headings Tangible fixed assets for own use and Property investments of the Parent Entity, which was calculated based on valuations performed between 2013 and 2022 by independent entities, in line with the rules set out by the Bank of Spain, represented 82% of the book value of these headings (80% as at 31 December 2021). For the rest of the buildings the previous valuations from 2012 (valuations and internal assessments) were updated. In light of the current situation and market expectations, the Entity applied an objectively calculated correction factor on these updated values.

For all other items of property, plant and equipment, the respective carrying amounts were believed to provide the most reliable estimate of fair value at both year-ends.

- The fair value of non-current assets held for sale which are located in Spain has been estimated taking into account the expected recoverability, applying the parameters set out in Section V of Appendix IX to Bank of Spain Circular 4/2017, and for assets related to real estate development existing as at 31 December 2011, the criteria established in Royal Decree-Law 2/2012, of 3 February. In determining said value, the appraisals conducted by the valuation companies registered with the Bank of Spain have also been utilized, in accordance with MO ECO/805/3002 of 27 March and the current situation in the property market and the economic cycle.

The Entity mainly uses the services of the following valuation companies: Krata, S.A., Servicios Vascos de Tasaciones, S.A., Tinsa Tasaciones Inmobiliarias S.A. and Balkide Balorazioak S.A.

**42. Financial guarantees granted**

The breakdown of this heading as at 31 December 2022 and 2021 which relates to the amounts that the Group should pay on behalf of third parties in the event of default by the parties originally required to effect payment, as a result of the commitments assumed by the Group in the ordinary course of business is as follows:

	<u>2022</u>	<u>2021</u>
Financial guarantees granted	215,305	214,749
	<u>215,305</u>	<u>214,749</u>

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**43. Loan commitments granted and other commitments granted**

The breakdown of this heading as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
<u>Loan commitments granted</u>	1,069,497	1,058,970
Available through third parties:	<u>1,069,497</u>	<u>1,058,970</u>
Credit institutions	566	99
The Public Administrations sector	152,026	192,871
Other resident sectors	916,753	865,800
Non-residents	152	200
<u>Other commitments granted</u>	<u>396,560</u>	<u>320,681</u>
Purchase of Annotated Debt	-	-
Securities subscribed pending disbursement	79,936	49,868
Other guarantees and penalties provided	126,480	115,013
Irrevocable documentary credits	21,416	19,650
Other contingent commitments	<u>168,728</u>	<u>136,150</u>
Documents delivered to Clearing Houses	<u>168,728</u>	<u>136,150</u>
	<u>1,466,057</u>	<u>1,379,651</u>

**44. Interest income**

The breakdown of this heading in the consolidated income statement for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets held for trading	78	127
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value with changes in other comprehensive income	11,023	11,803
Financial assets at amortised cost	902,230	223,368
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	40	40
Derivatives - hedge accounting, interest rate risk	(636,335)	3,208
Other assets	10,280	27
Interest income from liabilities	<u>14,279</u>	<u>23,381</u>
	<u>301,595</u>	<u>261,954</u>

The heading "Financial assets at amortised cost" includes 107,137 thousand euros in 2022 relating to mortgage-backed transactions (91,706 thousand euros in 2021).

The heading "Income from interest on liabilities" includes interest income relating to the TLTRO III funding programme.

Most of the interest Income were generated by financial assets of the Parent Entity which are measured at either at amortised cost or fair value through other comprehensive income.

Of the total interest income in the above table as at 31 December 2022 and 2021, most of it has been calculated using the effective interest rate method.

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The distribution by geographical area of the number of the Group's bank branches as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Bizkaia	79	81
Gipuzkoa	62	63
Araba	28	28
Navarra	36	38
New Network	75	75
	<u>280</u>	<u>285</u>

**45. Interest expenses**

The breakdown of this heading in the consolidated income statement for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Financial liabilities held for trading	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	5,302	10,576
Derivatives - hedge accounting, interest rate risk	(220)	(6,009)
Other liabilities	620	1,206
Interest expenditure on assets	15,128	16,474
	<u>20,830</u>	<u>22,247</u>

Of the total interest expenditure in the above table as at 31 December 2022 and 2021, most of it has been calculated using the effective interest rate method.

The rectification of expenses owing to hedging operations mainly refers to financial Swaps arranged to hedge the fair value of certain mortgage bond issues (Notes 35 y 27).

**46. Dividend income**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets held for trading	3	-
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	3,032	5,710
Financial assets at fair value with changes in other comprehensive income	1,103	1,737
	<u>4,138</u>	<u>7,447</u>

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#### 47. Profit or loss of entities accounted for using the equity method

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows (Note 28):

	<u>2022</u>	<u>2021</u>
Associated Entities	50	20
Jointly-controlled entities	-	-
	<u>50</u>	<u>20</u>

#### 48. Fee and commission income

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
For contingent risks	3,018	2,760
For contingent commitments	1,469	1,543
For currency and foreign bank note exchange	64	25
For collection and payment services	61,897	56,531
For securities services:	<u>57,982</u>	<u>55,160</u>
Underwriting and placement of securities	-	-
Purchase-sale of securities	931	1,062
Administration and custody	1,140	1,147
Asset management	55,911	52,951
For marketing of non-banking financial products:	<u>4,889</u>	<u>4,621</u>
Investment funds	2,762	2,724
Pension funds	444	462
Insurance	1,683	1,435
Others	-	-
Other fees	<u>13,388</u>	<u>15,083</u>
	<u>142,707</u>	<u>135,723</u>

#### 49. Fee and commission expenses

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Brokerage in asset and liability transactions	12	15
Fees assigned to other correspondent entities:	<u>5,430</u>	<u>4,209</u>
For collection or return of bills of exchange	9	4
For other items	5,421	4,205
Fees paid on securities operations	<u>1,378</u>	<u>966</u>
With money brokers	1,174	876
Others	204	90
Other fees	<u>9,714</u>	<u>9,577</u>
	<u>16,534</u>	<u>14,767</u>

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**50. Gains or (-) losses upon derecognition of financial assets and liabilities not valued at fair value through profit or loss, net and for financial assets not intended for trading, obligatorily valued at fair value through profit and loss, net**

The breakdown of these headings in the consolidated profit and loss account for the years ended 31 December 2022 and 2021, according to the origin of the items comprising them, is as follows:

	<b>2022</b>	<b>2021</b>
Profit or (-) loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	3,399	4,127
Financial assets at fair value with changes in other comprehensive income	3,399	4,140
Financial assets at amortised cost	-	(13)
Profit or (-) loss on non-trading financial assets mandatorily measured at fair value through profit or loss, net	(4,525)	3,414
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	(4,525)	3,414
	<b>(1,126)</b>	<b>7,541</b>
Profit	8,846	13,014
Loss	(9,972)	(5,473)
	<b>(1,126)</b>	<b>7,541</b>

Whereas the breakdown, based on the nature of the financial instruments that gave rise to these balances in the years ended 31 December 2022 and 2021, is as follows:

	<b>2022</b>	<b>2021</b>
Debt securities	3,043	4,059
Equity instruments	(4,169)	3,482
Derivatives	-	-
	<b>(1,126)</b>	<b>7,541</b>

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**51. Profit or (-) loss on financial assets and liabilities held for trading, net**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021, according to the origin of the items included in it, is the following:

	<u>2022</u>	<u>2021</u>
Financial assets held for trading	(5,329)	494
	<u>(5,329)</u>	<u>494</u>
Profit	31,317	11,067
Loss	(36,646)	(10,573)
	<u>(5,329)</u>	<u>494</u>

Whereas the breakdown, based on the nature of the financial instruments that gave rise to these balances in the years ended 31 December 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Debt securities	2,014	62
Equity instruments	(194)	186
Derivatives	(7,149)	246
	<u>(5,329)</u>	<u>494</u>

**52. Profit or (-) loss on financial assets and liabilities stated at fair value through profit or loss, net**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets designated at fair value through profit or loss	-	-
	<u>-</u>	<u>-</u>
Profit	-	-
Loss	-	-
	<u>-</u>	<u>-</u>

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**53. Profit or (-) loss from hedge accounting, net**

The breakdown of this heading in the consolidated income statement for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Hedging derivatives	7,988	(222,058)
Hedged items	(9,324)	222,023
	<u>(1,336)</u>	<u>(35)</u>
Profit	10,854	232,478
Loss	(12,190)	(232,513)
	<u>(1,336)</u>	<u>(35)</u>

The heading "Profit or (-) loss resulting from hedge accounting - Hedging derivatives" includes the value adjustments to the fair value hedging instruments held by the Entity during 2022 and 2021. Also, "Profit or (-) loss from hedge accounting - Hedged items" includes the value adjustments to the items covered by these contracts designated as fair value hedges (see Note 13.e).

**54. Exchange rate differences [profit or (-) loss], net**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Profit	1,950,927	935,619
Loss	(1,950,727)	(934,770)
	<u>200</u>	<u>849</u>

**55. Other operating income**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Sales and income from provision of services	2,056	1,731
Other operating products	19,826	12,376
Financial fees offsetting costs	1	-
Revenues from other operating leases (net) (Note 30)	6,632	7,069
Inventory variations in real estate assets	-	-
Other products	13,193	5,307
	<u>21,882</u>	<u>14,107</u>



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#### 56. Other operating expenses

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Contribution to Deposits Guarantee Fund (Note 10)	30,734	28,431
Contribution to National Resolution Fund (Note 10)	6,635	4,848
Mandatory allocation to welfare funds (Notes 4 and 33)	11,449	7,348
Purchases and expenses related to real estate assets	-	-
Tax on Deposits of Credit Institutions	7,045	6,844
Other items	3,867	7,144
	<u>59,730</u>	<u>54,615</u>

The amounts recorded under the heading “Other operating expenses - Mandatory allocation to welfare funds” in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 totalling 11,449 and 7,348 thousand euros, respectively, relate to the mandatory allocation to the Promotion and Education Fund in accordance with the Law on Cooperatives and the Parent Entity’s articles of association (Note 4).

In addition, the heading “Other operating expenses – Other” as at 31 December 2022 included the estimated financial contributions for the conversion of deferred tax assets into credit receivable by the Tax Authority amounting to 1,812 thousand euros (2,051 thousand euros in 2021).

#### 57. Income from assets covered by insurance or reinsurance contracts

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

<b>2022 Financial year</b>	<u>Life</u>	<u>Non-life</u>	<u>Total</u>
<b>Income</b>			
Imputed premiums	55,538	121,709	177,247
Direct insurance	55,538	121,709	177,247
Accepted reinsurance	-	-	-
Reinsurance claims ratio	1,246	15,860	17,106
Reinsurance ceded	1,246	15,860	17,106
	<u>56,784</u>	<u>137,569</u>	<u>194,353</u>
<b>2021 Financial year</b>			
<b>Income</b>			
Imputed premiums	56,544	118,677	175,221
Direct insurance	56,544	118,677	175,221
Accepted reinsurance	-	-	-
Reinsurance claims ratio	(131)	13,873	13,742
Reinsurance ceded	(131)	13,873	13,742
	<u>56,413</u>	<u>132,550</u>	<u>188,963</u>

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#### 58. Expenses on liabilities under insurance and reinsurance contracts

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>Life</u>	<u>Non-life</u>	<u>Total</u>
<b>2022 Financial year</b>			
<b>Costs</b>			
Imputed premiums reinsurance ceded	2,709	26,884	29,593
Benefits paid direct insurance	63,701	68,837	132,538
Allocations to liabilities for direct insurance contracts	<u>(38,156)</u>	<u>(732)</u>	<u>(38,888)</u>
Provision for benefits	2,923	(732)	2,191
Life insurance	(42,460)	-	(42,460)
Profit-sharing and returns	1,381	-	1,381
	<u>28,254</u>	<u>94,989</u>	<u>123,243</u>
<b>2021 Financial year</b>			
<b>Costs</b>			
Imputed premiums reinsurance ceded	2,452	25,821	28,273
Benefits paid direct insurance	60,202	60,619	120,821
Allocations to liabilities for direct insurance contracts	<u>(21,734)</u>	<u>(5,092)</u>	<u>(26,826)</u>
Provision for benefits	155	(5,092)	(4,937)
Life insurance	(22,612)	-	(22,612)
Profit-sharing and returns	723	-	723
	<u>40,920</u>	<u>81,348</u>	<u>122,268</u>

#### 59. Administration costs

##### a) Staff costs

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Salaries and bonuses paid to active employees	129,414	122,795
Social security contributions	5,845	6,049
Severance payments	1,530	2,954
Staff training costs	1,333	1,202
Other staff costs	<u>1,169</u>	<u>831</u>
	<u>139,291</u>	<u>133,831</u>

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As at 31 December 2022 and 2021 the Parent Entity records remuneration related to services provided in the course of business, as analysed below:

	2022			2021		
	Subsidised interest	Market interest	Difference	Subsidised interest	Market interest	Difference
Low interest rate loans	40	764	724	-	8	8

The average number of employees of the Group in the years 2022 and 2021 distributed by categories is as follows:

	2022	2021
Directors	53	44
Managers	381	391
Specialists	858	806
Administrative personnel	860	903
	<b>2,152</b>	<b>2,144</b>

Of the total workforce as at 31 December 2022, 24 people had some degree of recognised disability (23 as at 31 December 2021).

As at 31 December 2022 and 2021 the distribution of the Group's personnel by gender is as follows:

	Number of employees					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Directors	15	38	53	10	33	43
Managers	137	237	374	145	244	389
Specialists	493	365	858	458	361	819
Administrative personnel	512	348	860	543	353	896
	<b>1,157</b>	<b>988</b>	<b>2,145</b>	<b>1,156</b>	<b>991</b>	<b>2,147</b>
Parent Entity	955	896	1,851	937	895	1,832
Other entities: Subsidiaries	202	92	294	219	96	315
	<b>1,157</b>	<b>988</b>	<b>2,145</b>	<b>1,156</b>	<b>991</b>	<b>2,147</b>

The gender distribution of the Parent Entity's Board of Directors as at 31 December 2022 and 2021 is as follows:

	Number of members					
	2022			2021		
	Women	Men	Total	Women	Men	Total
Members of the Governing Board	7	7	14	7	8	15

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b) Other administrative expenses

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
For buildings, installations and materials:	14,941	13,107
Rentals (Note 30)	791	565
Maintenance of fixed assets	7,716	8,576
Lighting, water and heating	4,469	2,786
Forms and office materials	1,965	1,180
IT	8,078	8,525
Communications	6,274	5,969
Advertising and publicity	9,799	9,452
Legal costs and lawyers' fees	2,959	2,671
Technical reports	33,521	28,125
Surveillance and transfer of funds services	2,016	1,886
Insurance and self-insurance premiums	903	1,076
By Governing and Control Bodies	248	81
Staff representation and travel expenses	1,391	971
Association charges	457	392
Administrative services subcontracted	11,577	9,014
Rates and taxes	4,168	4,170
Other expenses	5,207	4,464
	<u>101,539</u>	<u>89,903</u>

Under the heading "Rentals", the Group records the costs of leases of less than 12 months, as well as those contracts where the value of the leased item is low (Note 13.q).

In 2022, a premium was paid for the collective civil liability insurance of all the directors and executives of the Parent Entity, for potential damages caused by incorrect acts committed or supposedly committed in the exercise of the position, for a total amount of 56 thousand euros (56 thousand euros in 2021).

**60. Amortisation**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Tangible assets:	23,758	22,421
Property, plant and equipment	22,973	21,588
For own use	16,777	14,989
Assigned under financial leases	6,196	6,599
Investment properties	785	833
Intangible assets	-	-
	<u>23,758</u>	<u>22,421</u>

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### NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 61. Provisions or (-) reversal of provisions

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Provisions for pensions and other post-employment defined benefit obligations (Note 37)	528	11,905
Provisions for commitments and guarantees given (Note 37)	(8,507)	2,208
Provisions for pending legal issues and tax litigation (Note 37)	-	-
Other provisions (Note 37)	<u>22,366</u>	<u>2,098</u>
	<u>14,387</u>	<u>16,211</u>

#### 62. Impairment or (-) reversal of impairment of financial assets not valued at fair value through profit or loss or (-) net income through modification

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets with changes in other comprehensive income (*) (Note 24)	4,224	314
Debt securities	4,224	314
Financial assets at amortised cost (**) (Note 25)	<u>(11,284)</u>	<u>39,151</u>
Loans and advances	(11,284)	39,151
Debt securities	-	-
	<u>(7,060)</u>	<u>39,465</u>

(\*) Includes recovery of failed assets amounting to 0 thousand euros as at 31 December 2022 (0 thousand euros as at 31 December 2021).

(\*\*) Includes amortisation of insolvencies and recovery of failed assets in 2022 amounting to 7,397 and 8,316 thousand euros, respectively (6,914 and 5,471 thousand euros in 2021, respectively).

#### 63. Impairment or (-) reversal of impairment of investments in joint ventures and associates

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Holdings in Associates (Note 28)	-	-
Holdings in Jointly-controlled entities (Note 28)	-	-
	<u>-</u>	<u>-</u>

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**64. Impairment or (-) reversal of impairment on non-financial assets**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Tangible assets (Note 30)	17	3,527
Other assets	<u>1,078</u>	<u>6,933</u>
	<u>1,095</u>	<u>10,460</u>

**65. Profit or (-) loss on derecognition of non-financial assets, net**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Net gains (losses) on the sale of non-financial assets	13,737	40,660
Net gains (losses) on disposal of shareholdings	<u>-</u>	<u>-</u>
	<u>13,737</u>	<u>40,660</u>

**66. Profit or (-) loss from non-current assets and disposal groups classified as held for sale not eligible as discontinued operations**

The breakdown of this heading in the consolidated profit and loss account for the years ended 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Net gains/(losses) on sale of non-current assets	23,782	28,843
Net provisions for Impairment losses of Non-current assets for sale (Note 34)	<u>(43,855)</u>	<u>(39,059)</u>
	<u>(20,073)</u>	<u>(10,216)</u>

**67. Transactions with Jointly-controlled entities and Associates**

The significant balances recorded as at 31 December 2022 and 2021 between the Parent Entity and Subsidiaries and the effect of the transactions between them during the years ended on the same date have been eliminated on consolidation. The summary of the balances as at 31 December 2022 and 2021 relating to assets and liabilities held with jointly controlled entities and associates is as follows:

	<u>2022</u>	<u>2021</u>
<b>Balances</b>		
Customer deposits	506	333
Non-current assets for sale	-	-
Guarantees	-	-
Loans and advances	638	667

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In 2022 and 2021 there were no significant transactions with jointly controlled entities and associates.

**68. Other information**

A breakdown of customer funds off the Group's consolidated balance sheet as at 31 December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Managed by the Entity's Group:	5,585,615	5,467,125
Investment Funds and companies	3,494,570	3,173,552
Pension funds and EPSVs	1,761,263	1,929,610
Insurance contract saving	329,782	363,963
Customer portfolios managed on a discretionary basis	-	-
Marketed but not managed by the Entity's Group	<u>1,863,688</u>	<u>1,775,435</u>
	<u>7,449,303</u>	<u>7,242,560</u>

As at 31 December 2022, the balance of deposits of securities owned by third parties amounted to 5,882,263 thousand euros (5,820,568 thousand euros as at 31 December 2021).

Total debt securities assigned by the Group as at 31 December 2022 and 2021 amounted to 748,170 and 1,399,800 thousand euros, respectively, which had been assigned to third parties and recognised mainly under the heading of Financial liabilities at amortised cost - Customer deposits on the balance sheet.

**69. Information of issuers on the mortgage market and on the special accounting register**

As indicated in Note 35, the Parent Entity issued mortgage covered bonds with a final maturity date of 2021. Therefore, the information on the data from the special accounting register of the issuing entity, referred to in article 21 of Royal Decree 716/2009, of 24 April, is included below, by virtue of the provisions of Circular 7/2010, to credit institutions, which develops certain aspects of the mortgage market established in Bank of Spain Circular 5/2011, of 30 November.

Also, in accordance with the provisions of Royal Decree 716/2009, dated 24 April, which develops certain aspects of Law 2/1981, dated 25 March, regulating the mortgage market and other rules of the financial mortgage system, the Board of Directors of the Parent Entity states that, as at 31 December 2022, the Parent Entity has a set of policies and procedures to guarantee compliance with the regulations governing the mortgage market.



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

The criteria for granting risks are based on the capacity of the borrowers to pay, and in estimating this the internal models (Scorings and Ratings) are a fundamental element.

The principal mitigating factors admitted are the mortgage guarantee, with particular emphasis on the LTV ratio of the operation and the guarantors.

These models, based upon the data introduced and on the historic behaviour of certain variables, are capable of estimating the probability of payment default and therefore of assigning a first credit rating to the request. Each operation is classified on a scale of levels from lesser to greater risk, establishing a PD – Probability of Default for each one.

The models evaluate various variables that quantify the level of earnings or income, the equity or indebtedness, the payment behaviour, the degree of links and personal aspects of the borrower and certain characteristics of the risk operation.

Specifically, the current models consider the following types of variables: the personal characteristics, payment default history, the capacity to obtain income or earnings, debt profile, net patrimony, links with the entity, the characteristics of the operation itself and the hedging of the operation (mitigating factors).

Moreover, there are also procedures to check the information incorporated into the system covering the data introduced, especially those related to income, equity, the mortgage guarantee through a valuation of the property, the use of the financing, the general data on the client and the behaviour bases of the client.

To determine the value of the real estate assets being used as a mortgage guarantee in the risk operation, the valuations being employed must meet the following conditions:

- Be performed by a valuation company registered in the Official Registry of Valuation in the Bank of Spain.
- That the content of Ministerial Order OM ECO/805/2003 of 27 March is applied

The value of these assets is revised with a determined frequency, which varies depending on the classification of the operation they are guaranteeing, the amount and the LTV ratio, and various policies are established for operations classified as problematic (doubtful or foreclosed) and those classified as standard or under special surveillance.

As at 31 December 2022 and 2021, there are no asset or liability transactions, the latter having expired during 2021.

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#### 70. Information on the average supplier payment period. Third Additional Provision. Disclosure requirement Law 15/2010, 5 July

In accordance with Law 31/2014 of 3 December on the improvement of corporate governance which amended Additional Provision Three of Law 15/2010 of 5 July on the amendment of Law 3/2004 of 29 December, which implemented measures to combat late payment in business transactions, and considering the Single Additional Provision of the Resolution of 29 January 2016 by the Institute of Accountants and Auditors, for the purpose of complying with the relevant disclosure requirements, information on the average supplier payment period during 2022 and 2021 is set out below:

	Days	
	2022	2021
Average supplier payment period	15	21
Paid transaction ratio	15	21
Transactions pending payment ratio	18	21
	Amount (thousands of euros)	
	2022	2021
Total payments made	272,780	282,580
Total payments outstanding	6,373	4,748

In compliance with the reporting obligation established in Law 18/2022 of 29 September in accordance with section 3 of the additional provision, the 2022 data for invoices with a payment period less than the maximum established in the regulations on late payments are:

	Amount (000 Euros)	
	2022	
Payments less than 60 days	266,595	
% of total invoices	98%	
	No. of invoices	
	2022	
Payments less than 60 days	57,747	
% of total invoices	88%	

#### 71. Business combinations and the acquisition of participation in subsidiary, Jointly-controlled and Associated Entities

##### a) Information on acquisitions of equity in subsidiary, Jointly-controlled and Associated Entities

In 2022 and 2021 there were no acquisitions in the share capital of Subsidiary, Jointly Controlled or Associated Entities of any significance for the Group.

##### b) Business combinations

During 2022 and 2021, there were no business combinations of relevance to the Group.

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**INDIVIDUAL DETAILS OF HOLDINGS IN GROUP COMPANIES AND OTHER HOLDINGS AS AT 31 DECEMBER 2022  
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			2022								
Company	Address	Activity	% Holding		Book value			Investee data (*)			
			Direct	Indirect	Gross	Impairment	Net	Assets	Equity	Service revenues/ Sales	Net profit (loss)
<b><i>Subsidiaries</i></b>											
Seguros Lagun Aro Vida, S.A.	Bilbao	Insurance	76%	24%	34,507	-	34,507	464,159	52,744	52,869	5,551
Seguros Lagun-Aro, S.A.	Bilbao	Insurance	49.64%	50.36%	17,649	-	17,649	206,548	54,583	94,825	5,972
Seguros Lagun-Aro 2003, A.I.E.	Bilbao	Provision of services	-	100%	-	-	-	3,667	2,792	-	-
Caja Laboral Gestión, S.G.I.I.C S.A.	Mondragón	Investment fund manager	100%	-	6,280	-	6,280	17,365	10,109	30,743	2,573
Caja Laboral Pensiones G.F.P. S.A.	Mondragón	Pension fund manager	100%	-	2,500	-	2,500	3,928	3,148	3,395	138
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.	Mondragón	Holding company	100%	-	59,673	-	59,673	63,085	63,076	-	(15,470)
Caja Laboral, Bancaseguros, O.B.S.V. S.L.U.	Bilbao	Banking Insurance Operator	100%	-	10	-	10	16,179	2,530	43,084	1,900
ISGA Inmuebles, S.A.	Mondragón	Property Asset Manager	100%	-	44,249	(24,548)	19,701	53,470	32,934	70,528	(19,760)
					<b>164,868</b>	<b>(24,548)</b>	<b>140,320</b>				
<b><i>Associated Entities</i></b>											
Ategi Green Power, S.L.	Mondragón	Energy production	28.57%	-	333	-	333	3,743	1,348	412	174
					<b>333</b>	<b>-</b>	<b>333</b>				

(\*) The accompanying financial information corresponds to the individual financial statements of the investees, as at 31 December 2022.

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			2021								
Company	Address	Activity	% Holding		Book value			Investee data (*)			
			Direct	Indirect	Gross	Impairment	Net	Assets	Equity	Service revenues/Sales	Net profit (loss)
<b><u>Subsidiaries</u></b>											
Seguros Lagun Aro Vida, S.A.	Bilbao	Insurance	76%	24%	34,507	-	34,507	534,228	77,908	54,120	1,628
Seguros Lagun-Aro, S.A.	Bilbao	Insurance	49.64%	50.36%	17,649	-	17,649	213,001	59,749	92,856	10,983
Seguros Lagun-Aro 2003, A.I.E.	Bilbao	Provision of services	-	100%	-	-	-	3,971	2,792	-	-
Caja Laboral Gestión, S.G.I.I.C S.A.	Mondragón	Investment fund manager	100%	-	6,280	-	6,280	19,110	11,534	27,716	2,388
Caja Laboral Pensiones G.F.P. S.A.	Mondragón	Pension fund manager	100%	-	2,500	-	2,500	3,852	3,010	3,497	232
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.	Mondragón	Holding company	100%	-	59,673	-	59,673	65,896	65,892	5,382	5,365
Caja Laboral, Bancaseguros, O.B.S.V. S.L.U.	Bilbao	Banking Insurance Operator	100%	-	10	-	10	18,659	6,630	44,392	1,764
ISGA Inmuebles, S.A.	Mondragón	Property Asset Manager	100%	-	65,015	(32,822)	32,193	106,245	86,678	168,980	10,762
					<b>185,634</b>	<b>(32,822)</b>	<b>152,812</b>				
<b><u>Associated Entities</u></b>											
			2021								
Company	Address	Activity	% Holding		Book value			Investee data (*)			
			Direct	Indirect	Gross	Impairment	Net	Assets	Equity	Service revenues/Sales	Net profit (loss)
Ategi Green Power, S.L.	Mondragón	Energy production	28.57%	-	333	-	333	3,533	1,180	-	69
					<b>333</b>	<b>-</b>	<b>333</b>				

(\*) The accompanying financial information corresponds to the standardised financial statements of the investees, as at 31 December 2021.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

**AGENCY CONTRACTS AS AT 31 DECEMBER 2022 AND 2021**

<b>Name</b>	<b>Address</b>	<b>ID Code</b>	<b>Date of granting of powers</b>	<b>Date of finalisation of mandate</b>	<b>Geographical scope</b>	<b>Scope of representation</b>
Caja Laboral Banca Seguros O.B.S.V., S.L.U.	Gran Vía Don Diego López de Haro, 2- Bilbao	B 75060988	01/01/2013	Indefinite	National	<ul style="list-style-type: none"> <li>- Handle operations involving current accounts, savings accounts, term deposits, investment funds, pension plans and welfare plans, signing all necessary documents.</li> <li>- Processing of loans and other risk operations for the Entity.</li> <li>- Correspond with the Entity and keep in contact with the public, organising the work in the timetable and the form it considers appropriate, in accordance with rules and instructions received from the Entity</li> </ul>

**ANNUAL BANKING REPORT**

**Information as at 31 December 2022 on the Laboral Kutxa Group in compliance with Law 10/2014 and EU Parliament and Council Directive 2013/36/EU**

The present information has been compiled in compliance with the provisions of Article 87 and Transitional Provision 12 of Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, published in the Official State Gazette of 27 June 2014, which transposed Article 89 of European Parliament and Council Directive 2013/36/EU of 26 June 2013 relating to access to the business of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (commonly known as CRD IV).

In accordance with said regulations, credit institutions are required to report to the Bank of Spain and publish annually, specifying for the countries in which they are established, the following consolidated information for each financial year:

- a) Name, nature and geographical location of the activity.
- b) Business volume.
- c) Number of full time employees.
- d) Gross profit/(loss) before tax.
- e) Tax on profit.
- f) Grants or public aid received.

In accordance with this, the required information mentioned above is detailed as follows:

- a) Name, nature and geographical location of the activity

Caja Laboral Popular Coop. de Crédito (hereinafter the Entity, Laboral Kutxa or Caja Laboral), with registered office in Mondragón (Gipuzkoa), was formed on 2 November 2012 as a new credit cooperative as a result of the merger, through the formation of a new entity, between Caja Laboral Popular Coop. de Crédito and Ipar Kutxa Rural, S.Coop. de Crédito. This entity is a qualified cooperative.

The Articles of Association of the Entity state that its business operations will not be limited to any specific territory and that its corporate purpose is to service the financial needs of its members and third parties by carrying out the activities typical of a credit institution. To this end, it may carry out all kinds of lending, borrowing and servicing operations which financial institutions are permitted to provide, including those relating to the promotion and fulfilment of its cooperative purpose, paying particular attention to its members' financial needs and complying with the legal limits on lending to third parties.

**CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES**

**APPENDIX III**

Appendix I to these Annual Accounts of Laboral Kutxa for the year ended 31 December 2022, lists the companies operating in each jurisdiction, including among other details their names, geographical location and area of activity.

b) Turnover, number of full-time employees, gross profit before tax and tax on profit

	Business Volume (Thousands of euros)	No. equivalent full time employees	Gross profit before tax	Tax on profit
Spain	436,797	2,099	157,451	18,391
<b>TOTAL</b>	<b>436,797</b>	<b>2,099</b>	<b>157,451</b>	<b>18,391</b>

For the purposes of this information, “business volume” is considered to be the gross margin disclosed on the consolidated income statement for December 2022. The data for equivalent full time employees has been obtained from information on the workforce of each company/country at the end of 2022.

The return on the Group's assets, calculated as net profits attributed to the Parent Entity divided by total assets, as at 31 December 2022, stood at 0.50%.

c) Grants or public aid received

Grants and public aid received by the Laboral Kutxa Group during 2022 were not significant.



## **CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES CONSOLIDATED MANAGEMENT REPORT FOR THE 2022 FINANCIAL YEAR**

The war between Russia and Ukraine marked the beginning of a complex scenario, particularly in Europe. Europe's high dependence on Russian oil and gas, together with the sanctions imposed by the West on Russia, have created a scenario of significant inflation and in which growth has progressively weakened over the course of the second half of the year.

The year began with high growth rates, driven by the pressure of demand for goods at a global level and the problems of supply chains, due to the impact of COVID in Asia in the second half of 2021. But the outbreak of the war in February radically changed the narrative around inflation, due to the significance of the energy crisis in Europe.

The aggressive reactions of the Central Banks to inflation rates that have reached levels of around 10% have marked the beginning of a new stage in terms of monetary policy. This, after several years of adopting a more accommodative policy.

The outlook for 2023 is defined by a weak global context, with important actors facing problems. Along with a weak American economy there is the issue of China, unable to prevent new waves of COVID, and the United Kingdom, which appears to be experiencing structural and fiscal challenges. On top of all this, there is little prospect of any stimuli in the form of fiscal policy and monetary policy, and as long as the sanctions against Russia are maintained, the supply of gas will become a challenge. All this points to low, perhaps even slightly negative, growth in the year as a whole for the Eurozone.

Focusing on our geographical area of reference, it is worth noting that the impact of the energy crisis is being less keenly felt here than in other Eurozone countries. Added to the low dependence on Russian gas are other factors, such as the installed regasification capacity, aspects that reduce the pressure on import prices compared to our northern partners. But there is no doubt that both the energy crisis, which will last for a good while, as well as the major increase in prices and the consequent rise in interest rates, are going to be a major drag on our economy. And the previously mentioned weakness of the global economy as a whole will also have consequences with regard to the behaviour of the foreign sector.

At the other end of the scale, there are factors that will help to counteract the negative scenario, for example, the significant pool of savings accumulated during the 2020-21 period as a result of the lack of spending due to the pandemic-related restrictions.

Another positive aspect is the strength of labour markets in this economic downturn. Current unemployment rates are even lower than the rates prior to the pandemic, both in the US and in the Eurozone, although by the end of 2022 there have been signs that they are weakening.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO**

### **CONSOLIDATED MANAGEMENT REPORT FOR THE 2022 FINANCIAL YEAR**

With all this in 2022 at the national level, GDP is still below pre-pandemic levels (almost a point and a half below in Q3 2022 compared to the end of Q4 2019) and showing a clear slowdown in the last two quarters of the year (+0.2% Q/Q). After an increase of around 4% in 2022 at both the national level and in the Autonomous Communities of the Basque Country and Navarre, more modest figures are expected of round 1% for 2023.

Inflation peaked in July and since then annual rates have started to decline. The main contributor to inflation has been food, with energy prices falling somewhat towards the end of the year. In any case, headline inflation has been below core inflation, indicating that the rest of the goods in the consumer basket have also been affected by inflation.

Obviously, such high growth rates are bad news for consumers, since price increases are not accompanied by wage increases of the same magnitude, which means a loss of purchasing power. Since the second half of 2021, with the appearance of inflation, the growth rates of consumption in real and nominal terms started to diverge. Thus, for example, a 3.5% higher consumption of goods and services meant a 12% higher expenditure in euros since the third quarter of 2021.

The increase in interest rates by the central banks in response to the rise in inflation puts additional pressure on families. On the one hand, it makes it difficult for families to get into debt. And on the other, those families with debts will have to deal with interest rate changes, normally pegged to the one-year Euribor, which has risen from negative values to over 3%.

In terms of profitability, the income statements of business in the sector have benefitted from the rise in interest rates, both in 2022 and in 2023.

However, as a consequence of the rise in interest rates, the financing costs of households and companies will increase, which will reduce their ability to pay, and will force the sector to increase provisions for credit impairments.

With regard to efficiency, there has been a slowdown in downsizing in terms of branches and staff as a result of the reduced pressure to improve profitability. Likewise, slight increases in transformation costs are expected, mainly focused on digitalisation and cybersecurity.

In this context of uncertainty, Laboral Kutxa has managed to maintain an outstanding level of solvency and liquidity, in addition to continuing to improve profitability and efficiency.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO**

### **CONSOLIDATED MANAGEMENT REPORT FOR THE 2022 FINANCIAL YEAR**

The key figures of the business are set out below:

Total assets amounted to 27,755 million euros, a 2.83% decrease on the previous year's figure.

Customer deposits amounted to 23,182.8 million euros, 1.35% lower than at the end of 2021, due basically to the reduction in the temporary assignment of assets to resident customers and fixed-term deposits by 658 million, down by 23.37%

Loans and advances to customers amounted to 15,200 million euros at the close of 2022. Excluding the effect of the variation in other financial assets, traditional lending remains constant.

The number of doubtful risk loans to customers fell by 3.75% and the non-performing loans ratio under the heading "Other resident sectors" fell to 2.70% at the end of 2022, which is significantly lower than the sector average, which for deposit institutions stands at 3.45%.

Financial assets at fair value with changes in other comprehensive income and debt securities at amortised cost amounted to 822.7 million and 9,065.6 million euros, respectively, with the portfolio at amortised cost representing 32.7% of the balance sheet total.

Productivity and liquidity indicators continue at sufficient levels in both absolute and relative terms. The efficiency ratio, measured as administration expenses/gross income pre-FEPC, stood at 53.7% in 2022 and the structural liquidity ratio, calculated in terms of loans/deposits, stood at 64.7%.

With regard to the level of solvency, the Group's computable capital as at 31 December 2022 amounted to 1,848.8 million euros. The CET1 (Common Equity Tier 1) ratio is 22.24%, one of the best in the sector and coincident with the total solvency ratio.

On the profit and loss account, the following income and expense items should be noted:

Profit net of tax was 139.1 million euros in 2022, reaching 150.5 million euros in profit prior to the allocation to welfare projects, exceeding the forecasts in the Entity's Management Plan.

Net interest income benefitted from the rise in interest rates and amounted to 280.8 million, an increase of 17.13% compared to 2021.

The sum of the items of dividends, net fees and commissions, the profits obtained from the revaluation and disposal of the financial instrument portfolios, together with other operating income contributed an amount of 156 million euros in 2022, bringing gross income to 436.8 million euros.

## **CAJA LABORAL POPULAR COOP. DE CRÉDITO**

### **CONSOLIDATED MANAGEMENT REPORT FOR THE 2022 FINANCIAL YEAR**

On the cost side, the Group has reaffirmed its decision to maintain its strategic agenda and to undertake the transformational projects designed to address the future. This has meant spending 7.64% more on administration costs, amounting to 240.8 million euros.

The item for allocations to provisions, write-offs and other impairments has not undergone changes, since the Group's credit portfolio has not shown signs of impairment.

A breakdown of the Group's main risks is provided in Notes 15 to 21 of the annual accounts for 2022.

In the insurance business, the increase in written premiums was more than offset by the rise in claims costs. As a consequence, the contribution to the Laboral Kutxa Group amounted to 43 million euros of global ordinary profit, 9.7% lower than that contributed in 2021.

Meanwhile, in the real estate area, the strategy of reducing risk positions continued in 2022 through the real estate development and construction business. A decrease of 83 million euros was achieved, down to 441 million euros at the end of the year. In addition, the associated hedging was increased to 87.1% of this balance.

The average payment time to suppliers during 2022 was 15 days, below the maximum legal period of 30 days established in Law 15/2010, dated 5 July, which sets out measures to combat late payment in commercial transactions, amended by Law 31/2014, dated 3 December, which amends the Law on Capital Companies to improve corporate governance, and taking into account the Single Additional Provision of the Resolution, dated 29 January 2016, by the Institute of Accountants and Auditors. The average payment period has been calculated in accordance with said law.

One of the basic pillars of Laboral Kutxa's strategic planning is the transformation of the entity. In this transformation agenda, important levers are being promoted to help develop the future capabilities needed to compete in an increasingly complex environment: continued focus on Innovation and new businesses (open banking), evolution towards a Data-Driven entity, increased Technological capabilities, compliance with the highest standards in terms of Cybersecurity and continued progress towards being more digital.

Law 11/2018, dated 28 December, on non-financial information and diversity regulates the disclosure of information regarding these two aspects. Laboral Kutxa, as a public interest entity, has published in an additional document, which forms part of the Management Report, the Statement of Non-Financial Information relating to the Laboral Kutxa Group that responds to the obligations contained in the above-mentioned regulations and which will be deposited in the Mercantile Register of Gipuzkoa. This document is also the Group's annual Sustainability Report (CSR), in accordance with the international GRI standard.

In accordance with applicable legislation, the Directors' Report and the Annual Corporate Governance Report of Caja Laboral Popular are attached in the following Appendix.



# Sustainability



# '22

SUSTAINABILITY REPORT  
AND NON-FINANCIAL  
INFORMATION STATEMENT

LABORAL Kutxa declares that this Report has been prepared in accordance with the GRI standards, and complies with the requirements of Law 11/2018, of 28 December, on non-financial information and diversity, according to the external verification carried out by AENOR.



**LABORAL**  
kutxa



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Letter

I would like to start this statement on LABORAL Kutxa's sustainable development strategy with a quote from José María Ormaetxea. The first general manager of the cooperative used to say that Caja Laboral came into being with the promise of ***being a company born with a firm commitment to promote the development and wellbeing of the inhabitants of its locations, to work to improve the equality of the communities and make them more united.***

This promise still shapes the credit cooperative's vision today. Thus, in the strategic deliberations we made in 2022 for the 2023-24 period, sustainability is one of the programmes that was catalogued as strategic. Society and the regulators are demanding a rethink of traditional banking, adapting it to a new context. This new scenario, in which the financial sector becomes a tool for the transformation of the current economic model to a more sustainable and resilient one, will require hard work from the entire cooperative in the coming years.

In parallel, at LABORAL Kutxa we want to update our identifying traits, our purpose, to bring them in line with today's challenges. To do so, we have begun deliberations whose goal is to define the identifying traits with which we would like to identify ourselves as an organisation, establishing the desired principles and behaviours for the company, both internally and with respect to the customers and society. We have called this process 'Zentua', "meaning" in Euskera.

The strategic priorities for contributing to sustainable development are encompassed in four main lines of work. Firstly, we must meet the different expectations and regulations in terms of ESG, particularly by assimilating the environmental and climate risks. In addition, we would like to develop a full range of green, social services and products for our customers. Thirdly, we will focus on the training of our staff, while seeking to reduce the direct impact of our activities to a minimum. Finally, the implementation of the Group's sustainability strategy will be strengthened.

2022 was a financial year in which we achieved the main economic and financial goals we had set ourselves. It was also a year of intense activity in terms of sustainability. The approval and implementation of the governance of sustainability in the LABORAL Kutxa Group established the foundations on which to deploy and coordinate the planned roadmap. The Sustainability Committee was established, which the entire board of directors forms a part of, as well as the rest of the structure, which includes regular statements in the Governing Board and the creation of the Sustainability Office.

In line with the demands of the regulators, we have progressed with the assimilation of sustainability and climate change risks with the analysis of the Risks Division. However, the complexity of incorporating criteria which are still under development and the limited availability of data slow down this assimilation.

The broad schedule of projects included in the sustainability management plan also includes some projects that I would like to elaborate on. On the product side, we have launched a credit for neighbourhood communities which is aimed at the restoration of buildings with criteria for sustainability. At the same time, we have begun the transformation of the entire range of investment funds, with greater integration of the ESG aspects. Aware of the need to reduce the direct impact of our activity, we have carried out an analysis of comprehensive

accessibility that will produce an improvement plan in 2023, and the restoration of the last of our central-services buildings requiring an energy upgrade has begun. Lastly, in terms of the data on and assimilation of risks, a second report has been drawn up on following the guidelines of the TCFD, and progress has been made on the definition of ASG criteria in the classification of mercantile operations, applying EU taxonomy.

The strategic plan for the coming years establishes projects and both quantitative and qualitative goals. For example, we have proposed a 50% reduction in the quantity of paper consumed. In any case, looking further forward, after concluding the Zentua deliberations, we will design a Sustainability Director Plan for the medium term which establishes the priorities and lines of work to be developed. This plan will serve to align our credit cooperative with what our society needs and expects from us.

To conclude, I would like to reiterate our commitment to the Principles of the United Nations Global Compact in order to continue advancing with respect to Human, Employment and Environmental Rights and the Fight against Corruption. We also maintain our support for the Sustainable Development Goals (SDGs) of the 2030 Agenda.

A handwritten signature in dark ink, appearing to read 'Txomin García Hernández', written over a horizontal line.

Txomin García Hernández

Chairman of LABORAL Kutxa



About us

LABORAL &  
kubra

## 1.1. Group Presentation

Caja Laboral Popular Coop. de Crédito, with the trade name LABORAL Kutxa and headquarters at José M<sup>a</sup> Arizmendiarieta s/n. 20500 Arrasate - Mondragón (Gipuzkoa), is shown on its corporate website as **a solid and responsible model of cooperative and participative banking**. *“LABORAL Kutxa represents a different way of banking, based on cooperation and commitment to our society. Our main objective is the satisfaction of each client and the generation of wealth and employment in our environment. We are a Cooperative Bank, guided by values and a philosophy that lead us to prioritise the common interest over the individual, to make decisions in a participative and responsible way and to reinvest our profits in society.”*

It is a credit cooperative in which the majority of the capital is held by the cooperatives of the MONDRAGÓN group and by working or retired members (collaborative partners).

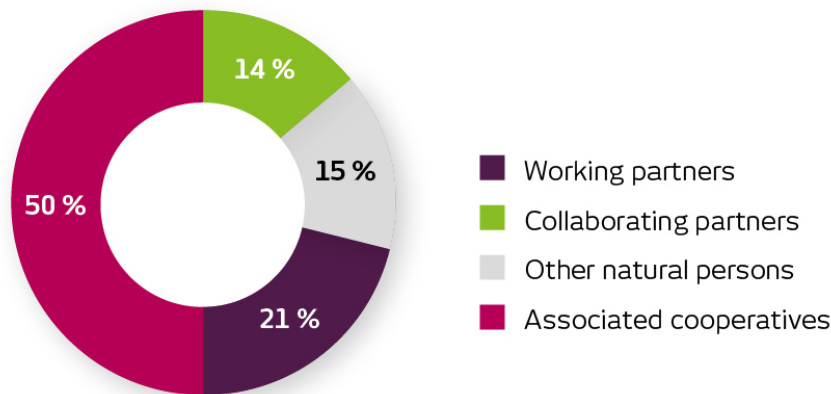
The consolidated LABORAL Kutxa Group includes banking and insurance businesses. The Retail Banking business offers both investment and savings products. In investment, the main areas of activity are the marketing of mortgage products, consumer credit, working capital and corporate finance. As regards savings, the main products are deposits (on demand and term deposits), bank guarantees, means of payment services (credit and debit cards), investment funds, pension funds and EPSVs. This business is mainly carried out by Caja Laboral Popular Coop. de Crédito (hereinafter LABORAL Kutxa and with headquarters in Mondragón, Paseo JM Arizmendiarieta s/n 20500 Gipuzkoa), through its network of branches, or by certain companies that are 100% dependent on it, which are considered a direct extension of the business carried out by the Parent Company. Strategic, management and operational decision-making is focused on the Governing Board of Caja Laboral Popular Coop. de Crédito.

The Insurance Business includes the activity carried out by the Group through Seguros Lagun-Aro Vida, S.A. and Seguros Lagun-Aro, S.A. The Group is engaged in life insurance business, marketing life insurance, life savings policies and unit-linked policies. In addition, it is active in non-life insurance, mainly in car insurance, civil liability and in multi-risk sectors, mainly for homes. Strategic, management and operational decision-making is focused on the Boards of Directors of both companies.

**Seguros Lagun Aro Vida and Seguros Lagun Aro (hereinafter Seguros Lagun Aro)** are two public companies, 100% owned by LABORAL Kutxa. Thus, even when the employees do not own the company, they participate in the management and business results.

## SHARE CAPITAL AS AT 31/12/2021

797.9 M EUROS



The investee companies that make up the LABORAL Kutxa Group:

Dependent Entities	Activity	% Owned	Headquarters
Seguros Lagun Aro Vida, S.A.	Insurance	100%	Calle Capuchinos de Basurto nº 6, 2º, 48013 Bilbao (Bizkaia)
Seguros Lagun Aro, S.A.	Insurance	100%	
Seg. Lagun Aro 2003, IEA	Insurance	100%	
Caja Laboral Gestión, SGILC, S.A.*	Investment fund manager	100%	Paseo José María Arizmendiarieta 5, 1ª Arrasate-Mondragon 20500 Gipuzkoa
Caja LABORAL Pensiones GFP, S.A.*	Pension fund manager	100%	Paseo José María Arizmendiarieta SN Edificio 5 1ª Arrasate-Mondragon 20500 Gipuzkoa
ISGA Inmuebles, S.A.*	Real Estate Developer	100%	Paseo José María Arizmendiarieta 4 Arrasate-Mondragón 20500 Gipuzkoa
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.*	Holding company	100%	
Caja Laboral Bancaseguros (CLBS) O.B.S.V., S.L.U.	Banking Insurance Operator	100%	Calle Gran Vía Diego Lopez de Haro, 2 - PISO 1, Bilbao, 48001 , Bizkaia
Associated Entities			
ATEGI GREEN POWER, S.L.*	Photovoltaic installations	28.57%	Calle Goiru (ed b), 1 – Piso 3, Arrasate/Mondragón, 20500, Gipuzkoa

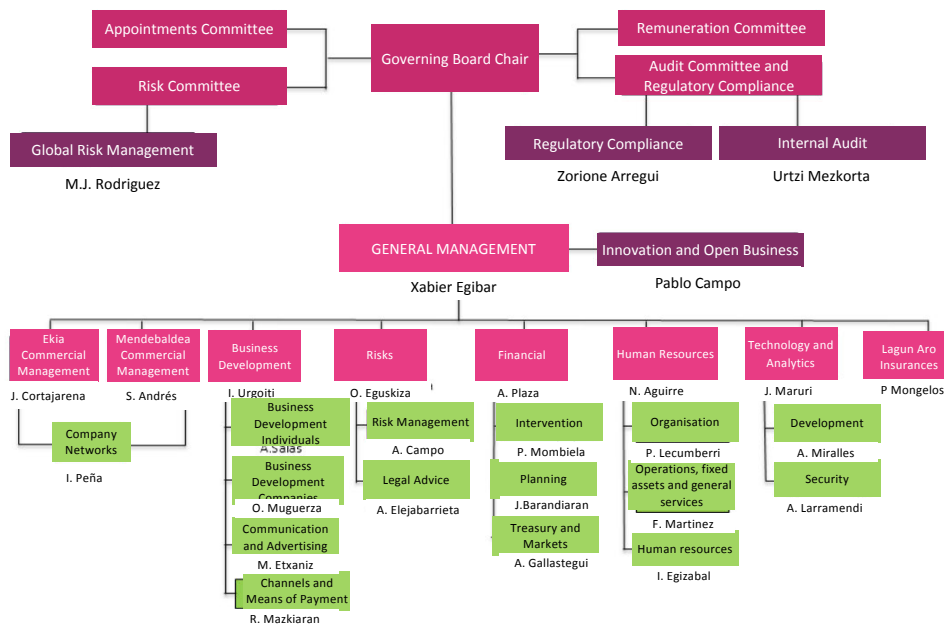
\*Companies with no employees

There are no differences between the financial statements and the non-financial statements.

Throughout this report, the information is mainly presented differentiating between Laboral Kutxa, CLBS and Seguros Lagun Aro (the 3 companies as a group). In cases where they are not differentiated, the information will be consolidated.

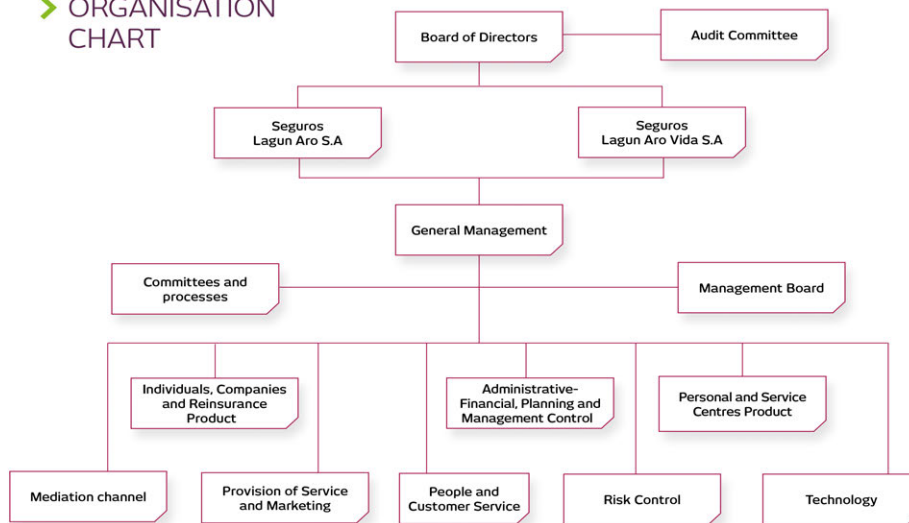
## 1.2. Operating structure

The structure as at 31/12 is organised into functional Divisions, which in turn are divided into the various Departments, Sections, Areas and Network of offices.



### Lagun Aro Insurance

#### > ORGANISATION CHART



### 1.3. Cooperativism

#### WHAT DIFFERENTIATES US FROM OTHER BANKS AND SAVINGS BANKS?

WE ARE A COOPERATIVE CREDIT UNION	The people who serve you at LABORAL Kutxa are members of the organisation, we are committed to the project and believe in it, so we are dedicated to giving each person the best service. Customer satisfaction is the best guarantee for our business plans.
GIVING BACK TO SOCIETY. USEFUL BANKING, COMMITTED TO OUR SOCIETY	Our dividend is what we give back to society: 25% of our distributable surpluses are used to finance projects of economic and social interest, training and job creation. The rest we reinvest in the entity to strengthen its solvency and its future development.



**WE ARE WORKERS,  
PARTNERS AND  
STAKEHOLDERS**

LABORAL Kutxa is not listed on the stock exchange, it is not subject to speculative pressure from the financial markets. All partners participate in the capital and in the decisions of the organisation, with responsibility, assuming the consequences of our management.

The key decisions are validated at the General Meeting with the participation of all partners, guaranteeing an efficient and responsible management that allows us to obtain profits and reinvest them in our society.

**MISSION**

**A Credit Cooperative whose purpose is to meet the financial needs of its members and customers,**

particularly individuals and companies, and who considers the quality of management and service to be a competitive advantage that allows it to achieve a very strong position in Efficiency and Profitability and to provide satisfaction to its customers and members.

The entity is part of the MONDRAGON Corporation. Channelling its commitment to social progress by providing special support for the activities of corporate institutions.

It also extends its social commitment to the economic and socio-cultural development of the society in which it works, paying special attention to the Basque language and culture, in the specific case of the Basque Country. In order to grow, the company is firmly committed to the professional development of its staff and to creating a climate of trust that encourages innovation, teamwork, commitment and active participation.

**VISION**

**The Entity is committed to being a leader in Quality and Service through local and personalised advice,**

with products specific to the identified business segments, without losing sight of costs, where it aspires to maintain its current outstanding position, and to innovation which will be decisively pursued.

**VALUES**

**Values are how we are and how we act, and they are expressed in the behaviour of all the people who make up the Entity,**

towards our stakeholders, because ethical behaviour among people is the basis for a sustainable balance in the company's decisions.



**1.4. Values, principles, standards and rules of conduct**

LABORAL Kutxa regulates individuals' activities on the basis of certain rules of conduct. In the area of the securities market, these rules or guidelines of conduct are essentially included in an "Internal Code of Conduct specific to the securities market", which applies to the people who make up the Governing Board, the Board of Directors and those involved in this area of activity.

In the area of ethics and integrity, the entity's rules are set out in the "Code of Ethics and Professional Conduct" and in the "Guide to Good Practices and Professional Secrecy". Both documents are published on the intranet and are updated and reviewed by the Regulatory Compliance Department and the Internal Audit Department. Modifications to the Code of Ethics and Professional Conduct require the approval of the Governing Board.

As a continuation of the Code of Ethics, in the field of prevention and response to possible criminal behaviour applicable to the entity, the internal regulations are included in the "Crime Prevention and Response Manual" and in the "Criminal Compliance Policy".

Likewise, the Entity has a Gifts and Entertainment Policy and a Protocol for combatting sexual harassment and gender-based harassment.

There is a "Complaints Channel" that allows people to report, guaranteeing the protection of the complainant, irregularities of potential importance linked to the Code of Ethics and the Criminal Compliance Policy and the "Ethics Committee" acts as a supervisory body for these regulations, which is chaired by the People and Media Management Department and also includes, among other things, Regulatory Compliance, Legal Advice and Internal Auditing. This body, in addition to monitoring, grants authorisations or exceptions and deals with the complaints received through the Complaints Channel, ensuring the appropriate action.

In 2021 there was one consultation and no complaints and in 2022 there were no consultations or complaints.

The Group's insurance companies, Seguros Lagun Aro and Seguros Lagun Aro Vida, although for legal reasons having a legal status as a joint-stock company and not as a cooperative company, share the cooperative values and the various management practices and policies.

Seguros Lagun Aro is part of the *European mutual and cooperative insurance association - EURESA*, and shares the values of mutuality and cooperation that this Association defends and is, therefore, committed to:

- putting its guiding principles into practice at all levels of its activities,
- designing products and services that meet the real needs of consumers,
- ensuring that policyholders and stakeholders are actively involved in the life of the company, either directly or through their representatives,
- combining the balance between financial aspects with ethical conduct, and
- ensuring that its activities are undertaken in the context of a people-centred economy geared towards sustainable and socially responsible development.

The contracts entered into by the **real estate asset management companies** with third parties in the course of their business, ensure that they comply with (and enforce their suppliers to comply with) the regulations related to occupational health and safety, respect for the environment and human rights, establishing specific obligations, their express acceptance by third parties, and serious penalties for non-compliance.

### 1.5. Geographic distribution of offices

LABORAL Kutxa incorporates the insurance activity within a strategy of Banking and Insurance, so that the Group companies (Seguros Lagun Aro SA in the Non-Life areas and Seguros Lagun Aro Vida) market their products for the most part through the offices and the website of LABORAL Kutxa. Seguros Lagun Aro complements these banking channels with a network of selected brokers.

LABORAL Kutxa and CLBS staff work in the Private Individual offices. There is also a specialised network of companies (to which must be added the Cooperatives and Large Companies office and the Public Sector office).

Distribution of offices as at 1/1/23			
Provinces	Individuals	Companies	Mediation
Bizkaia	80	1	1
Gipuzkoa	62	1	1
Navarra	36	1	1
Araba	28	1	1
Zaragoza	16	1	1
Valladolid	12	1	1
Madrid	10	1	-
Asturias	8	-	1
Burgos	6	-	-
Salamanca	6	-	-
La Rioja	4	-	1
Cantabria	4	-	-
Leon	3	-	-
Palencia	2	-	-
Barcelona	1	-	1
Huesca	1	-	-
Zamora	1	-	-
Valencia	-	-	1
<b>Total no. of offices</b>	<b>280</b>	<b>7</b>	<b>9</b>

## 1.6. The Group's main figures

Item	2021	2022
Total assets (MII)	28,563	27,755
Own Funds (MII)	1,916	2,007
Customer deposits (MII)	23,500	23,183
Credit to customers (MII)	15,158	15,200
Offices	280	280
ATMs	523	529
Interest Margin (MII)	239.7	280.8
Gross Margin (MII)	457.8	496.5
Administration Costs (MII)	223.7	240.8
Profit after tax (MII)	101.4	139.1

The distribution of wealth generated by LABORAL Kutxa is shown in the following table:

Item (thousands of €).	2021	2022
<b>1. Directly generated financial value</b>	<b>518,362</b>	<b>520,327</b>
Gross Margin (before other operating charges)	457,781	496,525
Profits on Sale of Material and Awarded Assets	60,581	23,802
<b>2. Distributed financial value</b>	<b>340,896</b>	<b>372,189</b>
Payment to supplier companies (Operating costs)	137,170	149,821
- other general administrative costs.	89,903	101,539
- other operating charges	47,267	48,281
Staff costs	133,830	139,291
Income tax	19,886	18,391
Interest on capital	31,640	36,064
Investment / Donations to the community	18,640	28,623
Development and Education Fund (FEP)	7,348	11,449
Intercooperative Social Fund (FSI)	11,022	17,174
<b>3. Financial value retained (1-2)</b>	<b>177,465</b>	<b>148,138</b>

Regarding the **real estate-asset management companies**, LABORAL Kutxa is the owner (sole partner) of ISGA, S.A. The company registered a profit, included in the Group's consolidated results, of - €19.76M.

Item (thousands of €). Management of real estate assets	2021	2022
Revenue (Sales)	168,980	70,528
Operating costs	4,369	3,534
Staff costs	0	0
Financial costs for interest and dividends	413	154
Gross tax	2,072	1,863

Regarding **CLBS**, the key financial figures, included in the consolidated results, are:

Item (thousands of €). CLBS	2021	2022
Turnover (commissions)	44,392	43,084
Staff Costs	10,233	7,389
Total Costs	42,071	40,584
Pre-tax profit	2,321	2,499

The objective of the **real estate asset management companies** in 2022 has been the purchase or award of real estate assets from third party developers in payment of debt to LABORAL Kutxa and the divestment of all the assets owned, both finished product (homes, garages, premises, etc.) and through the completion of the works in progress for the sale of the final

product and the sale of the land or its management for its transformation into housing, through the undertaking of self-development and building.

In 2022, via the ISGA company, work was carried out on 9 real estate projects involving the construction of 404 homes, of which 4 projects have been completed, bringing the total number of completed homes to 151.

None of the land, developments in progress or completed housing is adjacent to or located within protected natural areas or unprotected areas of high biodiversity.

The activity of these **real estate asset management companies** implies a minimum participation in the Spanish real estate sector. Its indirect effect is related to the contracting out to third parties of the activities necessary for its execution.

### Taxation

LABORAL Kutxa exercises its tax obligations in the territories in which it carries out its activity, specifically in the four foral territories and in common territory, thus contributing to the support of public services and the progress of Society.

The company's tax strategy is consistent with the long-standing principle of prudence applied in all areas of management.

As part of its Financial Information Internal Control System, Laboral Kutxa has a Tax and Legal Management Procedure. This internal document, approved by the Governing Board, defines the areas of the organisation responsible for the management of the different taxes, the different actions to be undertaken by each of them in this respect, as well as the controls defined to ensure the correct execution of the procedure. This procedure is periodically reviewed by Internal Audit.

The tax information is reported in the annual accounts in an explanatory note containing the reconciliation between the accounting result and the tax base for corporate income tax purposes. This information, together with the other financial information, is subject to an annual external audit.

<b>Taxes and duties (thousands of €) LABORAL Kutxa</b>	<b>2021</b>	<b>2022</b>
Taxes (property tax, tax on professional and commercial activities, etc.)	1,602	1,786
V.A.T.	19,698	10,414
Tax on deposits	6,844	7,045
DTAs equity benefit	2,051	1,812
<b>LK Total</b>	<b>30,195</b>	<b>21,057</b>
<b>CLBS tax on profits</b>	<b>557</b>	<b>600</b>
<b>Taxes and duties (thousands of €) Lagun Aro</b>	<b>2021</b>	<b>2022</b>
Corporate income tax	2,932	2,704
Taxes (property tax, tax on professional and commercial activities, etc.)	85	88
<b>Lagun Aro Total</b>	<b>3,017</b>	<b>2,794</b>

In 2021, LK's accrued corporate income tax amounted to 14,975 thousand euros and 15,792 thousand euros in 2022.

The Public Administration does not form part of the capital nor does it have any representation on the governing bodies. The financial support received from it is as follows:

<b>Item (thousands of euros)</b>	<b>2021</b>	<b>2022</b>
Subsidies (aid for employment, training and energy investments)	31	38
<b>Item (thousands of euros)</b>	<b>2021</b>	<b>2022</b>
Subsidies Lagun Aro (Euskera)	0	0

## 1.7. Strategy and risk management

During 2022, strategic deliberations were carried out that have led to the drafting of a Strategic Plan for the years 2023-2024. The strategic deliberations at LABORAL Kutxa follow a management process that systematises competitive surveillance in the various markets and the review of business models and strategic commitments, which are then developed in each Management Plan.

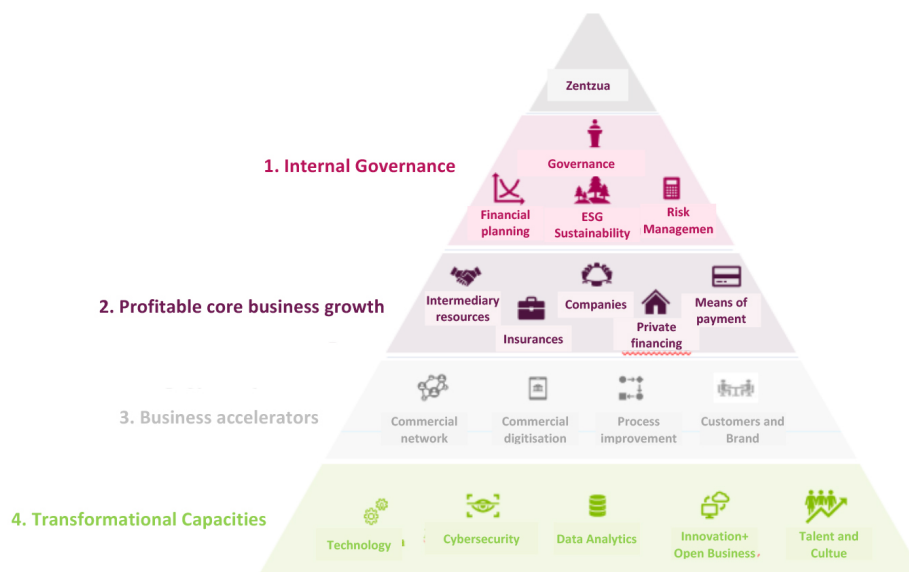
An analysis was made of the environmental situation, with particular attention paid to:

- Economic uncertainty, exacerbated by supply problems and the war in Ukraine.
- Increased inflation and the resulting increase in interest rates.

The basic outline from the previous strategic plan remains the same, defining the following goal:

- **To grow in value in the entity's main businesses:** Mortgages, Commercial, Insurance and Off-Balance.
- **Driving the entity's transformation:** digitalisation, technology, cyber-security, data analytics, supervisory demands, talent.

The programmes are layered in four large sections (Internal Governance, Profitable Growth of the Core Business, Business Accelerators and Transformational Capacity).



One addition to this plan is the disaggregation of Governance and Sustainability, which in the previous plan formed part of one sole, transversal programme. The main lines of action of the Sustainability programme are:

- Aligning the sustainability strategy with Zentua.
- Adaptation of the product catalogue in all lines of business.
- Transversal integration of environmental and climate-change risks, training.
- Reducing the activity's direct impact: consumption and work centres, accessibility of facilities, carbon footprint.
- Positioning and Communication of the product.
- Sustainability scorecard: KPIs and monitoring, including RAS.
- Promotion of efficient housing (A, B).

## Main challenges

Implement the Sustainability strategy, based on the conclusions of the deliberations on the Purpose of the entity (Zentzua), the corporate values, the commitments as a signatory of the Principles of Responsible Banking and the SDGs of the 2030 Agenda. The initiatives and projects will be monitored from a *greenwashing* perspective, including the second and third lines of defence. The entity will also adapt to the regulatory ESG expectations, adapting the catalogue of green products, applying sustainability principles to measures and people (including Accessibility) and reducing the direct impact of the activity.

Risk management is a vital part of a financial entity. In 2022, progress was made in the integration of the risks of sustainability and climate change alongside the other risks previously managed. It is worth mentioning the following main milestones, which are described in greater detail throughout this report:

- The governance of sustainability has been defined, approved and implemented for the LABORAL Kutxa Group. This governance includes the approval of the Policy, the creation of structures, and the establishment of responsibilities, including those for sustainability risks.
- A second report has been drafted following the guidelines of the TCFD. The report goes into greater detail and depth than that published in 2021.
- Work has been done on various risk integration projects, the highlight of which is a heat map that measures the exposure to the sustainability risks of the real-estate portfolio and the commercial portfolio based on the sectors of activity.

## Zentzua

LABORAL Kutxa culminated the design of its Strategic Plan in 2019, with a pure business focus, as that was the priority at that time.

However, the team of directors was aware of the importance of including a deliberation on how the Entity deals with dilemmas, challenges and the concerns of people and society, and how it assimilates and projects its commitment to those things.

It is in this context that in 2022 a deliberation began to project the “sense and purpose” of LK going forward.

More specifically, it seeks to:

1. **Update LK's historic identifying traits** so that they may continue to guide the future of the entity.
2. **Incorporate new trends in that guide** that typify the concerns and future of people and society, in order to give them our response as an organisation, such that they complement the original traits.
3. **Define the identifying traits by which we would like to be identified as an organisation**, establishing the company's desired principles and behaviours, both those that affect the **individual** and those that guide **internal relations** within the organisation, which our **customer relations** will establish, such as those that will unite Elk's value proposal with **society**.
4. Develop the entity, incorporating **improvement challenges that establish the organisation's evolutionary path**

ZENTZUA is intended to be a commitment from the organisation (both internal and with the various stakeholders), and therefore the designed process seeks to involve different internal and external agents, recurrently and progressively over time.

Section 2.2 Commitments and achievements provides an overview of the status of the objectives established in the previous Strategic Plan at the end of 2022.

In addition, each year **Seguros Lagun Aro** draws up its Management Plan, which establishes objectives and action plans, in accordance with the balance of quantitative indicators in its management *scorecard* as well as the qualitative conclusions.

## 1.8. Principles and governance

### Corporate governance

LABORAL Kutxa has not established any formal policy for hiring senior managers native to the geographical areas where it carries out its work, as the business is carried out at a national level and the criteria followed are those based on appropriate professional skills. All management staff (members of the Board of Directors) are natives of the areas where the Entity operates.

In terms of corporate Governance, the progress made in 2022 was as follows:

- As every year, a report was drawn up on the evaluation of the structure, size, composition and performance of the Governing Board in the last year.
- On the occasion of the renewal of the Governing Board, reports have been prepared on the profiles needed to fill the vacant positions on the Governing Board.
- The policy for the selection, appointment, reappointment and diversity of candidates for governing directors was updated. The balance of knowledge, skills, diversity and experience of the Governing Board has also been assessed.
- The annual assessment of the suitability of both the members of the Governing Board and the key office-holders has been carried out.

In April 2022, the General Meeting approved some statutory amendments to attendance and telematic voting in the General Meeting and on aspects related to the Governing Board, such as its composition, inadequacies and inconsistencies, attendance and telematic voting, and the remuneration of the board members.

The Entity meets the requirements regarding *diversity* policies in compliance with the guidelines and regulations on the assessment of the suitability of the members of the governing body and the holders of key functions, considering aspects such as academic profile, professional profile, gender and age in the Policy for the Selection of Candidates for the Governing Board and in the assessment and suitability processes.

As of 31 December 2022, gender parity has been restored on the Governing Board, which had been maintained since 2017 and only ended as a result of having an odd number of members on the Governing Board.



Furthermore, in terms of selection and appointments and renewal of Senior Management members, LABORAL Kutxa has a Succession Plan for key positions, which identifies the critical positions and the professional paths and profiles of origin for their replacement, establishing professional development plans for the people identified and succession plans for each of the positions. The identification of the key positions eligible for a succession plan, as well as of the people capable of becoming the future replacements for the current occupants of such positions, takes into account variables such as training, experience and knowledge, management track record, performance history, personal skills and abilities, commitment to the Entity, potential, etc.

In 2022 an in-depth review was made of the people that form the Identified Collective and as many 21 new people were recognised as members of that group.

**Lagun Aro's** Board of Directors in January 2019, in accordance with article 18 of Royal Decree 1060/2015, of 20 November, on the management, supervision and solvency of insurance and reinsurance entities (“RDOSEAR” by its Spanish initials), placed on record in its compliance agreement the requirements for the aptitude and honourability of each and every member of the Company’s Board of Directors. Subsequently, in July 2022, on the occasion of the appointment of an Independent Advisor to the Board of Directors, the corresponding process for the approval of the aptitude and honourability of said Advisor was carried out, informing the Insurance General Directorate of such.

Governing Body	Between 30 and 50 years				Over 50			
	2021		2022		2021		2022	
	M	W	M	W	M	W	M	W
Governing Board*	3	5	2	5	5	2	5	2
Auditors	0	1	0	1	1	1	1	1
Operations Committee	0	3	0	2	2	0	2	0
Audit Committee	0	1	0	1	2	1	3	0
Appointments Committee	1	1	1	0	2	1	1	1
Social Council	8	6	8	4	3	3	3	5
Board of Directors	2	1	1	1	7	1	6	1
Risks Committee	0	3	1	2	2	1	1	0
Remuneration Committee	1	1	0	3	2	1	0	0
Board of Directors –Lagun Aro Insurance	2	1	1	1	2	0	4	0
Board of Directors – Seguros Lagun Aro	0	1	0	2	4	1	4	1

All information regarding corporate governance is available on the LABORAL Kutxa corporate website. <https://corporativa.laboralkutxa.com/informes/>

The supervisory bodies of LABORAL Kutxa are:

Committee/Organisation	Duties	Year of est.
<b>Structure of the administrative body</b>		
Governing Board	Senior management, supervision of Management, representation of the Company. Analyses annually the aspects related to CSR and the impacts, risks and economic and social opportunities on a continuous basis. It is not of an executive nature.	1960
Resources Committee	Statutory body responsible for resolving appeals against certain decisions of the Governing Board. Elected at the General Meeting	1993
Audit Committee	Supervises internal audit services, knows the financial reporting process and internal control systems, supervises compliance with codes of conduct and corporate governance rules	2004
Appointments Committee	Identifies candidates for the Governing Board, evaluates the suitability of its members and the balance of knowledge, skills, diversity and experience of the group. Pursues an objective of representation of the underrepresented sex.	2012
Risks Committee	Advises the Governing Board on the management and supervision of all significant risks and on the monitoring of the application of the global propensity for risk appropriate to the Company's strategy.	2015
Remuneration Committee	Proposes to the GB the general remuneration policy, ensuring an independent annual evaluation of its application and informing it of the remuneration policy of the executives included in the "identified group".	2016
<b>Supervisory and advisory bodies</b>		
Social Council	Employment system, advice to the Governing Board and General Management	1960
Customer Service	Management of customer queries, complaints and claims.	1994
Health and Safety Com.	Consultative body on Occupational Risk Prevention.	1996
Hizkuntza Batzordea	Committee for linguistic standardisation.	2000
Environmental Committee	Environmental System Management.	2001
Committee for the Prevention of Money Laundering	Control and communication body for the Prevention of Money Laundering.	2003
Global Risk Control and ALCO	Control of liquidity, interest rate, credit, market and operational risk. The ALCO is the Assets and Liabilities Committee.	2008
Equality Committee - Berdintasuna	Promotes and guarantees equality between women and men and monitors the current Equality Plan.	2009
Ethics Committee	Ensure the application of the principles and values that govern the business, primarily those included in its <i>Code of Ethics and Professional Conduct</i>	2015
Products Committee	In applying MiFID, it evaluates and approves the risks of each product offered to the clients.	2015
Integrated Security Committee	Ensures a comprehensive security strategy for the Entity, both physical and logistical.	2015
Projects Committee	Orders and prioritises the priority interdepartmental projects to ensure their success	2017
Data Protection Committee	Supervises and promotes policies and procedures regarding data protection.	2019
Data Committee	Sets the Entity's Data Strategy and performs the CDO functions and sets the strategic lines to be followed in data analytics.	2020
Innovation Committee	Determines the strategic lines in innovation and monitors their progress	2021
Operational Risk Committee	Contributes to minimising reputational risk, driving measures to improve the resilience of the Entity in the face of events with a reputational risk	2022
Sustainability Committee	Monitors operational actions and applies any measures necessary for adapting the entity to the sustainable-finance position established in the Strategy.	2022

In order to avoid conflicts of interest between the Company and the members of the Governing Board, in addition to the rules on incapacities and incompatibilities established in the Articles of Association and the Internal Code of Conduct for the Securities Market, there is a specific provision in the Governing Board's Regulations concerning the voting system for adopting resolutions in which such conflicts may arise.

These procedures, which have been included in previous Reports, consider:

- Incapacities and incompatibilities of the members of the Governing Board.
- Code of Conduct for the Securities Market.
- Regulation of the Governing Board's Regulations to avoid conflicts of interest.

The **Ethics Committee's** mission is to promote the ethical behaviour of LABORAL Kutxa in all its activities. It is an autonomous body reporting to the Governing Board that is established as a channel for the *Complaints Management System* regarding breaches of the Code of Ethics and professional conduct, as well as in criminal matters and as a manager in disciplinary proceedings. The Governing Body annually submits a Criminal Prevention Report that includes an *Evaluation Report* from the corresponding financial year. The Committee is made up of 5 people, currently 3 men and 2 women.

Each year the **Appointments Committee** performs a continuous assessment of the individual suitability of the members of the Governing Board (their integrity, knowledge, experience and willingness to exercise good governance) and of the balance of knowledge, ability, diversity and experience of the Board as a whole. Also, the evaluation report on the structure, size, composition and performance of the Governing Board is presented in the same Committee on an annual basis.

With respect to the **Risk Committee**, the Company conducts an annual review, based on its strategy and the level of health of its financial situation, of risk tolerance levels in what is known as the *Risk Appetite Framework*, tolerance levels that refer to capital, liquidity and profitability, and the monitoring of which is carried out with a series of indicators that are reported to the banking regulator. From the end of 2021, this Committee will specifically include the monitoring of sustainability and climate change risks among its functions. In addition, the Governing Board annually approves the *Credit Risk Policy Manual*, which includes risk policies, procedures and criteria.

The specific aspects concerning the sustainability and climate-change risks, their integration and analysis, are among the roles of the Risk Committee. The sustainability risks, as well as being a recent area of activity, have some distinguishing characteristics that make them especially complex to evaluate. The Group's ambition is to progressively advance its knowledge of them and their suitable integration.

As regards risk management, a detailed description of the different basic risks can be found in the annual ***Information of Prudential Relevance***, which details the trends and impact on the business of the most important risks: credit, market, operational, interest rate, as well as the risk profile and management mechanisms applied.

The **Sustainability Committee** was created in 2022. The Committee is responsible for guaranteeing the execution of the Strategy and the management plans established by the Governing Body. To do so, it will monitor the operational activities and apply any measures necessary for adapting the entity to the sustainable-finance position established in the

Strategy. The composition of this Committee includes all the members of the Board of Directors, as well as the Sustainability Office. In addition, any members of the Entity implicated in the direct management of the various aspects related to sustainability that may arise at any time shall be invited to said Committee.

At **Seguros Lagun Aro**, in July 2022, the Board reviewed the “Adequacy of key positions” policy, drawing up an Aptitude and Honourability Policy, as well as a Suitability Manual on the suitability of those who form part of the Organisation’s Governance system. It was a comprehensive review of the policy with significant changes.

Law 20/2015, of 14 July 2015, on the management, supervision and solvency of insurance and reinsurance entities (LOSSEAR by its Spanish initials), states in article 38 that insurance and reinsurance entities and dominant entities in groups of insurance entities shall guarantee that all persons who carry out the effective management, under whatever title, and those who carry out the roles that make up the governance system, meet the requirements for aptitude and honourability at all times.

In turn, article 42 of Directive 2009/138/EC of the European Parliament, of 25 November 2009, on life insurance and the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and article 273 of the Commission Delegated Regulation, of 10 October 2014, which supplements it, decree that insurance and reinsurance undertakings shall establish, implement and maintain documented policies and adequate procedures to ensure that all persons who effectively run the undertaking or have other key functions are at all times in compliance with the demands for aptitude and honourability.

Likewise, Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD) and Royal Decree-Law 3/2020 on urgent measures which includes the new regulations on the subject of Insurance Distribution, which transposes the aforementioned Directive, require that persons operating in the role of Head of Distribution, are familiar with their duty and comply with it, exercising their roles in accordance with the principles of aptitude and honourability.

The aforementioned Policy applies to the effective Management (members of the Board of Directors, General Management), the holders of Key Functions (actuarial functions, internal audit functions, risk management functions and regulatory compliance functions, as well as Executives and Heads of Distribution).

Also, in March 2022, the Lagun Aro Insurance Code of Ethics was approved. This document establishes the general principles and guidelines that should govern the conduct of Lagun Aro Insurance, and all of its employees, developing the bases of ethical behaviour that Lagun Aro Insurance understands should be applied to its businesses and activities, wherever they may be carried out. The same document establishes Lagun Aro Insurance's commitment to act in accordance with a set of values that ensure responsible behaviour, and with complete respect for the current laws, in all relationships with their employees, customers, suppliers, etc. This regulation, together with other regulations and public information (The Articles of Association of the Board, the Regulatory Compliance Policy, the Criminal Prevention Model, among others) highlight Lagun Aro Insurance’s interest in maintaining ethical, integral and honest behaviour through sound corporate governance, transparency and social responsibility. The risk management system at Seguros Lagun Aro is a comprehensive system comprising the

strategies, processes and information procedures necessary to identify, measure, monitor, manage and continuously report the risks to which the Entity is exposed, and thus minimise the possible negative impacts, making optimum use of the economic-financial resources available, adapting the whole system to the risk profile established by the Board of Directors.

In order to simplify the application of the risk management system, Seguros Lagun Aro has set up an independent risk function whose tasks include leading the internal assessment of the Entity's risks and solvency, a fundamental process of the Entity's risk system. There is also a "Risk Management Policy" in force, approved by the Board of Directors, which defines the scope and objectives of the risk management system, identifying those risks that are covered by it. The risk categorisation carried out by Seguros Lagun Aro is based on the best practices of the insurance sector in line with the requirements and recommendations established by the regulatory standards.

The "Risk Management Policy" specifies, among others, the main tasks and functions of the risk management division as well as those ultimately responsible for this system. It should be noted that at Seguros Lagun Aro the risk management system is integrated into the organisational structure of the company and in the Entity's decision-making process, taking due account of the people who manage it and exercise the main functions of the governance system. Under the principle of segregation of duties, responsibility for the risk management system lies with the risk management unit, technical product management, investment management and the reinsurance division, with the internal audit division being responsible for its independent review. Senior management, represented by the Board of Directors and the Management Committee, is ultimately responsible for the system.

The entity has different functions:

#### Risk management function

- ✓ Defining the methodologies and indicators to be used for the measurement and evaluation of risks and assisting in their implementation.
- ✓ Working with the technical divisions in the identification and categorisation of risks and preparing the Company's risk matrix.
- ✓ Carrying out periodic evaluations on the impact that future scenarios and stress situations would have on the level and solvency of the Company.
- ✓ Assisting the technical departments in applying the methodology and the underwriting risk measurement and evaluation models.
- ✓ Evaluating the structural mismatch between assets and liabilities
- ✓ Evaluating the adequacy and integrity of the information used to quantify risk
- ✓ Actively participating in the new product approval process
- ✓ Leading the process of internal evaluation of risks and solvency of the Company, being responsible for preparing the appropriate report.

#### Regulatory compliance function

- ✓ Determining and assessing the risk of regulatory non-compliance and keeping the regulatory risk map up to date
- ✓ Advising on new products, services and markets from a regulatory point of view
- ✓ Verifying the preparation, coordination and execution of the Compliance Plan
- ✓ Continuous staff training on regulatory compliance

**Internal Audit function:** Check the adequacy and effectiveness of the internal control system and the various elements of the Governance System

#### Actuarial function

- ✓ Coordinating and reviewing the calculation of Technical Provisions
- ✓ Expressing an opinion on the underwriting strategy of each Company
- ✓ Expressing an opinion on reinsurance agreements and retention strategy
- ✓ Contributing to the effective implementation of the risk management system

For each of the above-mentioned functions, there are written policies approved by the management and governing body of the Company which define, among other things, the tasks and responsibilities with a suitable distribution and a clear separation of functions in accordance with the current Solvency II regulations on independence.

### 1.9. Development of the governing bodies

During 2022, the members of the governing body of Laboral Kutxa, the Governing Board and the Board of Directors, took part in a Knowledge Update training programme, in which the following aspects were covered over 4 sessions with a total duration of 32 hours:

- Corporate Governance and Regulatory Compliance
- The Fundamentals of Economics and Finance
- Risk Management and Control
- Prudential Regulation and Solvency Management

As regards Sustainability, the Governing Body participated in a 5-hour training session on Sustainability focused on risks, and the Board of Directors took part in a 6-hour training session on Financial Sustainability.

### 1.10. Remuneration of the governing bodies

Up to 2022, the people who formed part of the Governing Board of LABORAL Kutxa and the Board of Directors of Lagun Aro did not receive remuneration for their governing functions and, therefore, there was no link between their remuneration and the performance of the Company. However, in 2022, the concept of the payment of allowances and other expenses was introduced for LABORAL Kutxa's Governing Board.

The following table shows the remuneration of the members of the Board of Directors, the Chairman of the Governing Board and the Directors who, as working partners, have formed part of the Governing Board in the years indicated (14 people in 2022 and 17 in 2021).

LK Item (thousands of euros)	2021	2022
Total pay for their work	1,976	1,831
Capitalised cooperative returns + Contribution interest	217	226
Total	2,193	2,057
Average pay per person	129	146.9
Governing Board Allowances (13 people)	-	67

Lagun Aro Item (thousands of euros)	2021	2022
Total pay for their work	482	571
Capitalised cooperative returns + Contribution interest	6.1	6.8
Total	488.1	577.8
Average pay per person *	97.62	115.56

\* 5 men and 2 women in 2020 and 2021.

## 1.11. Corruption and bribery

LABORAL Kutxa has a *Criminal Compliance Policy*, with several Regulations and Codes of Conduct including, among others:

- Code of Ethics and Professional Conduct.
- Guide of Good Practices and Professional Secrecy.
- Gifts and Entertainment Policy.
- Internal Rules of Conduct specific to the stock market.

Organisationally, it has also set up an *Ethics Committee*, an *Internal Audit* department and a *Regulatory Compliance* department to prevent irregularities and monitor compliance with rules and procedures.

### Regulations and codes of conduct

LABORAL Kutxa regulates individuals' activities on the basis of certain rules of conduct. In the area of the securities market, these rules or guidelines of conduct are essentially included in an "Internal Code of Conduct specific to the securities market", which applies to the people who make up the Governing Board, the Board of Directors and those involved in this area of activity.

In the area of ethics and integrity, the Entity's rules are set out in the "Code of Ethics and Professional Conduct" and in the "Guide to Good Practices and Professional Secrecy". Both documents are published on the intranet and are updated and reviewed by the Regulatory Compliance Department and the Internal Audit Department, respectively.

As a continuation of the Code of Ethics, in the field of prevention and response to possible criminal behaviour applicable to the Entity, the internal regulations are included in the "Crime Prevention and Response Manual" and in the "Criminal Compliance Policy".

There is a "Complaints Channel" that allows people to report irregularities of potential importance linked to the Code of Ethics and the Criminal Compliance Policy. There is also an "Ethics Committee" as a body for criminal prevention, with the mission of promoting ethical behaviour in the Entity, resolving queries on the subject and dealing with complaints received in the Complaints Channel.

### Business units analysed

Below are the business units of LABORAL Kutxa that have been analysed with respect to risks related to corruption:

	2021		2021	
	Actual	Target	Actual	Target
Total no. of offices analysed	91	96	74	65
% Offices analysed	32%	33%	26%	23%

It should be noted that the controls and remote audit analyses implemented have an effect on 100% of the branches of the Organisation.

With regard to the measures taken in response to **incidents of corruption**, a disciplinary file has been opened for an alleged incident in 2022.



In 2022, LABORAL Kutxa updated the evaluation of criminal risks due to the inclusion in Organic Law 10/2022 of two new criminal offences that generate criminal responsibility for legal persons (the crime against moral integrity and the crime of sexual harassment). Therefore, a new version of LABORAL Kutxa's Criminal Compliance Policy was approved, including the expected behaviour in relation to the aforementioned new criminal offences.

In 2022, in the execution of the Director Plan of improvements to the prevention of money laundering system at LABORAL Kutxa, the following improvement initiatives were implemented:

Actions taken in 2022
A new customer scoring model was defined based on both static and dynamic characteristics.
A new customer admission policy and Procedures for Due Diligence Measures were approved.
A Remediation Plan was drawn up with details of the plan so that all customers can review it and complete the new KYC Form and provide the corresponding documentation.
A new special monitoring and examination system for suspect operations was created and a new AML/CFT Manual, which includes, among other annexes, the new Corporate Policy on AML/CFT.
The technical and human resource requirements of the AML/CFT Unit were reviewed.

The Money Laundering Prevention Unit has sent 144 reports of transactions suspected of money laundering to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.

At **Lagun Aro Insurance**, Internal Auditing is defined as an independent and objective assurance and consultancy activity, conceived to add value to and improve the organisation's operations. The objective of the Internal Audit Function is to help the organisation comply with its objectives by providing a systemic and disciplined perspective to assess and improve the efficiency of risk management, control and governance processes. Its activities are carried out according to an Annual Audit Plan based on a risk analysis approved by the Audit Committee. The annual plan combines continuous audits with monographic audits carried out during a specific period and it seeks to cover Lagun Aro Insurance's underwriting risks, the implementation of the governance system required by the regulations, the operation of the system for the prevention of money laundering and, in general, the main risks the Entity is subject to.

With regard to Lagun Aro:

- **VOLUNTARY ADHERENCE TO SELF-REGULATORY INDUSTRY GUIDELINES:** committed to business excellence and best corporate practices, we comply with the following guidelines promoted by UNESPA, whose recommendations we follow:
- guide to good corporate governance practices
  - guide to good internal control practices
  - guide to good commercialisation practice
  - guide to good complaint handling practices

The company also adheres to the Code of Good Practice for Claims Management initiated by ADECOSE.

## 1.12. Money laundering

The management policies of LABORAL Kutxa identify the greatest risks in the areas of corruption and bribery *with the fight against money laundering and the financing of terrorism*. In this regard, it undertakes to establish the necessary bodies and procedures in accordance with current regulations and international standards. For this reason,

- Within the organisational structure of the Entity, a Group level Internal Control Body (ICB) has been created with specific functions in the field of prevention.
- Precise rules and procedures have also been established, which are contained in a “*Money Laundering and Financing of Terrorism Prevention Manual*”, the latest version of which was approved on 04/01/2023.

The Corporate Policy for Money Laundering and Financing of Terrorism Prevention affects the entire LABORAL Kutxa Group, including its subsidiary companies.

The objectives of these rules and procedures, which must be complied with, are:

- To strictly comply with the regulations in force at all times, as well as the recommendations issued by national and international bodies and authorities.
- To introduce rules for action and appropriate control and communication systems to prevent funds of a criminal origin from being channelled through the LABORAL Kutxa Group and to impede access to certain persons.
- To establish customer admission policies.
- To ensure that working partners and other employees adhere to the "know your customer" procedures.

These policies and procedures are primarily preventive in nature. In addition, internal control procedures are subject to an annual review by an external expert so that a rationale for continuous improvement in reducing exposure to these money laundering and financing of terrorism risks can be applied.

## 1.13. Regulatory Compliance

The Regulatory Compliance Department includes, within its management scope, the detection of transactions suspected of market abuse. LABORAL Kutxa has an alert system, which throughout 2022 recorded 4,561 alarms, not having made any communication with the CNMV due to possible suspect operations or market abuse.



## 2.1. Management approach

The relationship with our main stakeholders is based on the following basic lines.

As the banking activity is basically aimed at the service of and relationship with **customers**, *the responsible management of customers is a priority*, especially with regard to the sale of complex savings products, and *excellence in service quality* as well as *contact with the clients* are aspects identified as being of the highest importance in our outward-looking matrix. In all of the above, our objective is for these to be areas in which LABORAL Kutxa maintains sustainable advantages over our competitors.

Specifically, the comparative data with competing entities show positive differentiations in general, but they are particularly significant in important aspects such as the *transparency and clarity* of information, the *trust* we generate among our customers and, in general, the *commitment* that our Entity takes on with society as a whole.

Section **3.1 Our relationship with customers** details our achievements in these areas, including an effort at transparency in relation to the solution of problematic situations with a significant social impact, such as the *over-indebtedness* of customers for the purchase of housing or the demands for the invalidity of *floor clauses* applied to interest on mortgage loans.

In relation to **people**, LABORAL Kutxa is a Cooperative Credit Union in which working people are members and owners of the company with full rights and responsibilities, both in carrying out their professional duties and in the right to participate in management through the relevant bodies and in the profits from the business. This difference compared to other companies defines the approach to the relationships within the company, meaning that workers are involved in all three of the possible areas: ownership, results and also management methods, because our aim is to make our management democratic and responsible. Specifically, the key decisions are validated at the General Meeting with the participation of all partners, guaranteeing an efficient and responsible management that allows us to obtain profits and reinvest them in our society.

The *Cooperative Education* training programmes reinforce the cooperative identity of the members, and encourage the integration and socio-entrepreneurial involvement of new members.

In point **3.2 Our relationship with the workforce** these and other initiatives are developed further.

Another significant distinguishing feature of LABORAL Kutxa is its commitment to **society** due to its legal status as a Credit Cooperative. As a result, by law, 10% of the distributable annual profit of credit cooperatives is directly allocated to society. In the case of our Company, this percentage is substantially higher, 25% to be precise.

LABORAL Kutxa was founded in the Basque Country as part of a Business Group with a strong commitment to serve society, whose mission includes the creation of associated and participatory cooperative work as an essential way to create wealth and well-being, both among its direct social partners and in the society in which it is immersed.

Due to its legal nature and its cooperative vocation, LABORAL Kutxa directs a significant part of its charitable contributions to the promotion of the cooperative world, but it also reserves specific provisions for local initiatives in the areas where its offices are located, and particularly

for specific activities such as the promotion of *self-employment and entrepreneurship* (in this case through a specific Foundation, **Gaztenpresa**) and support for *Euskera (the Basque language)* and the promotion of Basque culture.

These mechanisms are described in point **3.3 Our relationship with society**.

In order to optimise its relationship with the **environment**, since 2001, LABORAL Kutxa has been implementing an *Environmental Management System* in accordance with the ISO 14001 Standard, for all its activities in the three Headquarters buildings. Although it is not part of the certified system, LABORAL Kutxa transfers the majority of its environmental activities from central services to the other work centres. This certification was renewed in 2019.

The Environmental Management System is the responsibility of an Environmental Committee made up of members of the Legal Department, Internal Audit, Risks, Fixed Assets, Security and General Services and Management Planning and Control, with the latter acting as the Coordinator. In accordance with the precautionary principle of the *Rio Declaration*, it addresses the possible impacts of the activity with a view to preventing environmental damage.

In 2019 LABORAL Kutxa was one of the founding signatories of the United Nations Principles for Responsible Banking. Although these Principles refer to the entire area of sustainability, given the emergency situation of the climate crisis, they emphasise the impact of our activity (credit and investment) on the environment.

Point **3.4 Our relationship with the environment**, describes these mechanisms.

With respect to the management of **suppliers**, it is important to remember the value of adequate management of the *supply chain* in order to achieve the objectives of responsible activity. The financial activity that we carry out, as well as the local presence in a very specific geographical area, means that the management risks of these companies are not excessively important. Nevertheless, as will be seen later on, LABORAL Kutxa has several initiatives under way with regard to suppliers.

A special mention within the suppliers is that of Lagun Aro's brokers, which reaches the level of significant stakeholder within the insurance activity. At the Group level, it is considered a supplier with differentiated characteristics.

Point **3.5 Our relationship with supplier companies**, describes these mechanisms.

## **2.2. Commitments and achievements**

Below are the main sustainability actions carried out during 2022, in accordance with the commitments made by LABORAL Kutxa in its previous CSR reports, as well as with the objectives for 2023. These actions are segmented according to the **Interest groups (in addition to the environment)** defined by the Entity: **People-Workforce (P), Customers ©, Society (S) and Supplier Companies (Sup)**.

Actions in the field of sustainability	Status of the action/objective	Governance mechanisms in place and execution time	Materiality and stakeholders affected
<b>Basic projects and actions in 2022 and pending from previous years</b>			
Strengthen solvency and liquidity	<b>Ongoing</b>	Strategic priority	Medium-high P and C
Continuous improvement of cyber security	<b>Ongoing</b>	Security	High C
Using digitalisation to reduce paper consumption and boost the multi-channel relationship	<b>Partially Completed.</b>	Digitalisation strategic focus	Medium-high S and M
Conduct an impact analysis of the direct and transitional risks of climate change.	<b>Completed</b>	Sustainability Committee	Medium-high S and M
Maintain positions of excellence in the management of customer relations	<b>Ongoing</b>	Integrated Quality Process	Medium-high C
Support for creating and consolidating companies through MONDRAGON	<b>Ongoing</b>	Funds through FSI and FEP 2021	Medium S and C
Green MiFID	<b>Completed</b>	Management plan	Medium C and M
Apply the new psychosocial RA methodology.	<b>Started, ends in 2023</b>	Health and Safety Committee	Medium P
Implementation of the governance and sustainability framework:	<b>Completed</b>	Sustainability Committee and Office	High S, P, C and M
Launch of the comprehensive energy refurbishment of the LK3 building at CS	<b>Started</b>	Fixed assets	Medium M
Generation and integration of climate risk databases	<b>Underway</b>	Risks	Medium C and M
Development of a sustainable product offer	<b>First products launched.</b>	Business development	Medium C and M
Designing a mobility/work transport plan	<b>Completed</b>	Sustainability Office	Medium M and P
Analysis of sustainability training needs	<b>Completed</b>	Social Management	Medium P
New sustainable office model	<b>Pending</b>	Fixed assets	Medium S, C and M
<b>Status of the 2020-2022 strategic objectives</b>			
Incorporate sustainability objectives in the entity's strategy	<b>Completed</b>	Management Committee	Medium S, C, M and P
By the end of the period, women will occupy at least one third of LK's management positions	<b>Fulfilled, 35.8%</b>	Equality Committee	Medium P and S
The difference between the average employment rate of men and women, including seniority, shall be less than 10%, starting at 13.2%	<b>Not fulfilled, 12.2% in 2022</b>	Equality Committee	Medium P and S



Reduce CO2 emissions into the atmosphere by 75% for LABORAL Kutxa as a whole, thus minimising the Carbon Footprint	<b>Fulfilled, 77.10%</b>	Environment Committee	Medium M
Apply Socially Responsible Investment (SRI) criteria to 100% of the assets managed by the Management Company, Treasury and in the granting of risks	<b>Underway</b>	Business development Treasury Manager Risks	Medium-high C, S and M
30% reduction in paper consumption, the main resource used in our activity	<b>Not fulfilled 23.64%</b>	Environment Committee	Medium M
Promote the self-employment of 2,000 people by supporting the materialisation of 1,200 business ideas, from start-up, financing and business plan to consolidation.	<b>Not achieved. Completed 1,688 employees at 848 businesses.</b>	Gaztenpresa Foundation	Medium-high S and C
Development of a green financing product	<b>Completed</b>	Business development	Medium M and C
Allocate €75 million (cumulative) of our profits to society	<b>Target not reached (59%, 44 Mil) due to COVID</b>	Management Committee	Medium-high S
40% of the total volume of purchases from our suppliers will be from local companies.	<b>Fulfilled (45.9%)</b>	Sustainability Committee	Medium Sup and S
<b>Actions in the field of CSR. Core projects and actions for 2023</b>			
Sustainable investment policy	Design and mechanism for the management of sensitive sectors	SDG	High S and M
Design of Article 9 investment fund	IF with the goal of sustainability	Manager DNA	Medium C, M and S
Comprehensive accessibility project	After analysis carried out, prioritisation and planning of tasks to be covered.	SDG	Medium C and S
Remuneration target for all persons	Variable remuneration due to reduced consumption.	People	Medium M and P
25% paper reduction	Reduction in paper consumed	SDG	Medium P, C and M
ESG project at suppliers	ESG integration into the value chain	SDG Management of third parties	Medium Sup
Sustainability scorecard	Design and monitoring of KPIs	Sustainability committee	Medium, all.



### 2.3. Materiality analysis

The 2014 Report describes in greater detail the process followed by the Entity for the construction of the first materiality matrix that made it possible to identify the information needs of the main stakeholders and to prioritise their demands.

In subsequent years, the information collected has been expanded, improving the interpretation of the needs and expectations of the different stakeholders with which the Entity interacts. In 2022, the methodology and the questionnaire were been revised again, comparing the results with those obtained by other competitors and adjusting them to the demands of the stakeholders.

In 2022, the changes in the materiality analysis were significant. The first factor taken into account was the update to the GRI standards in 2021 and the European Commission's new CSRD Directive, which propose an evolution of the traditional concept designed to identify and prioritise the main impacts on the three dimensions of sustainability (economic, social and environmental), to include them in the report and in the strategy. Therefore, the concept of double materiality has been introduced:

- Impact: negative or positive effect the company has or may come to have on the environmental, social and economic situation, as well as the contribution to sustainable development.
- Financial: negative or positive effect of the scenario on the economic value of the company.

To determine the material issues, several sources were used in the materiality analysis in 2022.

- ✓ One of the obligations as a signatory of the **United Nations Principles for Responsible Banking** is that of carrying out an analysis of the main impacts of the activity, both positive and negative. In order to do this, a tool designed by the UNEP-FI, which examines the Entity's balance and characteristics, was used. The goal of this impact analysis is solely to determine the environments it has an influence on. The businesses of individuals and companies were analysed, and it was determined that the company has:
  - o a positive impact, in both the area of employment and that of inclusive and healthy economies.
  - o a negative impact on the climate, mainly due to the low energy rating of the mortgage lending portfolio.
- ✓ For the second year, a report was drawn up following the guidelines of the Task Force on Climate-Related Financial Disclosures (**TCFD**). The goal is to improve the understanding of the impact of climate risks on the various companies and to reduce the risk of financial shock on the economy due to climate change. The report, which is accessible on the website, analyses the risks associated with climate change and the decarbonisation of the economy, as well as the identification and quantification of impacts.
- ✓ Expanding on the previous line, during the final months of the year, work has been done on the **analysis of the impact of ESG risks** in the mortgage lending and commercial portfolio. Through the use of a heat map, an analysis of activity sectors was carried out and, taking into account LABORAL Kutxa's exposure to those sectors, they were assigned a certain level of risk. The analysis is mainly of environmental risks (physical and transition risks) but it also includes social and governance risks.

These sources have allowed the different aspects to be determined, along with the main material issues.

Material issues	Main associated impacts
Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc.	Reinforcement of cooperative values
Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.	Customer satisfaction.
Protection of privacy and the security of data and operations	Risk of loss of information and fraud.
Control measures: code of ethics, anti-corruption, anti-money laundering, arms financing control, gambling, and pornography.	Governance and social risks.
Responsible supplier management: prioritise local purchases and monitor their activity (working conditions, occupational risks, environmental management, etc.).	Healthy and inclusive economy. Local suppliers.
Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.	Healthy and inclusive economy Risk of bad banking practices
Support for the social economy and cooperatives, research centres and MONDRAGON education.	Generation of wealth and knowledge
Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing personalised and remote management.	Reduction of environmental impact Improvement in quality of service Financial risk exclusion
Contribution to economic development: support for businesses, companies and entrepreneurs.	Creation of employment.
Reduction of direct environmental impacts: consumption and waste, the emission of greenhouse gases, and carbon footprint offsetting.	High CO2 emissions from the investment portfolio and financing
Integrate the social, environmental and climate-change risks into our financial risk models.	Risk reduction Low energy rating of mortgaged dwellings
Development of socially and environmentally responsible products and services to drive the transition towards a green and sustainable economy.	Improve the efficiency of housing Transition into a sustainable economy.
Contribution to the financial and insurance education of customers and society.	Healthy and inclusive economy Financial risk exclusion
Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.	Long-term economic sustainability
Social initiatives: sponsorship, contributions to NGOs, social activities, development cooperation, etc.	Contribution to progress and social justice
Support culture, as well as the promotion of the use of Euskera (the Basque language)	Contribution to progress and social justice
Promotion of equality between women and men.	Gender-balanced distribution
Favour accessibility to financial services for groups at risk of exclusion.	Financial exclusion of social sectors by origin, age, gender, etc.

To consult the stakeholders, the specific material issues were used, having obtained information from:

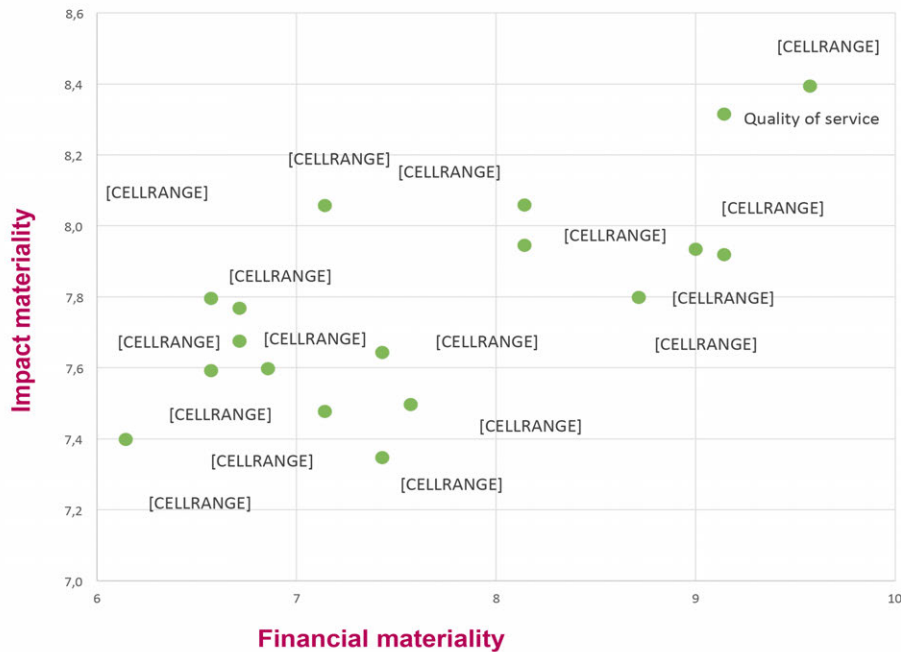
- Customers (annual consultation): 33 companies, 351 self-employed and micro-companies, 86 personal banking and 504 KIDE/Top (associated), a total of **974**, both LABORAL Kutxa and Lagun Aro Insurance customers.
- 272 workers (members, casual workers and CLBS; annual consultation).

These evaluations were included in the impact materiality analysis.

- A consultation carried out with members of the Board of Directors: financial materiality. 7 responses.

As a result of these consultations it was found that:

## Materiality Matrix



### Conclusions:

- This was the first analysis using the double-materiality methodology, therefore it is not possible to make comparisons and analyse progress compared to other years. In any case, no significant changes can be seen in the priorities, the aspects consulted on that are repeated receive similar scores taking into account the changes made to the drafting.
- It is worth mentioning the alignment of the priorities of the various stakeholders.
- It is also noteworthy that no large differences between the financial materialities and impact materialities can be seen, without the presence of aspects that are relevant from one point of view but insignificant from the other.
- In the roadmap for sustainability the following clearly appear as material aspects:
  - Protection of privacy and the security of data and operations
  - Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.
  - Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.
  - Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.

## 2.4. Sustainability roadmap-Prioritisation of material issues

As a result of the deliberation, of the above consultation of stakeholders, the CSR Roadmap has been defined, which includes the risks and opportunities identified as the most important, and is the reference that LABORAL Kutxa uses to prioritise its materials related to Sustainability.

Prioritisation of areas of activity - Material issues	
1	Protection of privacy and the security of data and operations
2	Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.
3	Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.
4	Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.
Secondary issues	
5	Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing personalised and remote management.
6	Control measures: code of ethics, anti-corruption, anti-money laundering, arms financing control, gambling, and pornography.
7	Contribution to economic development: support for businesses, companies and entrepreneurs.
8	Promotion of equality between women and men.
9	Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc.
10	Development of socially and environmentally responsible products and services to drive the transition towards a green and sustainable economy.
11	Integrate the social, environmental and climate-change risks into our financial risk models.
12	Contribution to the financial and insurance education of customers and society.

## 2.5. LABORAL Kutxa's CSR Scorecard

The LABORAL Kutxa scorecard provides a global vision of the key indicators in the organisation with respect to the three aspects: economic, social and environmental.

### Economic performance indicators (consolidated data):

Indicators	2021	2022
Profit after tax (€M)	101.43	139.06
Efficiency Index (%) (1)	61.06	59.03
Customer deposits (€M)	23,500	23,183
Customer credit (€M)	15,158	15,200
Solvency (%) (2)	21.81	22.24
Special Funds (€M)	887	846
% Doubtful Risks / Investment	3.00	2.7

(1) Efficiency Index: Administrative Expenses + Depreciation/Gross Margin. As from 2022, the calculation has been modified, excluding the FEP from the Gross Income.

(2) Total capital ratio (CET1) is used.

### Social performance indicators:

Aspect / Indicator	2021	2022
<b>People</b>		
Number of people active (LK + CLBS)	2,057	2,037
<b>Training</b>		
Training hours / total workforce	78.4	87.77
Training evaluation (1-10)	7.98	8.15
<b>Health and Safety</b>		
Absenteeism in %	3.45	4.45
<b>Professional development</b>		

Average employment index	2.36	2.36
Promotion: Increase in Structural Index	7.07	10.28
<b>Aspect / Indicator</b>	<b>2021</b>	<b>2022</b>
<b>Salary dispersion</b>		
Total pay for best paid person LK / median total pay	4.66	4.52
<b>Equality</b>		
% Women members	51.86%	52.05%
% Women managers / total managers	29.63%	29.19%

No targets are set with regard to employment dynamics and % of women members. Nor is it broken down by region due to the reduced geographical scope.

<b>Aspect / Indicator</b>	<b>2021</b>	<b>2022</b>
Contribution. Funds (FEP and FSI) (thousand €)	8,531	25,860
Taxes paid (thousand €)	33,769	24,451
Gaztenpresa companies created	278	314

#### Environmental performance indicators:

<b>Consumption of:</b>	<b>2021</b>	<b>2022</b>
Advertising paper: Kg / Client	0.107	0,089
Internal paper (Kg / Client)	0.219	0.191
Water in m <sup>3</sup> (2)	6,363	7,124
Electricity (KWh)	11,432,660	10,570,653
Toner: Kgs. consumed	2,557	2,089
Diesel in litres	695	720
Kg waste managed (1)	311,496	174,928

(1) The objective is to manage 100% of the waste. Its volume depends each year on different circumstances.

(2) The figure includes the last quarter of the previous year and the first 3 quarters of the year.

## 2.6. United Nations Principles for Responsible Banking and Sustainable Development Goals (SDGs)

Each year LABORAL Kutxa has carried out, within its acquired commitment, a statement of the annual progress on the [Principles of the Global Compact](#) . Since 2018, this statement has been supplemented by the progress made on the [Sustainable Development Goals \(SDGs\)](#) and in 2019 on the [United Nations Principles for Responsible Banking](#)..

In the section Commitments and achievements in the second part of this Report, the main aspects on which LABORAL Kutxa has worked in 2022, the degree of progress they have made, as well as the strategic and specific objectives for 2023 are included. Therefore, the following table analyses which of these aspects are in line with the Principles of the Global Compact, the Sustainable Development Goals and the Principles of Responsible Banking:

Objectives and challenges addressed in the Report	Global Compact	SDG	Responsible BP
Carry out the merger of offices to increase efficiency while avoiding the financial exclusion of small communities.	Principle 1	Objectives 1, 3 and 8	Principles 1, 2, 3 and 4
Deployment of the IV Equality Plan - Berdintasuna.	Principles 1 and 6	Objective 5	Principles 1 and 4
Use of digitalisation to reduce paper consumption and to create a personalised distance relationship	Principle 9	Objectives 13 and 15	Principles 1, 2 and 3
Maintain positions of excellence in quality of service	Principle 1	Goal 8	Principles 3 and 6
Development of multi-channel customer relations, payment methods and direct marketing	Principle 9	Objectives 8, 9 and 12	Principle 3
Support for the creation of companies and consolidation of	Principles 1, 3 and	Objectives 5, 8, 9,	Principles 1 and 4

existing ones through MONDRAGÓN	6	10 and 16	
Financial education.	Principle 1	Obj. 4, 12 and 17	Principles 1, 3 and 4
Renewal of EIF guarantee agreements for microcredits and innovative companies	Principle 1	Obj. 1, 5, 8, 9 and 10	Principles 1 and 3
Development of the digital competences of the workforce	Principles	Objective 4	Principle 4
Conduct an impact analysis of the direct and transitional risks of climate change.	Principles 7, 8 and 9	Objectives 13 and 14	Principle 2
Implement sustainable mobility measures for the workforce.	Principles 7, 8 and 9	Objectives 3 and 11	Principle 2
Comprehensive energy refurbishment of the LK3 building	Principle 9	Objective 9	Principle 2
Sustainability strategy: governance, risk integration, product, training, data and training.	Principles: All	Objectives: All	Principles: All
Apply the new psychosocial RA methodology.	Principle 1	Goal 3	Principle 4
Establish ESG criteria for suppliers	Princ. 2, 4, 8 and 10	Objectives 8 and 17	Principle 2
Continuous improvement of cyber security	Principle 10	Objectives 9 and 16	Principle 2
Incorporate sustainability goals in the strategy	Principles: All	Objectives: All	Principles 1 and 5
Minimum of one third of women in managerial positions	Principles 1 and 6	Objectives 5 and 16	Principles 1 and 4
The difference between the average employment rate of men and women, including seniority, shall be less than 10%	Principles 1 and 6	Objectives 5 and 16	Principles 1 and 4
Reduce Co2 emissions to the atmosphere by 75%	Principles 7, 8 and 9	Objectives 13 and 15	Principles 2 and 5
Apply sustainability criteria to financing, assets managed by the Agency and Treasury	Principles: All	Objectives: All	Principles: All
30% reduction in paper consumption.	Principles 7, 8 and 9	Obj. 6, 13 and 15	Principles 2 and 5
Promote the self-employment of 2,000 people by supporting the materialisation of 1,200 business ideas	Principles 1	Objectives 1, 8, 9 and 16	Principles 2 and 3
Continuous development of green financing products	Principles 7, 8 and 9	Objectives 13 and 15	Principles 2 and 3
Allocate €75 million (cumulative) of our profits to society	Principle 1	Objectives: All	Principles 2 and 4
40% of the total volume of purchases from our suppliers will be from local companies.	Principle 7	Objectives 8 and 12	Principles 2 and 4

### Sustainable Development Goals (SDGs): Ongoing activities

The main actions that LABORAL Kutxa is developing and which are explained in this Report linked to the aspects considered as priorities of the Sustainable Development Goals (SDGs) and the United Nations 2030 Agenda are summarised below:

- **Obj. 5 Gender equality:** Deployment of the LK IV Equality Plan; Equality objectives of the Strategic Plan; Protocol against sexual harassment and gender-based harassment.
- **Obj. 8 Decent work and economic growth:** Gaztenpresa; Supplier management procedure; Outsourcing project; Zainduz Health Plan, Financial Education; Sustainable mobility; Psychosocial risk assessment.
- **Obj. 9 Industry, innovation and infrastructure:** Different improvements in digitalisation; PDSI-2; Support for Mondragon; Energy renovation of LK3 building; Analysis of climate change risks and opportunities; Cybersecurity.
- **Obj. 10 Reduction of inequalities:** Green MiFID; Profit sharing in society; Socially Responsible Investment; Social finance criteria.
- **Obj. 17 Alliances to achieve the Objectives:** Brand positioning; Renewal of the EIF InnovFin and EaSI Social agreements; UN Responsible Banking Principles.

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jeza a usar



La nuestra no es  
una entidad más.



3.

## Management of stakeholders



## 3.1. Our relationship with clients

### 3.1.1. Management approach

The policy of the LABORAL Kutxa Group in its relationship with customers and responsibility for products has been included in previous reports and in the responsible management approach. The importance given to this area is reflected in the existence of a Department whose basic function is the application of this approach. The customers are segmented between Private clients, Self-employed clients, Business clients and Company clients. There is a specific management process for each of these segments and a commercial offer tailored to their needs and expectations.

### 3.1.2. Main customer figures

The following table shows the changes in LABORAL Kutxa's customer base. The database is updated annually, which means that inactive customers are removed from the database.

Geographical Area	Number of clients		%
	2021	2022	
Araba	131,583	134,500	11.68%
Aragon, Catalonia and La Rioja	72,954	74,658	6.48%
Asturias and Cantabria	34,033	34,843	3.03%
Bizkaia	350,038	360,205	31.29%
Castille and Leon	127,991	129,611	11.26%
Gipuzkoa	260,495	271,145	23.55%
Madrid	20,182	22,091	1.92%
Navarra	121,246	124,233	10.79%
Headquarters*	7,899	-	-
<b>Total Kutxa LABOR</b>	<b>1,126,421</b>	<b>1,151,286</b>	<b>100%</b>
Private Customers (%)	85.73%	85.52%	
Self-employed Customers (%)	8.29%	8.40%	
Business Customers (%)	3.45%	3.50%	
Business Customers (%)	0.94%	0.95%	
Other/Non-segmented	1.60%	1.62%	

\*In 2022, those from the headquarters were distributed to the respective provinces.

### 3.1.3. Dialogue with the customers

As in previous years, in 2022 an effort was made to maintain dialogue with customers in order to ascertain their expectations and demands regarding financial and insurance products in order to take further steps to improve them. In addition, these mechanisms are integrated into *a comprehensive quality process*, the permanent objective of which is that the quality of customer service and care, in the various relationship channels, be maintained as a differential advantage over competitors.

The number of customer surveys has been very high:

- Internal Study: 24,083 surveys (Finance Office 11,409, Channels 9,179, Insurance 3,495).
- Stiga Study: Customer satisfaction: 14,250 (LK -400), Non-customers (mystery): 3,136 (LK-85).
- Brand image tracking. 2,698 (customers and non-customers LK CAV and Navarra).

The results compared to other banking and insurance competitors are favourable. Some of the most representative are included in the following tables.

CAV+Navarra 2022 brand image tracking (market %, current and potential clientèle, who mention us as an OUSTANDING ENTITY IN EACH ATTRIBUTE)	2021	2022 Total Market	2022 Customers
Local entity, committed to society and to local development	43%	45%	68%
Entity close to its customers	32%	30%	61%
Entity with honest and responsible management, which can be trusted	23%	23%	52%
Responsible for the social and environmental impact of its actions	15%	16%	30%
Entity that promotes equality between men and women in society.	13%	--	--
Professional and personalised advice	25%	22%	51%
Availability of its offices	24%	23%	46%
Services available in Online Banking and Mobile Banking	20%	19%	50%
Security and privacy of data and operations	16%	16%	39%

Source: Tracking study of the brand image of LABORAL Kutxa. The area is the Basque Country and Navarra. Ikerfel

STIGA Benchmarking Quality of Service in the banking sector 2022 (score from 0 to 10)	2021	Sector differentiation 2021	2022	Sector differentiation 2022
Attention to potential customers - Sectoral Objective Quality Study (EQUOS-Stiga)	7.98	0.37	8.20	+0.5
Overall satisfaction with the entity	7.62	0.32	7.58	+ 0.41
Valuation of relationship intangibles: Transparency, Trust and Personalisation	7.02	0.35	7	+ 0.55
Valuation of brand intangibles: Solidity and Solvency, Modernity and Social Commitment	7.66	0.30	7.58	+ 0.36
Satisfaction with the office	8.25	0.41	8.12	+ 0.42

### Outstanding position in customer referrals: NPS of + 13.2%, compared to -3,2% for the sector.

NPS. Difference between % of customers with Intention to Recommend 9 or 10 and Intention to Recommend <= 6

#### CUSTOMERS WITH INSURANCE

Lagun Aro. Benchmarking quality of service in the insurance sector ICEA December 2022 Satisfaction of insurance customers (score 1 to 10)	CAR		HOME	
	2021	2022	2020	2021
Overall satisfaction with the company	7.85	7.84	7.39	7.37
Insurance Market	7.87	7.86	7.41	7.42

Source: Barometer study of the customer experience in the insurance sector ICEA

### Outstanding position in customer referrals. Auto NPS 24.5% vs. 16.8% for the sector and Home NPS 9.3% vs. 4% for the sector.

NPS. Difference between % of customers with Intention to Recommend 9 or 10 and Intention to Recommend <= 6

The internal satisfaction study that we carried out with LK customers also shows high levels of satisfaction for all channels of relationship with the entity. The customer evaluations reflect a positive change in 2022.

<b>FINANCIAL CUSTOMER</b>	Sat	Evo 2021
Office	82.3	+1.0
Internet banking	84.0	+1.0
App	84.5	+1.3
Telebanka	82.5	+1.7

Based on these dialogue mechanisms and the expectations detected in the customers, improvement actions are carried out to increase their satisfaction with the service received.

Since 1994, LABORAL Kutxa's **Customer Service Department** has been responding to customer queries, complaints and claims. Service activity fell by 20% compared to the previous year, mainly due to the lower number of complaints and claims related to mortgage loan arrangement costs.

The results of this Service are:

<b>Customer Service</b>	<b>2021</b>	<b>2022</b>
<b>Total cases</b>	<b>12,689</b>	<b>9,753</b>
<b>Nature of the cases</b>		
Complaints	11,411	4,016
Claims	1,139	5,625
Consultations	22	0
Suggestions	8	0
Letters of congratulations / gratitude	1	0
Sundry petitions, others	108	112

\*The 2021 data were erroneous and have been corrected.

<b>Customer Service</b>	<b>2021</b>	<b>2022</b>
<b>Number of cases opened</b>	<b>12,083</b>	<b>9,753</b>
Written: brochure / letter	8,900	6,661
Internet/Telephone	2,557	2,859
Public bodies: OMIC / Regional Governments	55	50
Others	571	0

Following preparation of the 2021 CSR Report, as has become customary in recent years, a communication campaign was launched in which the Report Summary was sent to the most closely linked customers. Along with this information, a questionnaire was attached, by means of which those who wanted could contribute their opinion on Sustainability. Four different mailings were made: to business customers, to self-employed customers and micro-companies, to individual Personal Banking customers and to individual KIDE/TOP customers. In total **to380,580** customers, 25.8% of whom read the mailing. In total there were 974 responses.

### **3.1.4. Responsible management with customers and excellence in quality of service**

Responsible management with the LABORAL Kutxa customers focuses on the sale of complex savings products. Excellence in the quality of service and contact with the customer are aspects identified as being of highest importance in our materiality matrix.

- ✓ In 2021, the accreditation process in the Real Estate Credit Contracts Act (LCCI) was continued for those who had not yet completed the process, mainly new entrants.

- ✓ In the same line of responsible management towards clients, in order to facilitate business financing, a particularly relevant line of action is the collaboration with the **European Investment Fund (EIF)** of the European Investment Bank (EIB). During 2022, three agreements have been in force whereby the EIF guarantees a part of the risk assumed by LABORAL Kutxa, so that the financing can be carried out under more favourable price conditions and guarantees for those companies included in the agreements:
  - EaSI Social Agreement: special financing line for social-economy companies. An amount of 50 million euros + 9 million additional euros, as part of the EaSI-Programme for Employment and Social Innovation”.
  - EaSI Microcredits II Agreement: special commercial financing line. The renewal of the agreement allows us to continue to finance loans in order to create and consolidate employment for entrepreneurs, micro-SMEs and freelancers.
  - InnovFin SME Guarantee Facility to facilitate innovation in SMEs and small and medium capitalisation companies. The latest renewal was signed in 2019 for two years for an amount of €150m and extended until the end of 2022.
- ✓ Covering the areas of customer relations management (transparency, kindness, inquiry of the needs and active listening, clarity in the explanations, ...) and that related to customer service in aspects of quality, personal service, absence of errors, etc., the most important initiative is the “**Integrated Quality Management Process**”. A process that seeks excellence in compliance with the measurement parameters of the external (towards customers) and internal (from the Central Services to its internal customers, the Branches) service.
- ✓ A key element in the quality of advice and relations is the speed of adaptation to the unstoppable digital transformation. An adequate user experience in a digital banking world requires a personalised, but omni-channel relationship between manager and client, an objective that LABORAL Kutxa seeks with the deployment of the *Onenak Bidean* project in its offices.

In relation to transparency and clarity of information

- ✓ LABORAL Kutxa has been a member of Autocontrol since 29 July 2008, an association with the objective of contributing to advertising being a particularly useful instrument in the economic process, ensuring respect for advertising ethics and the rights of consumers, with the exclusion of the defence of personal interests. In 2022 LABORAL Kutxa made the following enquiries to Autocontrol:

Preliminary advice	2021	2022
Positive	366	343
With modifications	148	169
Negative (the advertisement was not recommended for circulation)	1	0
<b>TOTAL</b>	<b>515</b>	<b>512</b>
Professional ethics consultations	41	53

- ✓ All the information on main products/services (Savings, cards, Mortgages, Loans, Plans, Funds, Insurance, Services, Online banking) , as well as social networks (Blog, Facebook, Twitter, YouTube, etc.) is available from the home page of our website Laborkutxa.com, as well as on the Lagun Aro website.

Another area related to responsible management with customers is the problem of **over-indebtedness**. Its importance according to the materiality matrix is significant. Given its high impact on the people affected, but also in order to ensure transparency in an area that has generated a significant social and media impact, our actions in relation to customers with payment difficulties, especially on their mortgages, are described below.

Within the policy of personalised negotiation in cases where customers have difficulties in paying for their homes, the first step is to offer the customer who meets the requirements the *Code of Good Practices* which LABORAL Kutxa joined in 2012, providing a second chance mechanism, a reduction in the financial burden and other measures.

Code of good practice	2021	2022
Applications	44	62
Denied	26	40
Approved	18	22

The conditions set out in this Decree have been applied to the 22 approved operations, which also include tax benefits. 15 have been signed, with the remainder pending.

There are also 32 homes assigned, out of the 37 available, to the Social Housing Fund.

The operations to which this Code does not apply, because they do not meet any of the requirements laid down by law, have followed the procedures and protocols of LABORAL Kutxa. These, in addition to restructuring of the debts, also include dation in payment as an alternative for sharing the loss of value of the mortgaged property, as well as agreements for the former owner's right to remain, despite the judicial awarding of the property to LABORAL Kutxa.

Notwithstanding this high level of agreements, the Bank has been awarded 63 homes (22 of them non-habitual), in some cases applying dation in payment agreements and in others as a result of judicial enforcement. Even after the court ruling in the latter cases, it may be possible to apply for a stay of execution on the disposal of the former home. In 2021, 2 right to remain in the home of people who have ceased to be homeowners after foreclosure has been recognised.

### Claims

In January 2017, an extrajudicial procedure was regulated to resolve claims related to floor clauses in mortgage contracts for home purchases. Based on consumer protection, these clauses were declared abusive, and therefore void, not in themselves, but because of the lack of transparency in their inclusion in contracts. Thus, channels were established, regulated by RDL 1/2017, to make it easier for customers to reach out-of-court settlements in order to eliminate the effect of these clauses.

LABORAL Kutxa informed its customers of a voluntary claim system prior to instituting legal proceedings. Customers who did not want to use this additional system were able to go to the SAC.

The cumulative volumes of claims received are the following:

Extrajudicial claims for floor clauses. RDL 1/2017	As at Dec 2021	As at Dec 2022
- Rejected (RDL not applicable)	1,145	1,149
- Accepted	551	809
- Denied	3,492	3,509
- Being handled	132	136
<b>TOTAL incoming</b>	<b>5,320</b>	<b>5,603</b>

Until 2022, practically the only reason for the refusal of consumer claims was the fact that they had previously reached a settlement agreement between the bank and themselves, whereby the bank eliminated the floor clause and the clients waived their right to claim for the previous payments. As can be seen, the submission of claims since 2018 is stable, although there is a slight increase year upon year.

In 2022, taking into account the established jurisprudence with respect to the issue of the validity of the transactional agreements and a failure to exercise the content within them, the entity has changed the criteria and previously, in the judicial sector and, since June, also extra-judicially in the SAC, the decision was made to deal with claims from consumers even though they had a signed transactional agreement, signed by the customers with their lawyers except in exceptional cases. Therefore, only in these exceptional cases in the consumer sector, only commercial loans are rejected.

Meanwhile, during 2022, the large-scale legal actions against the Entity were received for the following main reasons:

- Those concerning floor clauses in mortgage loans, during 2022 103 were submitted; there was a slight increase on the previous year, with 73 in 2021 and 71 in 2020. In 2019 there were 177 and in 2018 there were 910.
- Those arising from the costs incurred in the formalisation of mortgage loans rose to 2,971 in 2022, somewhat less than in 2021 (3,117), but a significant increase compared to 2020.

These clauses often include, in the vast majority of cases due to procedural strategy and without economic content, the request for the nullity of other clauses such as interest for late payment, the commission for claiming debtor positions, the guarantee clause, etc.

In those due to the marketing of the AFS (debt issues) of Eroski and Fagor, which between 2014 and 2016 represented the largest number, the practice of their financing is validated, being reduced to an insignificant amount compared to a few years ago. 2 in 2022, 2 in 2021, 8 in 2020, 13 in 2019, 23 in 2018 and 120 in 2017.

Lastly, 507 claims were received for opening fees, compared to 185 in 2021, with no claims received for IRPH or Law 57/68.

### 3.1.5. Protection of privacy and the security of data and operations.

#### Personal data.

Laboral Kutxa continues to work on the consolidation of a series of policies and procedures that ensure the transversality of data protection within the entity. In the same section of the 2021 Report, the in-force policies and procedures of obligatory compliance are summarised.

Maintaining that line of work requires constant adaptation and a proactive attitude in the face of new regulatory challenges and new guidelines and recommendations issued by the authorities on the subject of data protection.

Thus, the most relevant actions carried out on data protection in 2022 were the following:

- The update of our Policy on the protection of customers' personal data, increasing its transparency and clarity.
- The implementation of a new process for obtaining consent, thus granting our customers greater control over the use of their personal data.
- The creation of a centralised third-party management process with the direct involvement of our data protection delegate before hiring, thus ensuring that suppliers processing data on behalf of Laboral Kutxa offer sufficient guarantees to apply suitable technical and organisational measures, such that the processing meets the legal requirements and duly guarantees the protection of the people's rights.

Likewise, the continuous training of persons working in the entity has continued with the launch of "training pills", whose main purpose is to raise awareness of the importance of data protection.

Thus, LABORAL Kutxa is approaching 2023 focusing on the continuous improvement and constant update and review of our policies and procedures such as essential tools for ensuring adequate protection of personal data.

#### Cybersecurity

Corporate social responsibility and cybersecurity continued in 2022 to be an increasingly integrated part of the corporate culture of entities, regardless of the sector they operate in.

Organisations are increasingly exposed to forces that, to a larger extent, alter their risk profile, and force them to take measures to adequately manage technological and cybersecurity risks, in order to achieve their business goals.

Likewise, organisations have undergone considerable changes to adapt to new technologies and people's needs (BYOD, remote working, changes in processes, among other things), which have increased attack surfaces for cyber-criminals.

In addition, the increase in attack vectors in 2022 meant that the number and criticality of the vulnerability of information assets used in organisations increased considerably, along with the average time to remedy them.

Throughout 2022, LABORAL Kutxa, being aware of the increased technological and cybersecurity risks, increased its adoption of measures to mitigate them and to comply with the various applicable regulations, including defining comprehensive security master plans for the next three years (2023-2025), investment in relevant security solutions and the execution of multiple security projects, such as fostering the organisation's cybersecurity culture, the



establishment of connections between internal and external individuals with respect to behavioural risks, the provision of support to persons at the entity that may have a lower level of experience in the area of cybersecurity, the continuous improvement of its third-party management model, such as ensuring that the governance systems related to externalisation are coherent with the individual risk profile, with the nature and business model of the entity, and with the scale and complexity of its activities, as well as the implementation of processes for estimating the level of maturity and coverage of the technical and organisational measures, both from a logistical and physical point of view.

Another significant aspect that has been reinforced is that of the response plan for incidents and the life cycle of the vulnerabilities the company is exposed to, as well as the promotion of initiatives for intelligence on cyber threats. This has allowed for the optimisation of the initiatives on monitoring, resolution and decision making, as well as the preventative preparation of actions in the various areas involved, in order to guarantee the protection of the organisation's assets.

Likewise, the parameters for the control of access to the information assets have been bolstered through the tightening of controls for the allocation of rights of access to the most critical systems and services, as well as the application of complementary security requirements in relation to the virtualisation platforms of the various corporate environments.

In addition, risk control methodologies have been improved, integrating the strategy for said risks with the business plan, so that it is possible to comply with the internally established risk appetite, tolerance and limits, and the strategy for the evaluation and selection of more suitable solutions to protect the information systems has been intensified, aligning it with LABORAL Kutxa's technical infrastructure, through the incorporation of new technology.

Another of the most important areas of work has been that of preparing for cloud services. Technology is undergoing a transformation at a dizzying pace and it is cloud services that are increasingly being offered as a differentiating value in a hyper-connected world. The adoption of these technologies and services must at all times ensure that security levels remain at the highest levels required by our business. For this reason, we have invested in the definition of the corporate cloud services policy and have adopted the best practices and market standards aimed at building a robust model based on digital identity management and data protection.

The cybersecurity governance areas have proceeded according to the established plan, developing, among other aspects: programmes to raise awareness and increase ownership of responsibility by those with competence in the subject, regarding the processing of a certain type of information or the prevention of social-engineering techniques on the rise, such as digital fraud.

In addition, improvements were made to the set of Security Policies and Procedures that establish the channels to protect the corporate information system, ensure that their regulatory commitments are complied with and provide governance principles and operational guidelines for each user, promoting their regular monitoring and follow-up, thus seeking to hone the appropriateness of the defined parameters.

Clear expectations have been set for the allocation of resources and investments according to the entity's cybersecurity risk profile and multidisciplinary teams have been developed where security has taken on the major role it deserves.

Lastly, the monitoring of all actions required to ensure the processing of significant deviations related to the governance and management of cybersecurity risks has been incorporated into the corporate supervisory functions.

In summary, LABORAL Kutxa has defined a roadmap that proposes a comprehensive vision, aligning the governance and management of cybersecurity with business risk management, providing a holistic approach that integrates the participation of all stakeholders.

### 3.1.6. Responsible products and services

Social or sustainability criteria in credit policy are present in the following products:

- Financing of Solar Panels for Self-Consumption in Companies
- Sustainable Rehabilitation Pack Communities and Individuals: loans used for energy and accessibility improvements, lifts, etc., both for individuals and communities of owners. As well as the financing, a simulator of the available subsidies and fiscal reductions; refurbishment and works management projects; management of subsidies, and home and community insurance are available.
- Loans for social economy companies: for cooperatives, joint ventures, integration companies and other social-economy countries.
- EIF-INNOVFIN Agreement: in 2022 the agreement with EIF (the European Investment Fund, an agency of the EIB - European Investment Bank) was renewed with the EaSI programme - European Programme for Employment and Social Innovation. With the support of this European programme, the conditions required for both entrepreneurs and micro-enterprises are further enhanced by increasing their access to micro-credits.
- Secured Cards: Cards that have favourable conditions such as Accident Insurance with Lagun Aro Insurance. For the Gold card, Travel assistance with Caser.
- Personal loans: There are 0% APR loans for special situations and salary advances. There are also loans aimed at young people to finance studies (materials, tuition fees, etc.). For example, in 2022 agreements were made with: AEK, University of Navarra, Public University of Navarra, MONDRAGON Unibertsitatea, Erasmus programmes and MONDRAGON Lingua.
- Agreements and Arrangements: with Erkide (financial advantages for its associate cooperative members), with FCTC (Catalan Federation of Workers' Cooperatives), with CEPES for the financing of capital contributions and financial advantages for cooperative members.
- Agreements and arrangements with entities such as ICO, Elkargi, Luzaro and Sendotu.

### Agreements and partnerships with Public Authorities

As has been explained throughout this Report, LABORAL Kutxa actively works with the various Public Authorities to open up lines of financing under preferential conditions for entrepreneurs, self-employed people and companies, or for the refurbishment of homes, or by providing finance to SMEs under better conditions through agreements or lines of credit with various Mutual Guarantee Societies (MGS). Some of them can be seen on our website:

- For companies: <https://www.laboralkutxa.com/es/empresas/financiacion/convenios>
- Business and professionals: <https://www.laboralkutxa.com/es/pro-negocios-y-profesionales/financiacion/convenios>
- Social economy companies: <https://www.laboralkutxa.com/es/empresas/financiacion/convenios/easi-economia-social>
- Subsidies: <https://www.laboralkutxa.com/es/pro-negocios-y-profesionales/apoyos-para-tu-negocio/convenios>

### Affinity cards

LABORAL Kutxa assigns a portion of the income obtained from the use made by customers of **Affinity cards** for their purchases, to: Medicus Mundi, Caritas and the Confederation of Ikastolas. The amount of the yearly assignment is:

- For each card holder at the end of the year: 2.5 euro / year
- 1 euro / year per card beneficiary.
- For purchase invoices: 20% of the profits obtained.

Amount donated for AFINITY Cards	2021	2022
• Medicus Mundi	22,710	24,567
• Caritas	3,084	3,490
• Ikastolak	23,130	26,935
<b>Total donation (euros)</b>	<b>48,924</b>	<b>54,992</b>

### Donations for international cooperation projects

The LK Super Passbook had a points programme, for income and balances, whereby customers could exchange for gifts or donations for projects in developing countries.

This points programme ended in 2022. The projects and amounts assigned are the following:

Amount donated by customers (euros) per project	2021	2022
<b>Mundukide Fundazioa.</b> "Abre el grifo" (Turn on the tap).	2,633	9,145
<b>Mundubat.</b> "Support for the right to health of the Saharawi people."	2,022	9,145
<b>Alboan.</b> "Contra la discriminación y la exclusión en India" (Against discrimination and exclusion in India).	2,480	9,145
<b>Medicus Mundi.</b> "Promoviendo los derechos sexuales y reproductivos" (Promoting sexual and reproductive rights).	2,762	9,145
<b>Save the Children</b>	-	9,145
<b>Zaporeak</b>	-	9,145
<b>Mugarik Gabe</b>	-	9,145
<b>Total amount (with VAT included) donated</b>	<b>9,897</b>	<b>64,016</b>

### NGO insurance

LABORAL Kutxa has an Insurance aimed exclusively at NGOs that provides cover and special conditions to these organisations via two policies:

- Accident policy. It covers volunteers for accidents occurring during the exercise of the NGO's own activities, including the risk "in itinere" (necessary travel).
- Civil liability policy. It covers claims for damages to third parties or to property that does not belong to the organisation, resulting from the usual activities carried out by the volunteers. In 2023, the insurance covered 36 associations, with 703 insured parties.

### Support for the creation of companies . Grupo Mondragón

Apart from financing through credit investment, LABORAL Kutxa supports the development of Mondragon cooperatives through the contribution of funds from their profits, with the aim of creating new jobs and consolidating existing ones. These contributions are made to:

- *MONDRAGÓN Inversiones*, which is in charge of partially financing Cooperative development projects, both in Spain and abroad.
- *MONDRAGON S. COOP., Corporate Group Centre.*
- *MONDRAGON Foundation* in order to, among other destinations, finance the development of the 14 research centres promoted by the Cooperatives.

In 2020 and 2021, contributions were lower than in previous years due to the crisis caused by COVID, both at the behest of the banking regulator (Bank of Spain) and the lower profits recorded, having returned to a normal situation in 2022.

Mondragon Group Contributions Thousands of Euros	2021	2022
Contribution to MONDRAGON Investments	516	5,143
Contribution to MONDRAGON S. Coop.	6,681	5,633
Contribution to MONDRAGON Foundation	1,349	6,772
<b>Total contributions</b>	<b>8,546</b>	<b>17,548</b>
Investment in MONDRAGON Companies (1)	349.91	346,392

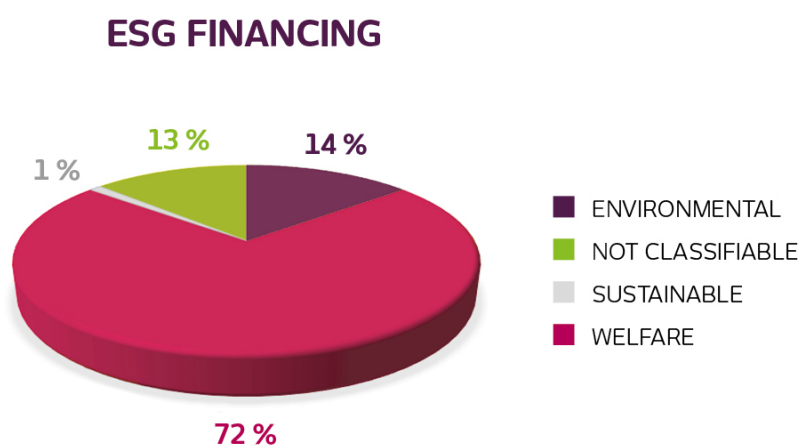
(1) The investment included is: Current, Structural and Firm.

### Finance/Investment with ESG criteria

An investment with ESG criteria is one that applies environmental, social and corporate-governance criteria when selecting the investment or financing projects. LABORAL Kutxa has been working in this field for a number of years, with exclusion criteria in place to prevent investment in or funding of activities that are sensitive. These exclusion criteria affect aspects such as gambling, pornography, tobacco, weapons and coal.

In addition, in terms of financing, during 2022, a Sustainable Financing Framework was established in line with the EU Taxonomy of activities, which specifies what sustainable financing is for LABORAL Kutxa. That is, which criteria the financing should meet to be considered environmental or social.

Once these criteria were established, the most significant operations granted by the Entity in 2022 were analysed, classifying them as environmental or social in cases where considered applicable. Thus, of all the most relevant of LABORAL Kutxa's operations in 2022, 72% have social features and 14% have environmental features (a further 1% of sustainable financing has both environmental and social characteristics). The remaining 13% cannot be classified as ESG financing.



In terms of investments, various lines of work were contemplated in the sustainability Management Plan:

- Suitability questionnaires for the customer were implemented, in compliance with MIFID II. This adaptation allows the customers' preferences in matters of sustainability to be evaluated.
- Adapting the range of investment funds has begun, such that they are suitable and can respond to the customer's sustainability preferences.
- The process of defining a Sustainable Investment Policy has begun and will be completed and approved in 2023.
- An effort was made to train the workforce throughout the year.
- In 2022, the *LK Konpromiso, FI* Investment Fund was strengthened, with an ethical and charitable approach, where its investments apply controls by measuring the application of

Environmental, Social and good Corporate Governance criteria. It is charitable because LABORAL Kutxa channels a part of the management fee it charges its customers to three NGOs the customer can choose from. In 2022, this fund incorporated the advised portfolios, therefore their recommendation is no longer active, significantly increasing the volume of managed balances and the transfer of premiums. The number of beneficiary NGOs was also increased from 3 to 6.

Contributions	2021	2022
MEDICOS MUNDI	56,22.78	99,915
MUNDUKIDE	52,108.83	95,203
CARITAS	34,373.25	63,910
RED CROSS	-	1,222
UNICEF	-	1,183
INTERON-OXFAM	-	689
<b>TOTAL</b>	<b>143,404.86</b>	<b>262,122</b>

In relation to credit investment in companies, since 2017 there has been a procedure for requiring additional non-financial information from companies identified as having social risks, thus extending the system which had previously been applied to potentially environmentally problematic companies.

#### Environmentally responsible products and services

LABORAL Kutxa, in accordance with its strategy of contributing to improve the environment, has products and services to help slow down climate change. Details of these, as well as the projects underway to promote them, are provided throughout this report.

#### Electronic customer delivery service

The LABORAL Kutxa **Posta-mail** for sending statements and receipts to customers by e-mail continues to grow significantly, helping to reduce paper consumption. The annual objective is always to increase the number of users from the previous year and, to this end, the Network constantly explains this service. The section on **Our relationship with the environment** in this Report shows the trend in the number and % of users.

#### Credits for renewable energies

Company financing or granting of credits in the field of renewable energies or similar has evolved as follows:

	2021	2022
Loans provided (thousands of €)	19,982	57,923

#### Accessibility to financial services

##### Small towns

During the rationalisation process of the commercial network that was carried out in recent years in response to the new challenges of the financial sector, an effort was made to not financially exclude places with relatively small populations. The aim is to not cease serving those rural or sparsely populated areas where we have been present for many years. Therefore, the closure of offices is avoided, despite their reduced profitability, by implementing measures such as only opening on certain days of the week.

### Architectural barriers and accessibility

In order to have increasingly accessible offices, Laboral Kutxa maintains its commitment to equip its offices with spaces free from architectural barriers. In all the intervention projects undertaken in offices, the objective is to improve accessibility, whenever the characteristics of the premises so allow. This eliminates existing architectural barriers and complies with the Accessibility Standard. Given that these actions have been carried out for many years, there are currently very few work centres with any kind of accessibility problems.

During 2022, implementation of the new physical office model was continued. This new model prioritises accessibility both inside the office, eliminating architectural barriers, and in all types of spaces, with a specific area in the cashier's transaction area for people with reduced mobility. Access to the office is by means of a system of automatic doors that allow access to all types of members of the public, since it is not necessary to handle them to open them, and the touchless pushbutton panel system means that no direct contact is required to lock or unlock the access door to the inside of the cashier's office. In addition, external ATMs have also been installed.

A relevant new initiative in 2022 was the comprehensive analysis of accessibility by Ilunion (ONCE Group). The analysis covered both physical and cognitive accessibility and included:

- Physical channel: analysis of the banking offices.
- Telephone and back-office channel (SMS, WhatsApp, Email).
- Online channel: website and apps.
- Product: analysis of ATMs.
- Services (mortgage and account opening).
- Comprehensive customer service: the user experience of the various channels, products and services.

Having received the reports on the analysis and its corresponding improvement plan, in 2023, the various teams will present a list of the measures with priorities. This project is called **Accessibility 360** and its goal is to implement the actions over the coming years, making accessibility an area that LABORAL Kutxa excels in.

### Access via internet and mobile phone. Multi-channel banking

Laboral Kutxa considers it strategic to move forward in the digitalisation of its activity. It is both a competitive necessity and a way to increase accessibility and channels of communication and customer service.

The numerous developments and improvements implemented in 2021 include the following:

1. Savings and investment portal for Personal Banking customers
2. Google Analytics in BOL
3. International transfers Companies



The increase in responses from Remote Banking is continuous:

Operations	2021	2022
Calls answered	331,077	375,053
Calls made	42,043	74,497
WhatsApp	49,438	65,458
CHAT Online Banking	44,136	31,227
Card fraud alerts	18,388	34,369

### Financial culture

LABORAL Kutxa has continued to use social networks to create financial culture and boost knowledge regarding cooperativism. Thus, in the Entity's blog, ([blog.LABORALkutxa.com](http://blog.LABORALkutxa.com)), 88 articles of general interest were included, of which 68 focused on helping to improve the culture and knowledge of the current financial landscape. In this way, with a simple and accessible format, contents of financial culture are alternated with others more related to social responsibility, such as: ethical finances, insurance obligations, tax news, how to set up a company, etc.

During 2022, a **Newsletter Pro** was sent on 3 occasions. This is an information bulletin in electronic format for Pro and micro-business clients in the Basque Autonomous Community and Navarra (more than 60,000). This action is part of the **Consulting Pro** free guidance service to assist clients in the management of their business, offering information of special interest (grants and subsidies, tax and legal news, sales techniques, etc.) for the self-employed and other professionals.

This Newsletter highlights some of the most relevant and recent content of the Consulting Pro [website](#), which offers content such as news, articles of interest, management tools, and information on events, grants and subsidies, etc.

236 queries were heard from 185 customers through the Consulting Pro service in 2022, made either in person or by telephone (free-phone 900 100 240), or via the [Form](#) available on the website.

In 2021, we launched the [LABORAL NEXT](#) tool: a virtual assistant to provide commercial customers (and non-customers) (including the self-employed) with all the information on the NEXT GENERATION Funds and the programmes for which they can be beneficiaries. It includes the creation of the technical office, which is responsible for resolving all kinds of questions, as well as analysing and, where appropriate, dealing with the management of subsidies.

During 2022, online sessions were held, together with LKS Next, AFI, Seguros and the LK Studies Department, aimed at the commercial world (self-employed, Businesses and Companies). See table with detailed information for each event.

WEBINARS conducted in 2022	date	Participants	Assessment	Met expectations	NPS
<a href="#">NGEU CONSULTANCIES</a>	15/02/2022	150	8.37	7.71	37%
<a href="#">NGEU ENTREPRENEURSHIP</a>	18/03/2022	295	8.12	7.74	46%
<a href="#">NGEU SOCIAL ECONOMY</a>	04/06/2022	120	8.24	8	43%
<a href="#">NGEU LAGUN ARO INSURANCE (serv. prov.)</a>	10/06/2022	15	ND	ND	ND
<a href="#">ECONOMIC PERSPECTIVES (Joseba Madariaga)</a>	08/07/2022	140	8.38	8.15	73%
<a href="#">NGEU BALANCE</a>	23/09/2022	159	7.95	7	33%
<a href="#">NGEU SUBV FOR DIGITALISATION (MAC)</a>	11/11/2022	250	8.63	8.61	73%
Average rating of all 2022			8.28	7.87	50%

A video is prepared on a monthly basis (in collaboration with AFI, International Financial Analysts) on the economic climate and the situation of the financial markets. This video is emailed to the Personal and Premium Banking customers and uploaded to CLNet. In addition, a quarterly infographic is sent to BP and Premium customers, with the positioning and composition of portfolios, which includes the main macroeconomic and market events for the last quarter, as well as our positioning and the composition of the Personal Banking portfolios.

### Support for internationalisation

As part of LABORAL Kutxa's strategy of providing a global service to its corporate customers and supporting them in their search for new markets, the international agreements signed in recent years have been continued with a view to providing a service to customers. The agreements were mainly signed with cooperative organisations that share the philosophy of LABORAL Kutxa:

- National Cooperative Bank (U.S.A.)
- Crédit Coopératif (France)
- Raiffeisen Bank International (Austria)
- Banorte (Mexico)

In relation to the activity of supporting companies in the agri-food sector, in which LABORAL Kutxa has been very active over the last 6 years, especially in the North American market, a collaboration agreement was signed in February 2020 between LABORAL Kutxa and GOURMET FOODS INTERNATIONAL (GFI), a North American importer with its headquarters in Atlanta and a turnover of \$500 million, to help our companies establish themselves in the American market.

## 3.2. Our relationship with the workforce

### 3.2.1. Management approach

In relation to the direct activity of LABORAL Kutxa with respect to its own workers, the legal status of co-operative is an ambitious development of the inspiring principles of the *Universal Declaration of Human Rights*, namely that all human beings are equal in dignity and in rights. Indeed, the co-operative method implies that the people who work in the company are partners with equal rights and obligations, regardless of their knowledge or status in the hierarchy. Requiring all people to share rights and obligations, as they all share in the risks and rewards of the business.

The concept of cooperation also extends to a commitment to our society. We are a *Cooperative Bank, guided by values and a philosophy that lead us to prioritise the common interest over the individual, to make decisions in a participative and responsible way and to reinvest our profits in society.*

In the area of people, the most significant risks linked to non-compliance with human rights are related to corruption and harassment at work.

- With respect to corruption, see Corporate Governance in Section 1.
- With regard to harassment in the workplace, it should be noted that this is a problem with a low quantitative incidence, but a potentially serious effect on the people who might be involved in a situation of this kind. In the procedures, there is a *Protocol for action in cases of harassment at work*, updated on 31/01/2015. The organisation incorporates an *Investigation Committee*, which has a *specific complaints channel*. This protocol includes situations of *sexual and gender harassment (known as mobbing)*. There have been no complaints or enquiries in 2021 and 2022 concerning the aforementioned complaints channel.

The financial activity we carry out, the geographical scope of our activities and the ownership structure make it impossible for threats of violation of the provisions of the fundamental conventions of the International Labour Organisation to occur.

Lagun Aro Insurance also has a procedure for managing –cases of gender-based and sexual harassment. There have been no complaints since its creation as part of the 2nd Equality Plan. Currently, and in the context of the 3rd Equality Plan (2022-2025) said Protocol is being updated to include the latest approved legislative measures. Likewise, the Organisation has an approved Claims Channel that has been communicated to the people in the company in 2022 and is managed by an Ethics Committee. There have been no complaints or enquiries in 2022 through the aforementioned complaints channel.

### 3.2.2. Main figures of the workforce

Indicators concerning the people in the Group, both overall and according to different categories (gender, age, etc.) are available in section 4. Other figures.

### 3.2.3. Dialogue with the workforce

As a credit cooperative, there are many channels for dialogue with people:

- ✓ The Internal Customer Satisfaction Survey (ESCI) was carried out so that the business network could assess the quality of the services provided by Central Services, make suggestions for improvement and provide any comments it deemed appropriate. The questionnaire was sent to 472 people and there was a response rate of 53%. As a result of the quantitative and qualitative assessments obtained from the survey, numerous improvement measures have been implemented.
- ✓ Internal Suggestions System. From 2019 to the end of 2021, 642 employee contributions were received, of which 78 (12.1%) were implemented.
- ✓ Participation and decision-making capacity in the basic governing bodies: Ordinary and Extraordinary Meetings and Governing Board, and in the preparation of Strategic and Management Plans.
- ✓ Activity of the Social Council, with extensive negotiation and decision-making capacities.
- ✓ An appearance by the Chairperson and the Director-General before everyone in geographical groups, in order to share the assessment of the situation and the measures being taken. Here, everybody can intervene by making comments or requesting the clarifications they consider appropriate.
- ✓ Staff meeting system: "Giltza-Collaborators Meeting" between managers and their teams.

#### Collective negotiation

The Cooperative Credit Union Collective Bargaining Agreement is the general framework of reference, although, in 1996 LABORAL Kutxa adopted a standard for Company Collective Bargaining, through which a specific Collective Bargaining model was established.

Collective Bargaining is the process by which the working conditions of all the people that are partners or employees of LABORAL Kutxa and the company guarantees that ensure their application are established. The result of this process is the set of rules and procedures that regulate the general conditions of work of 100% of the people and partners at LABORAL Kutxa and bind the parties (the Board of Directors and the Social Council) and all persons.

The subjects covered and agreed in 2022 were as follows:

- Update of the **canteen prices** at Central Services in Arrasate
- Modification of the regulation on "**Voluntary Leave**" (art.21 of the RRI)
- Regulation on **remote working** and **digital disconnection**.

As happens every year, at the end of the annual negotiation process, both parties exchanged the list of matters to be negotiated in 2023.

**Seguros Lagun Aro** maintains a close relationship with the Legal Representation of Workers (R.L.T.). A new statutory agreement was negotiated in 2022 for the period 2022-2025.

With regard to the staff of Caja Laboral **Bancaseguros** S.L.U (CLBS, a company which is wholly owned and operated by LABORAL Kutxa), all of whom are employees, the working conditions are set out in its own collective agreement, which was renewed in 2021, and in general labour legislation. This agreement, which governs the professional and labour aspects that directly affect the group of workers, has a significant level of convergence with the labour regulations and procedures of LABORAL Kutxa.

### 3.2.4. Staff development

In 2022 **everyone's health and safety** continued to be a priority and managing the health crisis occupied a large part of our agendas, above all during the first part of the year, when the sixth wave of the Covid19 pandemic hit with such intensity. It is worth mentioning that in the month of January alone 350 positive cases were recorded at LK.

However, as the year progressed, the evolution of the health crisis was fortunately very positive and we can conclude that the year finally saw a return to normality. In this regard, the Coronavirus Committee took measures throughout the year, at a pace set out by the evolution of events and in compliance with the regulations established by the health authorities. The aim has always been to operate with caution, but also with the responsibility of not excessively extending preventative measures. The most significant milestones were:

- In April, after the publication of Royal Decree 286/2022, the general obligatory use of face masks was eliminated -even though situations were defined in which, for two months, the enforceability was maintained- and limited seating in rooms and offices was also brought to an end.
- After the summer, in September, the decision was made to remove all signage referring to the pandemic, with a return to the pre-pandemic type and frequency of cleaning the facilities and the removal of screens both at CS and on the Network. As an exception to this rule, the option of maintaining screens for vulnerable people was provided and 43 people, everyone on the Commercial Network, requested to do so and continue to use screens today.

Apart from Covid, we have been able to make progress in many of the planned areas of work. The most important ones are as follows:

#### **Fixed Term Partner**

2022 saw the consolidation of this partner position that was implemented in 2021. We ended the year with 104 partners of a certain duration, which represents approximately half of all people with a temporary contract with the Entity. This has meant, in our opinion, a clear improvement in the quality of temporary contracts.

This large volume of new SDDs also entailed the running of a significant number of **Corporate Welcome and Education** workshops..

#### **Flexible Working Model**

In May 2022, we implemented a Flexible Working Model with the goal of:

- **Improving the competitiveness, productivity and efficiency of the organisation**, generating working environments that are more flexible, trusting and autonomous.
- Encouraging the **self-management of teams** and accelerating **the digital transformation** the entity is going through, improving people's digital habits.
- Making **the CS roles more attractive** both to attract external talent and for the internal promotion of the people in the organisation.
- Contributing to the **strategy of business continuity** by attracting people in remote working.

- Reducing the time, risks and costs of travel, as well as the entity's individual and global **carbon footprint**.
- Contributing to the improvement of the **work-life balance** through flexibility and savings in travel time.

The **basic principles** on which the implemented **Model** is based are as follows:

1. It is an **organisation model and therefore it should meet the needs of the Entity** at all times, the customer's interest and that of the team prevailing over that of the individual at all times.
2. The model is intended to promote **the self-management of teams** while **promoting the process of digital transformation** at Laboral Kutxa through the digitalisation of people. Therefore, it will be the team that self-manages the implementation of this flexible-working model, within the defined framework and characteristics, and always putting the needs of the team over the remote work of a person, such that the operation of the team is not affected.
3. The model **covers flexibility**, currently based on the **working hours**, also progressing towards **flexibility in terms of the place of work**.
4. Remote working is **a significant change in the way of working and it requires suitable conditions** (physical, organisation of work, coordination, monitoring, information security and confidentiality, etc.), **personal skills** (individual responsibility, autonomy, etc.) and **a suitable culture** so that the remote activity is at least as efficient as non-remote activity, thus ensuring it has a positive impact on the business from all points of view (business, relational and personal).
5. It is necessary that **the role is conducive to this**, therefore, it shall apply to those roles that can be carried out remotely with the same quality, value contribution, proximity to customers, efficiency and security (of both personnel and information) as it can non-remotely.

The characteristics of the model implemented were developed on this basis in respect of: necessary scope and conditions, the how and when of remote working, place for remote work, compensation for expenses and digital disconnection.

Once a year has passed since its implementation, an analysis of the Model's application and follow-up are planned.

### **Talent map**

Over the course of 2022 we:

1. Finished defining the methodology for creating the Talent Map: variables or dimensions to be considered for the correct evaluation of performance and potential, evaluators who will participate in the process, IT tools that will be used (MicroStrategy, etc.)
2. Executed the first phase of the project, having captured the evaluations of all the people in the organisation.

**In addition, in 2022, we continued the main training programmes::** insurance, commercial, PFB, and sales skills in remote management, and we consolidated the role of the **Digital Ambassadors**. In terms of the **continuous training**, a new and more suitable plan for the content has been included and all the information has been provided to the affected people in

advance. Having this information means the training can be carried out more gradually throughout the year.

In terms of **selecting people**, the gradual but continuous addition of new profiles (STEM) to SC is of note. -above all, the areas of Risk and Technology- and attracting people with professional experience in the sector for the Madrid Network. Likewise, it should be noted that during 2022, we began a process of approaching Universities (identification of degrees/masters, offer of work for TFG/TFM, scholarships, holding Hackathons, etc.) in order to start cultivating our **Employer Branding**. Also with the goal of incorporating improvements, we carried out an audit on our recruitment and selection processes.

For its part, 2022 was the first year when our professional development programme **Onenak Bidean** reached everyone on the Commercial Network, both individuals and companies. 1,264 people participated in the O+B throughout the year and over 6,000 work actions were defined in the various PDIs. In order to govern the process, the O+B Project Office was created, it has worked on several aspects: updating questionnaires, drafting reports by Zone, PDI analysis, follow-up on execution, etc.

The ZAINDUZ programme, Health Management Plan, continued with another year of varied and innovative initiatives for the promotion of health. A highlight of 2022 was the programme carried out in collaboration with the University Clinic of Navarra, with three sessions on the importance of Sleep. Also, LKByWALK was created alongside LKByBIKE. In addition, other activities were carried out related to nutrition, physical exercise and emotional wellbeing.

#### Continuous Education Programmes

Training activity at LABORAL Kutxa in 2022 consisted of 526 courses and 196,613 hours of training.

The lines of work of the 2022 Training management plan were directly related to the lines derived from the strategic reflection carried out at the end of 2019. From this reflection, 4 Training Programmes were defined related to:

- Off-Balance Sheet Products
- Mercantile-risk
- Insurance
- Sales Skills - CREATING LOYALTY
- Digital: this affects the entire workforce as a whole.

The training methodology was established in training itineraries online, carried out with Teams sessions and put into practice above all in sales skills.

On the other hand, we have continued to certify all those who were not accredited in MiFID II, LCCI and Insurance and we have designed and made available 30 hours of continuous training in MiFID II, 10 hours of continuous training in LCCI and 15/25 hours of continuous training in Insurance (15 for financial managers and 25 for those in insurance).



### Training in anti-corruption procedures.

All manuals and procedures relating to anti-corruption issues and the code of conduct are posted on the intranet and available to 100% of staff.

In 2016, the training course "Systems and policies for the prevention of criminal behaviour" was launched and it has been completed by 92.1% of the staff.

Likewise, in 2022, two training programmes were scheduled for the 368 people who are not MIFID II certified on:

- Money laundering and financing of terrorism prevention: 74.9%.
- GDPR Compliance: 75.3%.

### Training for people entering retirement

There is a programme called "Activa tu jubilación" (Activate your retirement) whereby people who are going to leave the Entity as retirees, pre-retirees or those with free time are summoned to the central services to receive training to prepare them for their new situation. The course consists of three days in which they are trained in change management and relational health, community participation, legal aspects, physical activity and health, healthy eating, new technologies, etc.

### Managing people's development-Bidean

There is a system for managing people development, called BIDEAN. This consists of a system focused on people and their development, encouraging them to be adaptable, have initiative and be capable of constant learning, as well as a culture of self-demand, co-responsibility and collaborative work, taking LABORAL Kutxa's Responsibilities Catalogue as a reference. It was designed based on the following pillars:

- It is a system geared towards people and their development.
- It focuses on ongoing conversations between management and employees, encouraging continuous feedback.
- It pivots on strengths and development opportunities and is future-oriented.
- It embodies a continuous learning and self-learning dynamic.
- It is agile, simple and flexible, geared towards self-management and co-responsibility, which means that we are the main actors and responsible for our own development.

A system that makes it possible to identify organisational potential, creating a context of empowerment and development that contributes to the fulfilment of LABORAL Kutxa's strategy and to people's satisfaction and commitment.

### Basque

The validity of **The Basque Language Strategic Plan** ended in 2022, and we have continued to operate within its areas of work, challenges, objectives, to encourage and ensure that externally the Basque language is our service language and internally take significant steps to gradually make it our working language.

Of the projects carried out in 2022, **the translations pilot experience**, developed with a group of 20 people, to reflect, regulate and rationalise the Entity's translations is worth mentioning. Through this project, we wanted to provide a solution for the translations required from day to

day. Thanks to this project, we have provided certain resources so that people with sufficient skills can carry out and manage their translations autonomously, without having to look for external help, and we have created a **protocol** so that everyone knows how to act in terms of translations.

### 3.2.5. Diversity and equal opportunities

LABORAL Kutxa has been and continues to be a pioneering organisation and a point of reference in the design and implementation of active policies in favour of equality between women and men; an example of its commitment to cooperative values and the promotion of equal opportunities.

A commitment to equality is intrinsic to LABORAL Kutxa's values, proof of which can be found in this quote from J.M. Arizmendiarieta when, in 1958, he began his studies in the first class of students at the Professional School: *"It is a great mistake if a woman cannot access professional education, in general, or participate in the processes of permanent conversion and training, particularly in professions that today reject them as inadequate"*.

LABORAL Kutxa was also a pioneering organisation in the practical recognition of gender equality. In 1964 LABORAL Kutxa's 8th office opened in Markina-Xemein with a female director. This is notable when you take into account that it was not until 1978 that women were allowed to open a current account without their husband's permission.

This restlessness in the drive for equality resulted in a commitment 25 years ago in the form of equality plans. Proof of that commitment came in 1997, when we were awarded the distinction of Collaborating Entity of Emakunde, the Basque Women's Institute, making us the first financial institution to receive this recognition.

During all these years, in addition to stable structures to promote equality policies and activate various working groups, we have managed to integrate equality into the Entity's strategy. We have managed to make it an issue that is on the agenda of the Management, and to have the necessary economic resources to be able to develop the policies and activities that have been defined in the Equality Plans that we have designed and implemented continuously over the last few years.

Thanks to the work we have done, we have made it possible for both the Governing Council and the Social Council to have a balanced gender representation. Another significant indicator is the percentage of women in management in retail network offices, where the presence of women is not only established, but continues to grow. 55% in the Nafarroa network and 58% in that of Gipuzkoa are women.

Similarly, the presence of women in positions of responsibility in Central Services is being strengthened and, in 2022, 43% of the positions of responsibility were held by women, as were 31% of the department or area management positions.

Among the initiatives planned in the LABORAL Kutxa's 4th Plan for Equality, we set ourselves three main goals, as well as various initiatives and actions, almost all of which we have carried out. Below we describe the most significant:

- Aligning, complementing and bolstering the equality policies with LABORAL Kutxa's sustainability strategy. We worked hard to build an inclusive narrative around sustainability to which the Basque language and equality contribute an integral dimension.
- New versions of the school of empowerment were held for women, as well as the workshop for raising awareness for men. We have also made a qualitative leap in that strategy, holding a meeting with the men and women who attended the workshops, in order to create a Network for Equality at LABORAL Kutxa. The event was a great success, over 100 people participated and it has laid the foundations for continuing to work towards equality.
- We have worked to ensure that the new organisational culture that is driving LABORAL Kutxa is aligned with a leadership style based on the values of equality. A more inclusive leadership model, which is consistent with the organisational culture we want to promote, and is in harmony with the values that characterise us.
- In addition to these three challenges, and as a demonstration of teamwork and shared responsibility for equality at LABORAL Kutxa, we have taken important steps to integrate gender perspective in key areas of the entity. On the one hand, influencing the field of training and talent, integrating content that strengthens the inclusive leadership model we seek to encourage. And on the other, integrating gender perspective into selection processes, reflecting unconscious gender biases and taking steps to standardise the criteria to consider at all stages of the process.
- Aware of its huge capacity to affect our surroundings and to generate social transformation, we have continued to sponsor various initiatives whose goal is the participation, visibility and empowerment of women; such as Emakume Master Cup, Lilatón, and the promotion of the women's cycling team, in the latter case adopting specific commitments to drive remunerative equality.

Overall, we can say that the level of compliance with the operational plan designed for 2022 has been substantial, since a total of 87% of the planned actions were carried out. Most importantly, steps have been taken to consolidate the strategy and new, future opportunities have been created.

We are aware that all processes of change require education and time. The mission of the 4th plan for Equality is to fund this strategy and amplify it throughout the entity. In 2022 we took decisive steps along that road and we will continue on the same line. However, there is no end to the work on equality and we still have major challenges to face.

The Entity meets the requirements regarding *diversity* policies in compliance with the guidelines and regulations on the assessment of the suitability of the members of the governing body and the holders of key functions, considering aspects such as academic profile, professional profile, gender and age in the Policy for the Selection of Candidates for the Governing Board and in the assessment and suitability processes.

In addition, as at 31 December 2021, we exceeded the minimum percentage required for the least represented gender, since the gender parity achieved in 2017 in the members of the Governing Board, the highest governing body of the cooperative, was maintained.

With regard to the employment of disabled staff, LABORAL Kutxa has 19 people under these conditions and CLBS has two, while in Seguros Lagun Aro there are none. Also, compliance with the LISMI is achieved through a monetary donation to GUREAK INKLUSIO FUNDAZIOA for

the implementation of labour insertion activities and the creation of employment for people with disabilities.

With regard to anti-discrimination policies that do not refer to gender, the CSR policy expressly refers to discrimination on the basis of sexual orientation and those arising from maternity and the assumption of family obligations. In the same way, the Criminal Compliance Policy contemplates discrimination on grounds contrary to constitutional rights and freedoms.

### **3.2.6. Conciliation**

#### **Conciliation measures**

The Internal System Regulation provides measures to reconcile personal and working life, as a way to alleviate, through permissions and/or specific leave, difficulties experienced by members of staff in meeting urgent family needs. They refer to aspects of working hours, remote working, paid and unpaid leave, as well as flexible working hours in Central Services and extending the possibilities of taking paid and unpaid leave.

#### **Flexible working hours**

All those who regularly work in the Central Services, both at Headquarters and in the Territorial Directorates, can take advantage of the flexible schedule system in terms of arriving and leaving. In 2019, to simplify the work-life balance and to encourage parents to take joint responsibility, the flexibility of this staff was increased in terms of timetables. The company has now switched to a monthly calculation of hours, with a daily minimum of 5:15 hours of work and flexible entry and exit times. At the same time, members with children under 12 years of age and/or people dependent on them due to age or illness may, upon request and approval, extend the entry time until 9.30 a.m.

Lastly, there are currently no policies in place regarding work disconnection.

In addition, in 2022 the new agreement on flexible working was implemented. According to which, the Central Services and Territorial Directorates may have 1 or 2 days of flexible work, depending on whether their home is within 25km of the place of work. Subsidiaries will have the option to work 10 flexible days per year.

### **3.2.7. Remuneration Management**

At LABORAL Kutxa, remuneration is received according to professional category. All positions are assigned a category and a remuneration (same job title, same salary, regardless of whether male or female), with salary increases being the same for all staff. There are also no differences according to age, except for the effect of the five years of seniority.

At **Lagun Aro**, even when the workers do not own the company, they still participate in the management and the business results. They do this:

- through a universal Individual Variable Remuneration, and
- a Collective Variable Remuneration applicable to people with an indefinite contract (close to 100% of the workforce) voluntarily joining a company formed precisely to enable the participation of workers in the results.

In terms of **remuneration levels**, wage differentials are substantially narrower than in the rest of the banking sector.

Starting salary LK and CLBS	2021	2022
Minimum salary upon entry for partners in € / no. hours worked	15.30	16.22
Minimum salary upon entry for partners in € / Minimum inter-professional salary *	1.89%	1.94%

(\*) The minimum inter-professional salary corresponds to that approved by the Spanish Government for each year. There is no difference by sex in the range of relationships between the standard starting salary and the local minimum wage, therefore, this data is not broken down by sex.

Lagun Aro starting salary	2021	2022
Minimum salary upon entry in € / no. hours worked	11.43	12.12
Minimum salary upon entry in € / Minimum inter-professional salary	1.41	1.44

As regards **salary dispersion**, there is a very narrow range of salaries, consistent with the value of solidarity inherent in cooperatives, as shown below:

	2021	2022
Total pay for best paid person LK / median total pay**	4.66	4.52
Increase in annual pay of the best paid person LK/Incr. median annual pay	2%	-3%
Total pay for best paid person CLBS/median total pay	2.20	2.24
Increase in annual pay of the best paid person CLBS/Incr. median annual pay	3%	4%
Total pay for best paid person / median total pay <b>Lagun Aro</b>	1.7	2.11
Increase in annual pay of the best paid person <b>Lagun Aro</b> /Incr. median annual pay	1%	24.1%

\*In LABORAL Kutxa, remuneration is received according to professional category (same job title, same salary, regardless of whether it is male or female), with salary increases being the same for all staff. The 2021 information has been updated because an error was found in the calculation.

\*\*Calculation of the figure does not include people not working (early retirement).

At the end of the financial year, the achievement attained, linked to the Individual Variable Remuneration (IVR), is reviewed, evaluating the financial year already concluded with regard to qualitative or quantitative objectives, as the case may be. This evaluation affects all members, with 544 of them having individual objectives in 2021 (548 in 2020) and the rest having objectives associated with their team.

The evolution of what variable remuneration (individual + collective) means for staff in relation to total remuneration is as follows:

	2021	2022
Variable Remuneration / Total Remuneration (in %)	8.61%	10.15%

### Remuneration to share capital

Members' contributions to the Share Capital have been remunerated in 2021 at the annual rate of 4% gross for compulsory and voluntary contributions.

Remuneration to Share Capital (thousands of euros)	2021	2021
Total payment of interest to Capital (to associated companies, to working partners, etc.)	9,784	31,640
Share received by working and collaborating members (1)	3,309	11,223

(1) Collaborating members are retired working members who maintain their share in LABORAL Kutxa.

### 3.2.8. Occupational Health & Safety

Management programme: Proposed actions for 2022 and their situation.	
1.	Apply the new psychosocial risk assessment methodology. Underway.
2.	Launch through Zainduz, initiatives to tackle psychosocial risks in the workforce. Completed
3.	Consolidate the implementation of the CAE in the office network. Completed
4.	Restore pre-pandemic levels in the activity of medical examinations and risk assessments. Not achieved in RA due to sick leave.
5.	Maintain regular activity in medical examinations, risk assessments, coordination of business activities and healthy company (Zainduz). Completed.
Management programme: 2023 key targets and commitments	
1.	Update of the risk evaluation plan.
2.	Apply the preventative measures resulting from the psychosocial risk assessment.
3.	Maintain regular activity in medical examinations, risk assessments, coordination of business activities and healthy company (Zainduz).

LABORAL Kutxa has an Occupational Health and Safety Management System (hereinafter OSH) according to ISO 45001, certified by AENOR. LABORAL Kutxa is a member of the Osarten Joint Prevention Service.

The main milestone for the management system in 2022 was passing the external certification audit for complying with ISO 45001. To achieve the objectives defined in the Occupational Health and Safety Policy (OHS), the activities are planned annually in the OHS Management Plan. Within the Management System, among others, there are procedures for hazard identification and risk assessment, accident investigation and health surveillance.

The Health and Safety Committee is a Joint Committee with equal representation, which is also attended by the Director of the People and Media Management Department and the Company Physician. The Chairman of this Committee is one of the workers' representatives (Prevention Delegate). This Committee meets at least once a quarter, and everything discussed in its meetings is recorded in minutes, which are made available to everyone on Giltzanet (intranet). All people are covered by this Committee.

The most relevant indicators regarding occupational health and safety management are presented in detail below.

Accident rate	2021	2022
Employee accident rate.	1.46	0
No. of accidents of LK, CLBS and LA personnel	28	21
No. of fatalities among employees.	0	0
No. of robberies	0	1

The accident rate is established based on the frequency of accidents, excluding those that have taken place "in itinere" (on the way to or from work) and those that have not resulted in medical leave, in order to calculate only the most serious accidents that take place in the workplace. In 2022, all accidents resulting in sick leave were in itinere. This index is determined based on the number of accidents per million hours worked. There are no recognised occupational illnesses.

The OHS System views the risk of robbery as one of the specific risks arising from the activity of LABORAL Kutxa, for which a series of instructions have been issued, provided to all staff and which are published on the Intranet, establishing both preventive measures and measures to be taken in the event of such situations. Similarly, in 2018, a protocol was developed and approved for situations of external violence that includes action in the event of aggression, threats or insults to our staff. These situations were then managed as occupational accidents.

Emergency drills are conducted every year in the Headquarters buildings. Also, all the work centres have emergency plans, which are available on the intranet so that each person can refer to the one that is applicable to them. No objectives are set for the absenteeism variables, rather forecasts are made regarding the overall rate. As part of the recruitment process, there is an occupational health and safety training module that explains the organisation of the system, the main risks and preventive behaviours.

In 2016, a two-hour mandatory training for all staff on Occupational Health and Safety was introduced. This basic training module has since been incorporated into the training itinerary for new recruits. Similarly, training on ergonomics, general and specific risks and evacuation plans is provided during risk assessments and regular medical examinations. In addition, a one-hour training course on emergencies was launched in 2020, which is also mandatory for all staff.

Lagun Aro has its own Management System, with procedures similar to those of LABORAL Kutxa for hazard identification and risk assessment, accident investigation and health surveillance covering the entire workforce, with a joint Health and Safety Committee with staff representation.

### Health Plan-Zainduz

Since 2018 there is a health plan for the staff of the LABORAL Kutxa Group. Zainduz (Cuidando) is a programme aimed at promoting health, safety and well-being of employees through the implementation of programmes focused on promoting healthy and sustainable habits in people, their families and the environment in which they live. It covers aspects such as improvements in diet, physical activity and emotional wellbeing, so as to improve both the physical and emotional wellbeing of the people who belong to the Group.

During this time, ZAINDUZ has become a model for the creation of a culture of wellbeing and is gradually establishing healthy attitudes in all areas of the organisation. The main actions carried out in 2022 included:

- Healthy purchasing workshop - Videoconference.
- Planning of weekly menus-Practical Material.
- How to eat healthily at Christmas - Christmas workshop.
- How to achieve personal and social motivation through exercise - Videoconference.
- Psych-reminders: how to look after myself in summer - E-book.
- Habits of healthy eating during the holidays - Videoconference.
- Emotions and Anxiety-Stress at work - Noughts and crosses game.
- Series of Emotional Wellbeing workshops; “have you ever felt uncomfortable during a complex conversation?”
- Series dedicated to Sleep: in collaboration with the Sleep Unit at the Navarra University Clinic, series of 3 videoconferences.
- Conversation between Alex Txikón and Sara Gandara: “The path is the summit”
- Promotion of LABORAL By Bike launch of LABORAL By Walk
- Launch of FISIFY- Digital Physiotherapy
- Healthy Coffee Break



### 3.2.9. Social Benefits Package

LABORAL Kutxa has developed the following initiatives focused on improving the social benefits received by its people:

Social benefits
<b>Annual celebration of a day of getting together and sharing</b> (everyone), Elkarte Eguna, and participation through the Lankide Club (which is financed by the Entity itself) in cultural, sporting, gastronomical and leisure activities as a vehicle for personal relations outside the working environment.
<b>Advantages in financial products</b> (members): Assets: Subsidised loan for primary residence, primary supplementary loan, loan for other domestic use, salary advance. Liabilities: salary account. Banking services: fee waivers, card fees waivers, discounts. Accident insurance, car insurance, home insurance, life/death for any cause fund.
<b>Other benefits</b> (members): Financing of private and Basque language studies Funding for extraordinary personal requirements Subsidised company dining room (everyone). Vehicle damage cover. Extraordinary expenses due to the death of members. Subsidies applicable in cases of temporary incapacity. Financial advantages for those retired from LABORAL Kutxa who maintain their status as a collaborating partner and their widows / widowers who are also collaborating partners. These advantages include: salary account, exemption from some fees and loans with preferential conditions.

Specifically, the Entity's working partners have the following social benefits:

#### Lankide Club

LABORAL Kutxa believes that joint cultural, sporting and tourist activities, etc. are an ideal vehicle for encouraging contact between colleagues outside working hours. Accordingly, it has agreed to set up Lankide clubs at Headquarters and in each of the regions, with the primary aim of promoting interpersonal relations through the enjoyment and implementation of leisure activities.

In 2022 the activities of both Elkarte Eguna and the Lankide Club were resumed (having been suspended due to the 2020 and 2021 pandemic) in all territories and at the LABORAL Kutxa headquarters. Specifically, 49 different activities related to sport, culture, gastronomy, leisure, etc. were carried out, for which there was a budget of €37,684.76.€.

#### Capitalised cooperative returns (individual pension plan)

Each year, LABORAL Kutxa distributes 12.5% of its available profits among its members, as a cooperative return or share in the profits, which is capitalised and added to the share in the capital of each of the members.

This share of the capital stock is not available until the working partner ceases to work at the Entity, and is practically an individual pension plan after growing throughout the person's working life at the Entity. This share receives an annual remuneration (4% in 2021 and 4.5% in 2022) in the form of interest on capital. The individual annual allocation of the cooperative return is based on their total gross salary.

Cooperative return allocated to working partners (thousands of euros)	2021	2022
Annual overall amount	9,185	14,131
Average amount per partner	4.84	Na (1)

(1) Data not available until the General Meeting.

#### Meeting the financing requirements of a supplementary health care system

LABORAL Kutxa covers, for the benefit of its members and working partners, co-payment of the fees required for the annual financing of a comprehensive health care system, complementary to that of the public social security system, which the MONDRAGON Corporation provides for its participating members. In 2022, this co-payment was 1.90% on the advance of gross consumption.

### 3.3. Our relationship with society

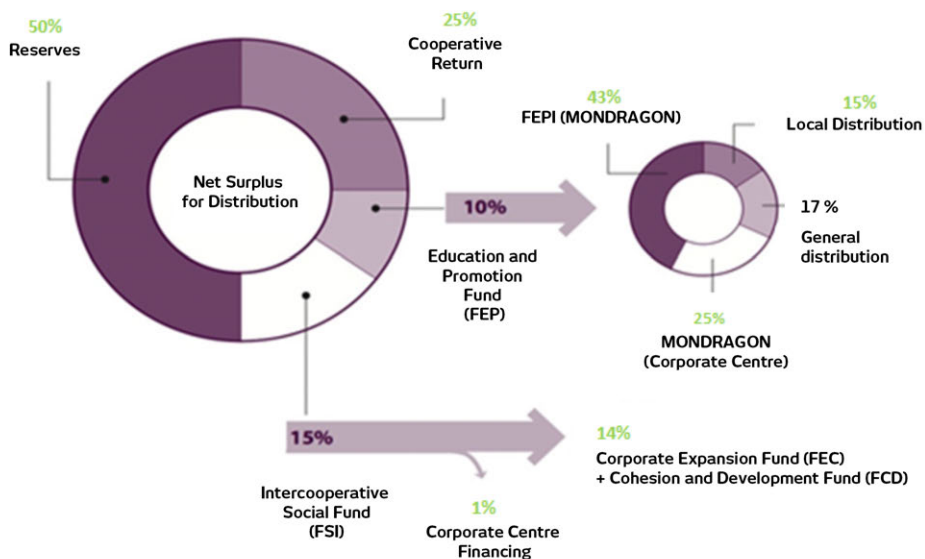
#### 3.3.1. Management approach

LABORAL Kutxa was founded in the Basque Country as part of a business group with a strong commitment to serving society, whose mission includes the creation of associated and participative work of a cooperative nature, as an essential way of creating wealth and well-being, both among its direct members and in the Society in which it is immersed.

The criteria and mechanisms for the allocation of social assistance are unique:

- Due to its legal nature and its cooperative vocation, LABORAL Kutxa directs a significant part of its humanitarian aid contributions to the promotion of the cooperative world.
- In the distribution of subsidies under one of the headings of the Education and Promotion Fund, the distribution of which corresponds to the institutional bodies of the cooperative, the section known as "General Distribution", one of the organisations that takes part is the Social Council, which is the representative body of the entity's working members.
- In addition, it also reserves a specific section of the social works for local assistance (Local Distribution), by means of allocations through the branches of LABORAL Kutxa, which steer the aid towards their own areas (neighbourhood associations, nearby educational centres, parochial social action groups, immigrant social assistance centres, etc.).

#### How are LABORAL Kutxa profits distributed?



The purpose of the Education and Promotion Fund (FEP) is:

- Training and education of the workforce in cooperative principles and values.
- The dissemination of cooperativism, as well as the promotion of inter-cooperative relations.
- The cultural, professional and assistential promotion of the community in general, as well as improving the quality of life and the community development and environmental protection activities.

The Inter-Cooperative Social Fund - FSI aims to:

- Promote business projects and the expansion of cooperatives through Mondragon Investments and the FEC (Corporate Expansion Fund).
- Among other uses, support for MONDRAGON co-operatives in difficulty, R&D&I projects and training through the Mondragon Foundation and the FCD (Cohesion and Development Fund).

During 2021, LABORAL Kutxa continued to strengthen its commitment to the environment, biodiversity and sustainable development, thanks to the signing of various agreements with the main agents in the agri-food sector, and the support given to initiatives linked to the rural environment.

### Gaztenpresa Foundation

The Gaztenpresa Foundation is a private, non-profit organisation. It is part of LABORAL Kutxa's social work and its purpose is to support the people in our area that would like to learn so that they can have more chance of success, generating wealth through the creation of employment.

The business creation activity of the Gaztenpresa Foundation, financed by LABORAL Kutxa and Corporación Mondragón, as well as by the Basque Government (Dept. of Employment and Work) through Lanbide, was again substantial in 2022.

Gaztenpresa's role is to facilitate a culture of entrepreneurship in the Basque Country and Navarra, with the aid of both their internal teams and volunteers and alliances, to support people in our area that would like to be entrepreneurs so that they can do so successfully.

Despite the crucial period business is going through, entrepreneurs will have affordable and accessible training, and tutors available to them to help them find the best business model, financing and specialised mentors that can support them going forward.

The entrepreneur will begin a journey in which they will be helped to become aware of the implications of being an entrepreneur with a good chance of success, they will grow personally and professionally, and improve their living conditions. In turn, this will facilitate the promotion and contribution of entrepreneurs in the Basque Country and Navarra, neighbourhoods will be revitalised. In summary, contributions will be made to the sustainable development of our area through the generation of quality employment.

Through this, we seek to contribute to the following sustainable development goals (SDGs)[1]: SDG 4: Quality education; SDG 5: Gender equality; SDG 8: Decent work and a growing economy, SDG 10: Reduction of inequalities, SDG 11: Sustainable cities and communities, SDG 12: Responsible production and consumption; SDG 17: Alliances to achieve the objectives.

The projects supported and which went beyond the feasibility phase generated 314 companies, creating 637 jobs. Its scope of activity is the Basque Country and Navarra. The regional distribution was as follows:

Gaztenpresa projects in 2022	Araba	Bizkaia	Gipuzkoa	Navarra	Total
Viable and open the business	44	169	69	32	314

Once the company is up and running, the entrepreneur faces many practical difficulties and a sense of isolation that often prevents him or her from dealing with them properly. Gaztenpresa develops business consolidation initiatives to provide support for these entrepreneurs, as well as providing training through our webinars and support through our mentoring programme.

<b>Business consolidation</b>	<b>2021</b>	<b>2022</b>
Workshops	51	55
Trained persons	507	492
Companies in consolidation	129	114
Mentoring programme	33	61

In measuring the results in terms of impact, the following resources were used:

<b>Allocated resources</b>	<b>2021</b>	<b>2022</b>
No. of Tutors	14	14
No. of Mentors	130	126
Financing awarded in millions of euros	8.6l	9.0

We made an impact in the following way:

<b>Impact on businesses</b>	<b>2021</b>	<b>2022</b>
Open negotiations	278	314
1st year survival	90%	90%
5th year survival	72%	72%
5th year survival according to Eustat	44%	44%
Businesses with socio-environmental impact	17%	23%
Commercial companies generated	25%	27%
Cooperatives for commercial entities	25%	11%

<b>Impact on people</b>	<b>2021</b>	<b>2022</b>
Average age	40	39
Recommended persons	1,066	1,032
Persons with which it is recommended not to open	16%	13%
Persons coming from unemployment	43%	29%
% Women	44%	50%
Trained persons	507	493

<b>Impact on Society</b>	<b>2021</b>	<b>2022</b>
% of companies created by migrants	13%	11%
% of companies created by persons under the age of 35	29%	26%
% of companies created by persons over the age of 45	26%	22%
% of companies located in provincial capitals	38%	37%
% of companies located in cities with over 15,000 inhabitants	33%	35%
% of companies located in cities with under 15,000 inhabitants	29%	28%
Average investments of the companies created	€71,200	€87,528
Average loan for companies created	35,618	36,800

### Indirect contributions to society

The most significant indirect economic effect is the generation and distribution of wealth and employment, preferably in a cooperative manner, which is achieved through the contribution

of resources from LABORAL Kutxa to the MONDRAGÓN group. We also have an influence on society through hundreds of sponsorship and promotional activities to which we allocate economic resources.

In 2022, numerous activities were supported. Here are a few of them: Lilaton Women's Race, Environmental Event Festival WAXDYZ, Asoc Women's Company, Gurutze Gorria Gipuzkoa, Fund. For Medical Research, Roscón Solidario Caritas, ASPACE Leon, Autismo Zamora, UNESCO Etxea, Meetic Paralimpico, Laukia Emakumeok Prest, Euskal Herriko Bertsozale Elkarte

### Relations with Government Agencies and political parties

LABORAL Kutxa defines Public Administration Management in the Public Sector Management Manual as a differentiated, integrated, coordinated and dynamic management by the Public Sector Office within the Network of Companies. This document defines the responsibility and functions of each Division of LABORAL Kutxa in the management of this segment in everything that affects the segmentation, management systems, information systems, commercial strategies and risk management.

In the same way, the LABORAL Kutxa Risk Manual "Credit Risk Policy, Methods and Criteria", considers in Chapter 5 the "Risk Policy to be applied to the Public Sector", establishing a differentiated policy within the scope of Companies due to their accounting and legal particularities. LABORAL Kutxa does not provide finance to any political association or national or international entity, except for the loans and guarantees to political parties listed in the following table:

	2021	2022
Eusko Alkartasuna	90	83
EAJ - PNV	569	464
<b>Loans (thousands of euros)</b>	<b>659</b>	<b>547</b>

### 3.3.2. Main figures: Profit sharing in society

As explained in the management approach, the main contribution of the LABORAL Kutxa Group to society is through the distribution of 25% of its distributable annual profit. In 2022 it was just over **25.5 million euros**. In 2021 it was not possible to make the usual contribution of profits to the Intercooperative Social Fund due to instructions from the Bank of Spain. The distribution among headings was as follows:

Item (thousands of euros)	Years of application	
	2021	2022
Charitable contribution to the launch and consolidation of cooperative companies (through MONDRAGON)	0	17,174
<b>Inter-cooperative Social Fund - FSI (15% of Distributable profit)</b>	<b>0</b>	<b>17,174</b>
Cooperative Promotion through MONDRAGÓN (68% FEP)	6,113	6,526
Other cooperative initiatives and social values	273	118
Entrepreneurship and Business and vocational training ( <i>Gaztenpresa Foundation</i> )	105	140
Cultural activities in general and others	750	829
Promotion of the Basque-language and Basque Culture	536	450
Welfare institutions and developing countries	729	470
Agri-food sector	33	42
Gender Equality and Empowerment	-	87
Environment	-	24
<b>Education and Promotion Fund - FEP (10% of Distrib. profit).</b>	<b>8,531</b>	<b>8,686</b>
<b>Sum FSI+FEP</b>	<b>8,531</b>	<b>25,860</b>

### 3.3.3. Dialogue with society

These are the most relevant mechanisms for dialogue with society.

Group of Interest: Society	
Dialogue mechanisms implemented in 2022:	
<ul style="list-style-type: none"> <li>▪ Membership of Izaite, Association of Basque companies for sustainability, which focuses on social and environmental issues.</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Social network with entrepreneurs to share concerns and propose collaborative actions through the Gaztenpresa Foundation. And adhesion, as a founding member, to YBI- YBS Youth Business International in Spain, an international network of Good Practices and support to young entrepreneurs.</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Participation and dynamisation of virtual communities with a presence in blogs and social networks on the Internet to reinforce contact and the pooling of ideas and initiatives:                             <ul style="list-style-type: none"> <li>❖ Instagram: 9,621 followers</li> <li>❖ Facebook: 21,267 followers</li> <li>❖ Twitter: 8,457 followers</li> <li>❖ Blog: 887,486 readers</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>▪ Specific analysis of the opinions and expectations of the users of OnLine Banking through the use of internet tools to monitor opinions, forums, social networks and expert reviews.</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Acknowledgements, in collaboration with various institutions, such as: Eusko Ikaskuntza-Laboral Kutxa 2022 Award for Humanities, Culture, Arts and Social Sciences, which went to composer Teresa Catalán and creator Imanol Zubiau, as well as the Etxepare Translation Award, which went to Mariolein Sabarte. Meanwhile, in 2022, the Navarra International Award for Solidarity was awarded to Humanitarian Maritime Rescue, an association dedicated to helping immigrants and refugees.</li> <li>▪ Survey of Customers from companies, personal banking, Kide, TOP and Pro-microcompanies on their assessment of CSR activities at LABORAL Kutxa, while sending out the Executive Report on the 2021 Report.</li> <li>▪ Public Presences. Representatives of LABORAL Kutxa attended forums (universities, interviews, talks) to which they were invited to explain their way of doing things and their commitment to society. These forums also enable dialogue with stakeholders.</li> </ul>	

In 2022, LABORAL Kutxa continued its line of dissemination of Social Responsibility among different stakeholders. In this respect, LABORAL Kutxa:

- Has made the Report available to the public on the Entity's websites and GRI.
- Has distributed the CSR Report to its staff via the intranet (Giltzanet).
- Has sent an email to more than 380,000 clients with the Summary with the general lines of the annual Report, also making the full version available. This contact was used to ask for their opinion on Sustainability at LABORAL Kutxa.

### 3.3.4. Initiatives endorsed by LABORAL Kutxa

The following table shows the current main initiatives:

Name	Purpose	When
Agreement with FIARE, renewed with Banca Popolare Etica	Commitment to collaborate with ethical banking. In 2017 it was renewed once Fiare became a Spanish branch of Banca Popolare Etica	2005
Adherence to the United Nations Global Compact.	Commitment and progress in the 10 Principles of the Compact.	2006
Affiliation to Izaite, Association of Basque Companies for Sustainability.	To share experiences in business sustainability and promote training and dissemination in the field of sustainable development.	2006
Joined Autocontrol.	Association for the Self-Regulation of Commercial Communication.	2007
EFMA European forums: SME Council, Operational Excellence Council, Spanish Retail Banking Decision Makers Club	Exchange of good commercial and management practices between leading European banks and savings banks through EFMA - European Financial Management Association.	2010
Agreements to support the social	Annual agreements with associations linked to the social	2012



economy	economy: Basque country (KONFEKOOP, ASLE), Navarra (ANEL), Asturias (ASATA), Salamanca (OWEN), Cantabria (ACEL), Leon (ULECOOP) and, at national level, annual agreements with Cepes.	
Agreements with the European Investment Fund (EIF).	Agreements to support the creation and consolidation of micro-enterprises and their jobs: EaSI MICRO, EaSI SOCIAL, EaSI INNOVFIN	2013
Agreements with business associations	Training sessions and workshops for entrepreneurs and SME managers in Bizkaia, with SEA - Empresarios Alaveses and the Chambers of Commerce of Alava and Gipuzkoa.	2013
Local founding partner of YBS - Youth Business Spain	Participation in Youth Business International, International Network to Help Young Entrepreneurs.	2014
Agreement with the Basque Government to safeguard linguistic rights	Allowing customers to carry out all their operations in either of the two official languages.	2015
Code of Good Practice for Financial Education initiatives	Educational programmes on financial matters. Developed in conjunction with the CNMV and the Bank of Spain, and separated from the business activity	2016
United Nations Principles for Responsible Banking	Framework for the sustainable banking system of the future. Commitment to the 6 Principles.	2019
Basque Ecodesign Center	Promoting the development of innovative projects that meet the priorities of the Basque Country with a double focus: the improvement of competitiveness, and the prevention of environmental impacts.	2022

#### Lagun Aro Insurance:

The activities carried out by the insurance company can be found on pages 63 and 64 of Lagun Aro's CSR report.

[https://www.segurolagunaro.com/corporativa/uploads/pdf/memorias/RSE\\_LAGUNARO\\_2021\\_es.pdf](https://www.segurolagunaro.com/corporativa/uploads/pdf/memorias/RSE_LAGUNARO_2021_es.pdf)

#### Financial education

The activities planned in the area of Financial Education have recovered their pace after the programme was slowed down by the pandemic.

The following initiatives have been undertaken in this area of financial education:

- Educational programme: “Finantzeta Murgilduz Erronka” (financial immersion challenge). Laboral Kutxa has, freely available to the educational centres, a resource designed by specialists for primary and secondary-school students embodying 2 educational programmes, which:
  - Are freely available to schools, are run by teachers from the school, and are taken in the classroom.
  - Various situations are presented to pupils in the form of a challenge and different skills are worked on (finance, decision-making, cooperation, etc.)

The educational resource was used by 13 schools in 2022.

- Secondary school visits to LK: In **2022, 6 workshops were held at the headquarters in Arrasate and the territorial headquarters in Bizkaia and Guipúzcoa**, in which **176 students** participated..
- Children’s drawing competition with the theme “Your finances are also sustainable” aimed at the children of active employees of the credit cooperatives associated with Unacc 33 participants from LABORAL Kutxa.

- LABORAL Kutxa has continued to use social networks to create financial culture and boost knowledge regarding cooperativism. Thus, the Entity's blog, ([blog.LABORALkutxa.com](http://blog.LABORALkutxa.com)), included **88** articles of general interest, of which **68** were focused on helping improve the culture and knowledge of contemporary finance.
- Regular publication by LABORAL Kutxa's Research Department of various reports: Basque/Navarra economy report, economic outlook report and the business and household confidence index.

### Awards received

The following awards have been received over the past three years:

- Sports Company Award at the Kirolgala for contributions, collaboration and commitment to sport in Gipuzkoa.
- Premio Master Marketing (PesMes) for the 360 degree communication campaigns.
- The enerTIC Awards from the Secretary of State for Digitalisation and Artificial Intelligence, for the Digitalisation of Energy Efficiency project developed by LABORAL Kutxa, in the Smart Buildings category.
- Computing 2020 Award in the category "Modernisation of infrastructure and applications".

With regard to Lagun Aro, in 2020, the "EthSI®" (Ethical and SolidaritybasedInsurance) certificate was renewed with a two-year validity period. In addition, specific products such as Life, Car and Home Insurance were granted the certificate.

ETHICAL AND  
SOLIDARITY-BASED  
MANAGEMENT



The Ethical Finance Observatory has certified Seguros Lagun Aro with the EthSI (Ethical and Solidarity Based Insurance) seal, in recognition of its ethical and solidarity-based management.

This seal acknowledges the adoption of a set of criteria aimed at providing transparency in the insurance sector and promoting the development of ethical insurance.

The Observatory, via an independent evaluation committee, assesses aspects grouped into the following categories: responsibility towards the community and the region, financial responsibility, ethical investment and the use of ethical banking, equality and transparency, environmental responsibility, employment responsibility, corporate structure, governance and democratic operation.

## 3.4. Our relationship with the environment

### 3.4.1. Management approach

Since 2001, LABORAL Kutxa has been implementing an **Environmental Management System - EMS** in accordance with ISO 14001, for all its activities in the three Headquarters buildings. Although it is not part of the certified system, LABORAL Kutxa transfers the majority of its environmental activities from central services to the other work centres. In 2022 the certification was renewed for three years.

The Environmental Management System is the responsibility of an Environmental Committee made up of members of the Legal Department, Internal Audit, Risks, Fixed Assets- and General Services and Planning, with the latter acting as the Coordinator. In accordance with the precautionary principle of the Rio Declaration, it addresses the possible impacts of the activity with a view to preventing environmental damage. The direct effects (emissions, consumption and waste) of the financial and insurance activities on the environment are not particularly significant, although those derived from lending and investment activities are considerable.

**Seguros Lagun Aro** shares the environmental management policy of LABORAL Kutxa, the aim of which is the continuous improvement of environmental behaviour, the prevention of pollution and the protection of the environment. As with LABORAL Kutxa's network of offices, it is not integrated into its Environmental Management System.

Due to the very nature of its activity, the direct environmental impact caused by the insurance company is minimal and its management is focused on paper consumption.

From an environmental point of view, a relevant aspect is the plan to implement the new physical office model. This model, which incorporates new air-conditioning installations and LED lighting with presence detection, improves the impact of the activity by reducing energy consumption. Along the same lines, the comprehensive refurbishment of building LK3 for Mondragon Central Services has been implemented. The goal is, once the work has finished, to obtain a Breeam certification.

As regards consumption, the paper reduction project has been launched. The goal is to reduce paper consumption by 50% by the end of 2024. This goal will be part of the variable remuneration for all people.

Another important milestone was the promotion of the LABORAL Bybike sustainable mobility programme, which encourages commuting to work by bicycle.

With regard to the environment, however, the most important progress made in 2022 has to do not with the direct impact of the activity (consumption, waste or emissions) but with the transformation of the financial system towards a more environmentally sustainable one. As has been mentioned throughout this Report, the European Union seeks to use the financial system as a lever and driving force for the transformation of the current economic model into a more sustainable one. Throughout the year, intensive work has been carried out to apply these regulations and to adapt the organisation to this new paradigm of sustainability. Some of the activities with an environmental impact through financing or investment are:

- Implementation of the governance of sustainability.
- Approval of the Sustainability Policy.
- Incorporation of the first 3 ESG indicators as part of the risk appetite.
- Generation and maintenance of databases on energy ratings for mortgaged properties.
- Development of a framework for the classification of commercial operations with ESG criteria aligned with the taxonomy.
- Roadmap for the integration of sustainability risks. Start with the analysis by means of a heat map of the risks of the portfolio by sector.
- Evaluation of the customer's preferences on the subject of sustainability (MIFID II) and the adaptation of the product catalogue in order to comply with them.
- Improvement in the carbon-footprint calculation, adding new elements to scope 3.
- Second mobility survey and work transport plan.
- Loan for neighbourhood communities for the renovation of properties.

The EMS is audited annually by AENOR, jointly with ISO 45001 Occupational Health and Safety. The certification was renewed for 3 years in 2022. The audit report, dated 23/09/2022, mentions the following as the strengths of the EMS:

- Sustainability Management as the strategic focus of the business and a transformation process. Highlights: Catalogue of Green products (green mortgages, housing renovations, etc.), Evaluation of customer preferences in terms of sustainability (MIFID questionnaire), Environmental diagnostics and improvement plan for the new office model, plan to reduce paper consumption by 50%.
- Consumption of renewable energy since 2019.
- Preliminary Breeam Study on the characteristics of sustainability of a typical office (Av. Madrid in Donosti). Definition of the economic resources required by all sections to be improved to achieve a level of "very good", the level currently being "good".
- Monitoring of the waste management of the works on LK3.
- Zainduz Health Programme, which includes mobility initiatives.
- A commitment to Digitalization, both internally and with regard to the customer.

No non-conformities are mentioned.

As stated in the ISO standard followed by the EMS, the success of an environmental management system depends on the commitment of all the functions and levels of the organisation, under the leadership of senior management. Thus:

- LABORAL Kutxa has an Environment Policy, approved by senior management, accessible for all its staff and customers, through its publication on the corporate website.
- Every year, it carries out planning to determine the risks and opportunities related to its environmental issues.
- On the basis of this, it establishes objectives that are monitored and communicated, both internally and externally.
- It also plans the appropriate actions to achieve these environmental objectives, determining what is to be done, with what resources, who will be responsible, and with what indicators its achievement and compliance with deadlines will be evaluated.

### 3.4.2. Main figures and initiatives developed

In terms of resources dedicated to the prevention of environmental risks:

Direct expenses charged to the EMS	2021	2022
Maintenance of the EMS (1)	2,015	2,039
Waste management (2)	3,705	4,190
Environmental promotion	0	0
Measurements (discharge)	0	578
<b>Total in €</b>	<b>5,720</b>	<b>6,807</b>

(1) IZAITE, Earth Hour and legal requirements. .

(2) Removal of Paper, oil and Safety Advisor.

These expenses are those directly managed by the Environmental Committee and do not include costs managed by specific departments or any investments made. **Lagun Aro Insurance** does not have specific items for this purpose.

With regard to the principle of precaution, as explained above, LABORAL Kutxa has an environmental management system in which environmental risks and opportunities are taken into account and analysed. Within this analysis, no products or technologies have been detected that are being implemented and are suspected of posing a risk to public health or to the environment.

Nor is it considered necessary to make provisions or guarantees for direct environmental risks.

#### Environmental risk assessment

As part of its Environmental Management System, LABORAL Kutxa has a “**Review Control and Risk Management**” procedure that sets out the steps to be followed in order to evaluate and control the environmental risks in all operations involving commercial credit investment and company risks, assigning each activity a High, Medium or Low level of risk, excluding the areas of treasury, securities portfolio and monetary assets. When the assigned risk level is High, this factor is taken into account as another evaluation factor for deciding whether or not to authorise the transaction.

Segment	Operation No.		Thousands of €		High		Medium		Low	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Companies	622	764	1,381,153	1,185,698	30	27	88	123	434	519
Individuals	2	16	8,100	33,958	-	1	-	1	2	14
Self-employed	2	1	1,450	150	-	-	-	-	2	1
Businesses	23	40	25,061	62,652	-	-	-	4	22	36
Developers	46	43	238,554	139,645	-	-	-	-	42	37
Institutional	110	133	404,477	443,788	7	8	4	35	54	66
Public	41	22	2,165,119	567,104	-	-	-	-	39	21
Fin. Loan	11	14	5,982	8,001	-	-	-	-	1	1
<b>Total</b>	<b>857</b>	<b>1,033</b>	<b>4,229,895</b>	<b>2,440,996</b>	<b>37</b>	<b>36</b>	<b>115</b>	<b>163</b>	<b>596</b>	<b>695</b>

If the company in question has several production centres, the risk assessment is carried out for each of them, with the risk assigned to the company being equivalent to the highest of the risks obtained. In the last two years, no operation has been rejected on the grounds of environmental risk.

Elsewhere, in section 4.2 **Financing/Investment with ESG criteria**, reference is made to other environmental controls carried out from an environmental point of view in both credit investment and investment management.

### Transparency in exposure to fossil fuels

Exposure to fossil fuels as at 31/12	2021	2022
Number of operations*	44	48
Total exposure	7,533,662	5,176,440

\*Considered operations with structural risk.

It was confirmed that LABORAL Kutxa's exposure to the incidence of climate risk in these industries is limited.

As has been explained throughout the report, in 2022, the second TCFD report was published, explaining LABORAL Kutxa's situation with respect to climate risks. The report, available on the website, shows the progress made in this area, as well as the significant challenges ahead.

### Pollution

During recent years, LABORAL Kutxa has made a significant investment effort that has resulted in the complete renovation of two of the three buildings of Mondragon's Central Services, having started the renovation of the third building in 2022. These actions have led to the introduction of the latest technologies in lighting, heating, air conditioning and insulation, which has resulted in the LK1 building obtaining the highest environmental rating (A). The introduction of renewable technologies such as geothermal and biomass for the air-conditioning of the buildings is of particular importance. In addition, when renovating the branch offices of the business network, these technologies are applied with the aim of reducing the impact of the activity and minimising emissions. Lastly, a continuous effort is being made to digitalise the business. This is true both for the relationship with our customers and for the internal activity.

Noise is not considered to be a significant issue in the annual assessment of environmental matters within the environmental programme. With respect to light pollution, it is not taken into account due to the small impact of financial business on this matter. Moreover, there are mechanisms to turn off the lighting of the luminous signs of the offices after a certain time at night.

### Circular economy and waste prevention and management

With respect to **environmental safety**, the Central Services buildings and facilities have emergency plans that consider possible effects on the environment in the event of an incident, as well as how to act to minimise this impact. There are also emergency plans for all the workplaces, although, in the network of offices the potential environmental effects of emergencies are much lower.

For **waste** management, waste is managed correctly within the framework of the environmental certification. In addition, the most important waste, paper for destruction and toner, are managed centrally for all work centres. The most significant waste related to our activity are indicated below:

Indicator	Unit	LABORAL K.		Seguros LA	
		2021	2022	2021	2022
Cardboard and paper waste	Kg	108,340	129,780	1,503	3,420
Recycled toner cartridges	Kg	2,881	1,392	(1)	
Used vegetable oil	Litres	720	560		

(1) This waste does not exist for Lagun Aro.

Given the activity carried out, food waste is not relevant. In 2020, however, an online booking system for access to the Central Services canteen was implemented, which allows the number of meals prepared daily to be adjusted.

### Sustainable use of resources

Although water consumption is not significant in a financial institution, within our environmental system the consumption by central services is managed, not that of the branches or Lagun Aro. As part of the refurbishment of the Headquarters buildings, the pipelines have been renewed with the aim of reducing leaks and water losses. The water consumption of Lagun Aro and the business network is limited to the toilet facilities, so it is not considered significant or manageable, unlike the Headquarters, where it is also used in the kitchen and for irrigation. The water used comes from the mains network and drains into the municipal sewage network. The waste water is analysed externally each year to verify that it is within the authorised limits.

Water consumption (m3) at Headquarters	2020	2021
Water consumption (1)	6,363 (1)	7,124

(1) Because the figure for the 4th quarter was not available upon the completion of this report, the amount includes the last quarter of the previous year and the first 3 quarters of the year.

Each year, the environmental programme identifies, records and evaluates environmental factors in order to determine their associated environmental impacts and establish their level of significance from a life-cycle perspective. To this end, the scale and degree of danger are determined, obtaining a significance level. Below are the main indicators of the Environmental Management Programme of LABORAL Kutxa (Central Services and offices) and Lagun Aro based on the results of this evaluation.

Paper consumption kg LABORAL Kutxa+Lagun Aro	2021	2022
Promotional paper	120,807	100,597
Office paper (letters, notepads, folders, sheets of paper, envelopes, etc.)	246,574	214,647
Total paper consumption*	367,381	315,244

\*100% of the paper consumed was environmentally friendly, chlorine-free paper. The printer paper is EU Ecolabel, FSC and Rainforest Alliance certified. Due to the variety of paper types used, the % of recycled paper is not recorded.

In order to reduce the amount of paper used in customer communications, a significant effort has been made towards the use of new technologies and e-mail communications (Postamail), along with the digitisation of the operations in the offices. This is leading to a decrease in the volume of paper and toner consumed. The 23-24 Strategic Plan establishes a goal for a 50% reduction in paper.

Toner consumption in units LABORAL Kutxa+Lagun Aro	2021	2022
Total toner cartridge consumption	3,236	2,962
Cartridge consumption per person	1.45	1.34
Weight of toner used kg	2,557	2,089
Weight of toner used kg/person	1.15	0.95



The direct, non-financial impacts of LABORAL Kutxa's activity are limited\*. One of the most important is electricity consumption. Mondragón's Central Services are within the scope of ISO 14001 environmental certification and are actively managed:

Year/Unit	LABORAL K.		Seguros LA	
	2021	2022	2021	2022
Electricity consumption in KWh / year Central Services	3,136,949	3,086,684	288,765	308,761
Electricity consumption in KWh / year TOTAL LK	11,432,660	10,570,653		

\*Gas oil and propane consumed at CS and controlled in the Environmental System are not considered materials.

Significant efforts have been made in recent years to improve energy efficiency. The following is worth mentioning:

- The introduction of a geothermal system to air-condition the Central Services buildings.
- The construction of a biomass plant to meet the heating needs of the biomass. Both systems have made it possible to eliminate climate control using fossil fuels.
- Refurbishment of the insulation (low emission glass), equipment (LED) and machinery to increase the efficiency of air conditioning and lighting.

### Climate change-Carbon footprint

Through the years, LABORAL Kutxa has always calculated its CO2 emissions. This calculation has gradually be perfected, incorporating new tools / calculators and new aspects with the passing of time in an effort to better understand the impact of the activity. The 2020-22 Strategic Plan established a goal for a 75% reduction in this carbon footprint. This objective was met, mainly due to the economic effort made to acquire all electrical energy from renewable sources.

Breakdown of emissions by source. Carbon Footprint	LABORAL K.		Seguros LA	
	2021	2022	2021	2022
Scope 1: Direct emissions	213	127	0	0
Scope 2: Indirect emissions	0	0	0	0
Scope 3: Other indirect emissions	940	991	59	82
Total emissions Tonnes of CO2	1,154	1,110	59	82

The Klima 2050 calculator of the Basque Government has been used to determine this.

The following were taken into account:

- For scope 1, consumption of diesel, propane and emissions of refrigeration gases.
- For scope 2, the total electricity consumption (CS, the office network and regional management buildings) was taken into account. It is considered 0 as all energy is from renewable sources.
- For scope 3, we have taken into account emissions due to travel during work time, kilometres travelled by taxi, the emission resulting from paper consumption, business travel (air, train and hotel), electricity consumption of customers when using our website, paper waste management and water supply.

Despite the increase due to the rebound of the emissions from mobility, the footprint has reduced, mainly driven by the reduction in refrigerant gases.

However, in 2022 we participated in a sectoral work group to improve this carbon footprint calculation. As a financial entity, it is relevant to incorporate new elements into Scope 3, especially those relating to investment and financing portfolios. As a result of the work, greater theoretical knowledge and a new calculation tool have been obtained. However, this calculation methodology still requires perfecting. The biggest deficiency of the new calculation is the lack of information on most of the financed counterparts, therefore today the calculation is based on public information and sectoral approximations. It is a task that will be carried out over the next two years. However, this new calculation has led to a significant improvement in our knowledge of the impact of our activity.

With this new calculation, the operational carbon footprint is:

LABORAL Kutxa			2022
Summary of GHG emissions			
Scope	ID	Type of activity	t CO <sub>2</sub> e
<b>DIRECT EMISSIONS</b>	<b>A1.1</b>	<b>Fixed sources</b>	<b>24.85</b>
Scope 1	<b>A1.2</b>	<b>Mobile sources</b>	
	<b>A1.3</b>	<b>Fugitive emissions</b>	<b>104.59</b>
	<b>A1</b>	<b>Scope 1 - Total</b>	<b>129.43</b>
<b>INDIRECT EMISSIONS</b>	<b>A2.1</b>	<b>Electricity consumption</b>	
Scope 2			
	<b>A2</b>	<b>Scope 2 - Total</b>	
<b>INDIRECT EMISSIONS</b>	<b>A3.1</b>	<b>Goods and Services Acquired</b>	<b>443.00</b>
Scope 3	<b>A3.4</b>	<b>Upstream Transport and Distribution</b>	<b>542.01</b>
	<b>A3.5</b>	<b>Waste Generated in the Activity</b>	<b>0.52</b>
	<b>A3.6</b>	<b>Business Travel</b>	<b>805.54</b>
	<b>A3.7</b>	<b>Employee Travel</b>	<b>1,670.16</b>
	<b>A3</b>	<b>Scope 3 - Total</b>	<b>3,461.23</b>
		<b>Total emissions</b>	<b>3,590.66</b>

To obtain it, the sectoral CF calculator (Connecting Visions) was used.

The following were taken into account:

- For scope 1, consumption of diesel, propane and emissions of refrigeration gases.
- For scope 2, the total electricity consumption (CS, the office network and regional management buildings) was taken into account. It is considered 0 as all energy is from renewable sources.
- For scope 3, the emissions from water, paper, toner, and use of the cloud were taken into account. Emissions from internal mail and warehouse orders were also taken into account. Paper/cardboard are included as waste. Finally, business travel (mileage, taxis, journeys) and personal travel from home were also taken into account.

In terms of financed emissions:

	Total Emissions
<b>Credit Portfolio</b>	<b>713,449.25</b>
Corporate Loans	301,503.41
Mortgage Loans	169,294.77
Loans to Government Bodies	242,651.08
<b>Fixed Income Portfolio</b>	<b>1,063,715.86</b>
Corporate Bonds	0.00
Sovereign Debt	1,063,715.86
<b>Variable Income Portfolio</b>	<b>0.00</b>
<b>Total Financed Emissions Tonnes of CO<sub>2</sub></b>	<b>1,777,165.11</b>

These emissions correspond to 87% of the financed portfolio and treasury investments. The rest of the portfolio could not be calculated this year due to a lack of data. As indicated above, the quality of the data should improve in the coming years, which may affect the result of the calculation.

LABORAL Kutxa has made a continuous effort in recent years to combat and adapt to the consequences of climate change: investments, digitalisation and actions to improve energy efficiency. For the coming years, in addition to maintaining this effort and that of the initiatives described above, the following lines of action are proposed:

- The incorporation of the reduction of the carbon footprint and electrical consumption into the variable remuneration of the workforce.
- Participation in initiatives and alliances to accelerate the transition to a more sustainable production model: Basque Ecodesign Center, Principles of Responsible Banking, sectoral groups through Unacc, collaborations with universities, etc.
- Work continues on improving the quality of the available sustainability data. Better and deeper availability of these will allow for a better understanding of the impact of the activity, the climate risks we face and will help in the design of policies and products.
- As has been explained, sustainability is a key facet in the Group's strategy in the coming years.

#### Protection of biodiversity

LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas.

## 3.5. Our relationship with supplier companies

### 3.5.1. Management approach

The financial activity that we carry out, as well as the local presence in a very specific geographical area, means that the management risks of subcontractors and suppliers are not excessively important. As a result, supplier companies are currently not yet screened for sustainability criteria.

Nevertheless, LABORAL Kutxa, aware of the importance of supply chain management in the area of sustainability, developed the following areas of action regarding suppliers during 2022.

Work has continued in order to meet the requirements of the EBA [Outsourcing Guide](#), the purpose of which is to manage all risks that may be entailed in working with suppliers and externalising services. As was mentioned in last year's Report, in 2021 the update to the **Service delegation policy** (also called the externalisation policy) was approved. In addition, an organisational unit was created as a section called Third Party Management, which centralises and is responsible for the management of suppliers in order to be able to implement this Policy.

In 2022, the Third Party Management section continued to increase its analysis of supply companies. In this regard, the tools available for communicating with suppliers have been updated. These are the 3 tools available for that:

- Ethics Code: which must be signed by suppliers. If they do not sign it, their own ethics code is requested so that it can be verified by LABORAL Kutxa.
- Supplier Request: a tool used for the approval of suppliers. It includes three specific sections on sustainability.
- Service Request: specifically focused on service.

These three elements ensure compliance with EBA's Guide and control and manage the risks derived from the suppliers. Because once they have been answered, these documents are analysed by Data Protection, Security, Legal Advice, and Business Continuity, who are responsible for ensuring that no risks are incurred.

All of these questionnaires are sent to every supplier each time a new service is contracted or an old one is renewed. At the same time, they are sent to old suppliers, even when the service is not renewed, in order to have as much information as possible on all suppliers.

With regard to [prevention of occupational hazards](#), progress has been made in the coordination of business activities with the contractors who come to work in the offices of the commercial network.

Given the characteristics of our supplier companies, it is not considered necessary to carry out audits on them on aspects unrelated to the characteristics of the product or service they provide, except those relating to the security of information and data. For this reason, supplier companies are currently not evaluated for environmental or social aspects, however, the impacts of their activity are considered to be low. In compliance with the precautionary principle, there are other factors that influence the selection of supplier companies, in addition to the origin, such as technical requirements, the characteristics of the product or service they provide and the price. At the same time, LABORAL Kutxa ensures compliance with social and employment legislation through a clause that it has in place:

- Compliance with employment, Social Security and occupational health and safety regulations.
- The certified Management, Environmental and Occupational Health and Safety Systems also have procedures established for managing purchases and subcontracting, taking into account the requirements outlined for these systems.

In our area of activity, we only identify significant risks linked to non-compliance with human rights in relation to corruption risks and with our indirect actions to ensure compliance by companies that supply us. The activities related to these two aspects are described in the respective sections.

### 3.5.2. Main figures

	2021	2022
Purchase volume (thousands of euros)	133,508	158,817
% of goods and services purchased from local companies (2)	94.2%	96.3%
% of local suppliers of total	90.9%	93.6%
% of domestic purchases, not imported (1)	98.34%	99.9%

(1) In 2022 LABORAL Kutxa had 7 supplier companies (0.53% of the total and representing 0.05% of the goods and services acquired), from outside Spain. Of these, 2 are from non-EU countries (UK).

50.5% of the amount comes from what is known as the Traditional Network (CAV and Navarra).

(2) Local are defined as those whose address is in a province where we have a presence through our network of offices.

### 3.5.3. Dialogue with suppliers

Regarding the **dialogue** with supplier companies concerning CSR, a questionnaire was sent to 165 supplier companies for the purposes of the 2020 Report. Companies were specifically chosen because their workers perform work within our premises. This included subcontractors and outsourcing companies. A response was received from 20 supplier companies, who rated the importance of this Report as 8.5.

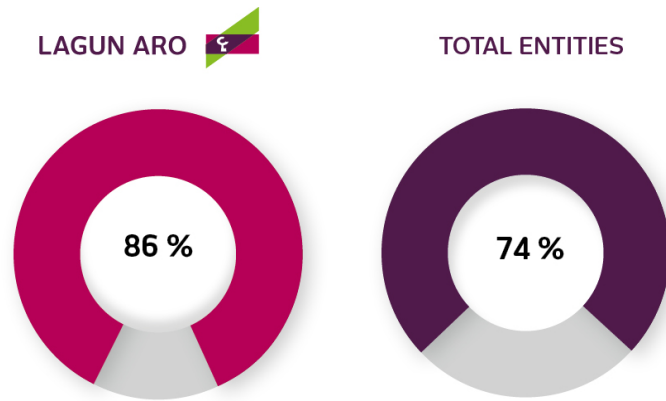
Also, as part of the supplier management project, an e-mail channel has been set up for our supplier companies to communicate with us to resolve any doubts they may have or to pass on any complaints or concerns.

In the area of suppliers, special attention should be paid to the **mediation channel** of **Lagun Aro**. From the perspective of insurance companies, the brokerage channel is an important stakeholder for the business.

The dialogue with our mediators is constant, both in person and through group meetings and surveys, among other things. We seek their opinion and consensus, as well as other aspects, at product launches and modifications, relying on their vision and market experience.

We also garner their opinion on their satisfaction with the company, by means of a biannual study that analyses multiple aspects, such as: their satisfaction in terms of products and services that the entity makes available to them for trading, the support they are given by the entity for the development of their activity, the means and techniques and contacts available to them, the information provided, the service for the end customer, and their satisfaction with claim management, among other things.

As a result of this study, in 2022 we obtained a **general satisfaction of 86 %** (scores of above 7 on a scale of 0 to 10) compared to **74% for the Market**, a huge margin that puts us in a more than favourable position.



We see a similar situation if we look at the **Net Promotor Score (NPS)**, an indicator of loyalty and recommendation where **Lagun Aro** obtains **13%** of net promoters (the result of subtracting the percentage of detractors from that of promoters) while the **market** gets **-7** because the critical customers outweigh the promoters.

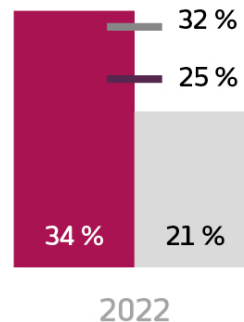
### NPS

LAGUN ARO

TOTAL ENTITIES

- Developers
- Detractors

- Developers
- Detractors



### RECOGNITION AND TRAINING FOR OUR BROKERS

2022 was a year for reunions. After a few years in which events and meetings were virtual, Lagun Aro made the most of 2022 to be able to have personal meetings with its best mediators.

The Convention was held with its best mediators, under the slogan “We missed you” . There, as well as presenting the company data, they were able to talk about future Lagun Aro projects and the mediators channel. At this meeting, personal moments were important as they enrich both Lagun Aro as a company, and the mediators that attend the convention.

In the second half of the year, Lagun Aro met with members of the SPECIAL CLUB on “special” days. On these days, work groups were held that helped reveal the current needs and where future projects for the group were defined. The meetings had a recreational part which once again highlighted the values that Lagun Aro has with mediation, closeness and team work.

In the 2022 financial year, for the entire mediation channel, a significant investment was made to help the mediator retain the customer through loyalty and the support of continuous Marketing.

### 3.5.4. Initiatives developed during the year for responsible supplier management

As regards sustainability, first of all, it is worth mentioning that two of the three documents mentioned above by means of which relationships are maintained with supplier companies contain questions on sustainability. On the one hand, the Ethics Code is integrally linked to sustainability. On the other, the Supplier Request document has three related sections: Transparency and Ethics; Corporate Social Responsibility (CSR), and Certifications and environment.

Even so, beyond this, in 2022 a project was implemented to continue incorporating ESG criteria into the supplier companies. To do so, within the Entity, the work of both the Sustainability Office and the Third Party Management section is required. In addition, this project forms part of a sector together with other financial entities, which also relies on the support of the Basque Ecodesign Center (BEEdC), a company that is independent of the Basque Government.

The goal of this project is none other than to update the existing procedures for improving the management of sustainability risks derived from the suppliers. In parallel, there is a desire to take advantage of the opportunity to help encourage our value chain to move to more sustainable positions.

Another line of action taken with regard to suppliers refers to the **prevention of occupational hazards**. In 2021, a new access control system was implemented so that no subcontractor can access our central services without having the necessary up-to-date documentation. In the same way, there was a noticeable improvement in the control of the subcontractors that have access to our branch offices.

The procurement procedure requires supplier companies to adhere to the Supplier Code of Ethics, committing themselves to environmental, human rights and equality, anti-money laundering and anti-corruption and data protection principles and obligations.

Three types of supplier companies are distinguished according to their geographical origin:

- Close companies: those that are based in the Basque Autonomous Community.
- Local Companies: those that are not close but whose headquarters are in a province where LABORAL Kutxa has a physical presence (branch office).
- Others.





4.

Other figures

## 4.1. Customers

Based on the key business areas (Credit and Insurance), each portfolio is detailed below. The profile of credit customers is as follows:

Loans by sector (M of euros)	2021	2022
<b>Public sector</b>	<b>1,278.2</b>	<b>1,195</b>
<b>Other Resident Sectors</b>	<b>14,189.1</b>	<b>14,164.2</b>
National Economies	10,774.5	10,609.1
- Mortgages	10,349.6	10,175.2
- Consumer financing	398	414.2
- Others	26.9	19.7
Companies	2,821.5	2,869.4
Other Loans	593.1	685.8
<b>Non-Resident Credit</b>	<b>27.9</b>	<b>139.8</b>
<b>Total Credit to Gross Customers</b>	<b>15,495</b>	<b>15,499</b>
Value adjustments due to asset impairment	-349.6	-317.5
<b>Total Credit to Net Customers</b>	<b>15,145.5</b>	<b>15,181.4</b>

The geographical distribution of LK customers is as follows:

Geographical area	Lending		Deposits	
	2021	2022	2021	2022
Bizkaia	20.52%	20.53%	30.99%	32.71%
Gipuzkoa	14.18%	13.57%	26.80%	27.08%
Araba	7.69%	6.51%	12.35%	11.26%
Nafarroa	8.65%	8.35%	9.54%	9.71%
Burgos	1.89%	1.72%	1.70%	1.35%
Madrid	4.24%	5.91%	1.09%	1.02%
Valladolid	3.36%	2.63%	2.20%	1.89%
Zaragoza	4.97%	5.04%	1.75%	1.80%
Other	34.50%	35.74%	13.58%	13.18%
<b>TOTAL</b>	<b>100%</b>	<b>100.00%</b>	<b>100%</b>	<b>100%</b>

The CLBS Customer profile as at 31/12/2022 is as follows:

Category	Insured men		Insured women	
	No. Policies	Average Age	No. Policies	Average Age
Life Risk	40,142	48	37,163	48
Personal Guarantee Loan Redemption	29,833	45	24,243	46
Mortgage Guarantee Loan Redemption	15,484	41	14,878	40
Home owner	43,144	47	39,782	47
Landlord/Landlady	7,566	57	6,311	57
Tenant	11,600	45	22,399	46

## Customer Service

Customer Service - Amounts claimed (thousands of euros)	2021	2022
Amounts for cases resolved in favour of the Company	1,502	2,248
Amounts for cases resolved in favour of the customer	196	171
Indemnities paid by the Entity	196	171
Amounts returned to customers by the Company, no payment due	0	0
Amounts compensated or refunded by third parties	0	0
<b>Total</b>	<b>1,698</b>	<b>2,419</b>

Reason for opening cases (SAC)	2021	2022
Centralised customer services	2%	2%
Commissions and expenses	89%	85%
Economic terms	1%	2%
Missing or inaccurate information	0%	0%
Fraud ICT	-	2%
Offices by objective elements	1%	3%
Aspects of customer relations	1%	3%
Campaigns in general	0%	1%
ATMs	3%	2%
Amount of the claims	2021	2022
≤ €100	0.24%	0.97%
> €100 ≤ €250	0.86%	1.55%
> €250 ≤ €1,000	23.58%	45.69%
> €1,000	75.32%	51.79%

The claims presented through the various available channels have been:

	2021	2022
No. of claims submitted to the Claims Service of the Bank of Spain in relation to product safety (1)	4	4
No. of claims in which BoS has pronounced in favour of LABORAL Kutxa	2	0

Claims related to the fraudulent use of means of payment and phishing.

	2021	2022
No. of claims submitted to the Claims Service of the Bank of Spain, DGS, CNMV and UNACC regarding information on products and services (1)	27	14
No. of claims in which BoS and CNMV have pronounced in favour of LK	11	4

(1) Claims related to incorrect information or bad advice, mainly information about all types of fees and costs (account maintenance, overdraft, etc.).

	2021	2022
No. of claims submitted to the Claims Service of the Bank of Spain and the CNMV in relation to the advertising of products and services and privacy.	1	0
No. of claims in which BoS and CNMV have pronounced in favour of LABORAL Kutxa	1	0
Cost of fines for non-compliance with regulations on the provision and use of services.	0	0

	2021	2022
Penalties imposed on the Group (euros) for non-compliance with laws and regulations	0	0

Lagun Aro	2021	2022
Open cases (claims and complaints)	694	731
No. of claims submitted to the Insurance and Pension Funds D.G. Claims Service	16	12
% of closed cases estimated or partially estimated	46%	40.3%
Average response time (days)	12.02	10.31
Amount of payments in favour of the customer €	81,212	62,499
% final reports received from supervisor (total or partial) in favour of the claimant	7.7%	7.1%
CLBS	2021	2022
Open cases (claims and complaints)(1)	4	2
% of closed cases estimated or partially estimated(1)	25%	0%
Average response time (days)	2.75	1
Amount of payments in favour of the customer €	0	0

(1) Most of the rejections occur because they are addressed to other Entities.



## Main figures for responsible products and services

	2021		2022	
	No.	Thousand €	No.	Thousand €
Micro-credits	1,177	18,811	988	16,631
Personal Loan	168	343	201	475
Mortgage Loan	78	5,681	38	2,114
Insured Cards	261,425	-	256,299	-
Erkide Loan	29	269	61	726
FCTC Loan	6	84	-	-
CEPES / ASLE Loan	1	14	7	91
Loans for communities of owners for energy renovation	-	-	35	4,179

The volume of these agreements in 2021 and 2022 was as follows:

Public Organisation (thousands of euros)	No. of operations formalised		Amount formalised		Balance available as at 31/12	
	2021	2022	2021	2022	2021	2022
ICO	954	336	100,197	55,336	424,389	397,404
Basque Government+Elkargi	181	0	20,916	-	200,891	172,172
Government of Navarra+Sodena	50	0	5,976	-	32,107	27,079
EIF. Of which:	66	44	8,112	9,703	46,143	35,336
• EaSI Social	63	17	7,387	2,972	20,129	12,851
• Innovfin	3	27	725	6,731	26,014	22,485
EaSI Micros II	1,175	988	18,767	16,631	45,145	44,302
Araba-Bizk-Gipuzk Council Offices	0	0	0	-	341	261
Luzaro	27	40	4,701	3,605	14,965	14,877
Other Agreements	0	0	0	0	0	0
<b>Loans+Leasing</b>	<b>2,453</b>	<b>1,452</b>	<b>158,669</b>	<b>94,978</b>	<b>763,981</b>	<b>726,767</b>
With mutual guarantee societies (Elkargi, Iberaval, Sonagar, Oinarri, etc.)	586	407	74,960	73,221	407,698	404,930
Without mutual guarantee societies (ICO, European Investment Fund, etc.)	2,054	1,415	121,169	87,518	550,500	532,344
<b>Guaranteed Loans+Leas.</b>	<b>2,640</b>	<b>1,822</b>	<b>196,130</b>	<b>160,739</b>	<b>958,198</b>	<b>937,274</b>

Customers using new channels	2021	2022
No. of CLNet contracts	741,369	744,441
Customers active on CLNet	510,561	541,654
Mobile Banking (users who have accessed via mobile)	434,736	488,786
Alerts (active contracts)	392,521	409,839
Bizum	297,819	345,981

## 4.2. People

Partner workforce of LK by sex and professional category*	2021				2022			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	18	1.06%	7	0.41%	31	1.81%	11	0.64%
Managers	205	12.11%	123	7.27%	195	11.36%	115	6.70%
Technicians	318	18.78%	384	22.68%	317	18.47%	419	24.42%
Clerical staff	107	6.32%	225	13.29%	110	6.41%	206	12.00%
Others	166	9.81%	140	8.27%	168	9.79%	144	8.39%
<b>Total</b>	<b>814</b>	<b>48%</b>	<b>879</b>	<b>52%</b>	<b>821</b>	<b>48%</b>	<b>895</b>	<b>52%</b>
Active partners	1,693				1,716			

\*The categories included in the different Professional Groups are the following:

- Directors: Dir. General, Area Dir., Regional Dir. and Dept. Directors.
- Managers: Section Managers, Area Managers and Branch Managers.
- Technicians: CS Techs., Office Managers and Technicians (Sales Managers).
- Clerical staff: 1st Officers, 2nd Officers, Administrative Assistants and Operators.
- Others: D.D.O.P.V.

LK workforce by age	2021						2022					
	Partner			Remainder			Partner			Remainder		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Up to 30	8	14	22	79	82	161	34	36	70	71	78	149
Between 31 and 40 years	87	189	276	10	13	23	71	176	247	6	9	15
Between 41 and 50 years	397	436	833	11	2	13	382	422	804	10	6	16
Between 51 and 60 years	305	233	538	3	0	3	321	257	578	3	0	3
Over 60	17	7	24	0	0	0	13	4	17	0	0	0
<b>Group staff</b>	<b>81</b>	<b>879</b>	<b>1,693</b>	<b>103</b>	<b>97</b>	<b>200</b>	<b>821</b>	<b>895</b>	<b>1,716</b>	<b>90</b>	<b>93</b>	<b>183</b>

CLBS workforce by sex, prof. category and business area	2021				2022			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Managers	8	5.52%	2	1.38%	7	5.80%	1	0.80%
Technicians	0	0.00%	1	0.69%	0	0.00%	0	0.00%
Sales managers	32	22.07%	102	70.34%	28	23.3%	84	70%
Group staff	40	27.59%	105	72.41%	35	29.20%	85	70.80%
Central Serv.	1	0.69%	1	0.69%	1	0.80%	0	0.00%
Commercial Network	39	26.90%	104	71.72%	34	28.30%	85	70.80%
Group staff	40	27.59%	105	72.41%	35	29.2%	85	70.8%
Group staff	145				120			

CLBS workforce by age	2021			2022		
	Men	Women	Total	Men	Women	Total
Up to 30	7	4	11	7	3	10
Between 31 and 40 years	1	7	8	1	5	6
Between 41 and 50 years	12	49	61	8	34	42
Between 51 and 60 years	19	43	62	19	43	62
Over 60	1	2	3	0	0	0
<b>Group staff</b>	<b>40</b>	<b>105</b>	<b>145</b>	<b>35</b>	<b>85</b>	<b>120</b>

Lagun Aro staff by sex and prof. category	2021				2022			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	4	7%	2	2%	4	2%	3	2%
Managers	15	27%	14	12%	16	9%	14	8%
Technicians	33	59%	51	45%	36	21%	52	30%
Clerical staff	4	7%	47	41%	2	1%	47	27%
<b>Group staff</b>	<b>56</b>	<b>33%</b>	<b>114</b>	<b>67%</b>	<b>58</b>	<b>33%</b>	<b>116</b>	<b>67%</b>

Staff of Lagun Aro by age	2021		2022	
	M		M	W
Up to 30	1	3	5	3
Between 31 and 40 years	7	7	5	5
Between 41 and 50 years	14	50	14	51
Between 51 and 60 years	31	53	30	53
Over 60	1	3	4	4
<b>Sum</b>	<b>54</b>	<b>116</b>	<b>58</b>	<b>116</b>
<b>Group staff</b>		<b>170</b>		<b>174</b>

Contractual relationship LK (situation as at 31/12)	2021			2022		
	Total	Men	Women	Total	Men	Women
<i>Active partners</i>	1,693	814	879	1,716	821	895
Surpluses	15	4	11	46	9	37
Secondment	16	5	11	16	5	11
Early retirees	123	76	47	119	70	49
<b>Company contracts</b>	<b>1,847</b>	<b>899</b>	<b>948</b>	<b>1,897</b>	<b>905</b>	<b>992</b>
Temps. Full-time	155	78	77	143	68	75
Temps. Part-time	8	2	6	2	1	1
<b>Temporary Contracts</b>	<b>163</b>	<b>80</b>	<b>83</b>	<b>145</b>	<b>69</b>	<b>76</b>
<b>Indefinite Contracts</b>	<b>37</b>	<b>23</b>	<b>14</b>	<b>38</b>	<b>21</b>	<b>17</b>
Total workforce as at 31/12	2,047	1,002	1,045	2,080	995	1,085

Contractual relationship CLBS (situation as at 31/12)	2021			2022		
	Total	Men	Women	Total	Men	Women
Temporary Contracts	12	7	5	12	5	7
Indefinite Contracts	133	33	100	108	28	80
Total workforce as at 31/12	145	40	105	120	35	85

Contractual relationship LA (situation as at 31/12)	2021			2022		
	Total	Men	Women	Total	Men	Women
Temporary Contracts	3	1	2	2	0	2
Indefinite Contracts	167	55	112	172	58	114
Total workforce as at 31/12	170	56	114	174	58	116

LK contracts by age as at 12/31	2021						2022					
	Total	Up to 30	31-40	41-50	51-60	> 60	Total	Up to 30	31-40	41-50	51-60	> 60
Active partners	1,693	22	276	833	538	24	1,716	70	247	804	578	17
Surpluses	15	0	9	3	2	1	46	1	24	14	6	1
Secondment	16	0	4	7	5	0	16	0	4	7	5	0
Early retirees	123	0	0	0	97	26	119	0	0	0	91	28
<b>Company contracts</b>	<b>1,847</b>	<b>22</b>	<b>289</b>	<b>843</b>	<b>642</b>	<b>51</b>	<b>1,897</b>	<b>71</b>	<b>275</b>	<b>825</b>	<b>680</b>	<b>46</b>
Temps. Full-time	155	139	13	3	0	0	143	137	6	0	0	0
Temps. Part-time	8	8	0	0	0	0	2	2	0	0	0	0
<b>Temporary Contracts</b>	<b>163</b>	<b>147</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>145</b>	<b>139</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
Indefinite Contracts	37	14	10	10	3	0	38	10	9	16	3	0
<b>Total workforce</b>	<b>2,047</b>	<b>183</b>	<b>312</b>	<b>856</b>	<b>645</b>	<b>51</b>	<b>2,080</b>	<b>220</b>	<b>290</b>	<b>841</b>	<b>683</b>	<b>46</b>

Workforce by location - LK	2021				2022			
	Partners	Employee	Women	Men	Partners	Employee	Women	Men
Central Services	439	32	238	233	429	23	235	217
Individuals	26	0	12	14	26	0	12	14
Insurance	65	1	43	23	73	0	50	23
Company	84	4	26	62	90	7	27	70
Reg. Network 1	469	111	349	231	506	106	367	245
Reg. Network 2	610	52	308	354	592	47	297	342
Total 31/12	1,693	200	976	917	1,716	183	988	911

The entire **Lagun Aro** workforce works in Central Services.

Terminations and annual rotation of Working Partners in LABORAL Kutxa	2021	Up to 30		Between 31 and 40 years		Between 41 and 50 years		Between 51 and 60 years		Over 60	
		W	M	W	M	W	M	W	M	W	M
Terminations in the year:	66	0	0	24	5	5	7	4	7	0	14
Voluntary and Public Office Leave	4	-	-	2	-	1	-	-	1	-	-
Leave Caring for children/family	36	1	-	22	9	3	1	-	-	-	-
Retirement	12	-	-	-	-	-	-	-	-	-	12
Death or Disability	2	-	-	-	-	1	-	-	1	-	-
Voluntary Resignation	3	-	-	-	-	-	3	-	-	-	-
On secondment	0	-	-	-	-	-	-	-	-	-	-
Early retirees	9	-	-	-	-	-	-	4	5	-	-
Total departure rate (*)	3.80%	33.33%	0.00%	11.37%	9.09%	0.93%	1.20%	1.72%	2.23%	0.00%	50.00%
Directors departure rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Managers departure rate	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	2.41%	0.00%	0.00%
Technicians departure rate	6.11%	50.00%	0.00%	15.38%	10.14%	1.74%	1.27%	2.86%	5.13%	0.00%	60.00%
Clerical staff departure rate	2.95%	0.00%	0.00%	6.15%	13.33%	0.56%	2.46%	0.00%	0.70%	0.00%	50.00%
Departure rate	2.55%	12.50%	0.00%	5.38%	5.87%	0.57%	0.93%	2.28%	2.06%	0.00%	27.50%



Terminations and annual rotation of Working Partners in LABORAL Kutxa	2022	Up to 30		Between 31 and 40 years		Between 41 and 50 years		Between 51 and 60 years		Over 60	
		W	M	W	M	W	M	W	M	W	M
Terminations in the year:	98	1	0	19	0	5	2	22	27		6
Voluntary and Public Office Leave	9	-	-	-	-	4	1	2	2	-	-
Leave Caring for children/family	25	1	-	19	-	4	1	-	-	-	-
Retirement	9	-	-	-	-	-	-	-	-	3	6
Death or Disability	2	0	0	0	0	1	0	1	0	0	0
Voluntary Resignation	6	1	-	-	2	-	1	-	1	-	1
On secondment	0	-	-	-	-	-	-	-	-	-	-
Early retirees	47	-	-	-	-	-	-	22	25	-	-
Total departure rate (*)	5.79%	14.29%	0.00%	10.05%	2.30%	2.06%	0.76%	10.73%	9.18%	42.86%	41.18%
Directors departure rate	16.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	27.27%	0.00%	0.00%
Managers departure rate	3.66%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	12.90%	6.67%	0.00%	0.00%
Technicians departure rate	4.13%	0.00%	0.00%	8.20%	3.28%	2.25%	0.58%	9.09%	6.41%	0.00%	0.00%
Exit rate for Clerical staff and others	8.73%	28.57%	0.00%	19.05%	0.00%	2.56%	0.00%	12.73%	7.14%	75.00%	60.00%
Departure rate	8.13%	7.14%	0.00%	6.81%	0.82%	1.83%	0.15%	13.68%	11.87%	18.75%	15.00%

(\*) The departure rate is calculated based on the number of people leaving during the year and the total number of active members at the end of the previous year. Neither departures or turnover of members by area are considered, instead they are dealt with in an aggregate manner.

In 2021 and 2022 there were no voluntary departures.

Terminations and annual rotation in CLBS	2021		2022	
	Men	Women	Men	Women
Terminations in the year:	4	15	8	15
Leave Caring for children/family	-	-	*	1
Retirement	-	-	*	*
Disability	-	-		1
Agreed end of contract	-	-		
Voluntary Resignation	4	13	7	10
End of contract	-	2	1	3
Dismissals	-	-	*	*
Terminations of Women in the year	-	-	*	*
Terminations of Men in the year	-	-	*	*
Total departure rate	14.07%		20%	14.29%
Women's departure rate	14.71%			
Men's departure rate			12.12%	

Terminations and annual rotation in CLBS	2022	Up to 30		Between 31 and 40 years		Between 41 and 50 years		Between 51 and 60 years		Over 60	
		W	M	W	M	W	M	W	M	W	M
Terminations in the year:	23	3	3	3	1	1	1	5	2	3	1
Leave Caring for children/family	1			1							

Retirement	0										
Death or Disability	1					1					
Voluntary Resignation	17	1	2	1	1		1	5	2	3	1
End of contract	4	2	1	1							

Terminations and annual rotation of workers at Lagun Aro	2021	2022
Terminations in the year:	3	10
Voluntary Resignation	0	4
Others	3	6
Terminations of Women in the year	0	3
Terminations of Men in the year	3	7
<b>Total departure rate *</b>	<b>1.76%</b>	<b>5.75%</b>
Women's departure rate	0.00%	2.59%
Men's departure rate	5.36%	12.07%

\*The departures are: 2 less than 30 years and 8 more than 30 years

In LABORAL Kutxa there have been no dismissals in the last two years.

#### Dismissals at Seguros Lagun Aro:

2021			2022		
Sex	Age	Category	Sex	Age	Category
M	57	Administrative staff	-	-	-
M	59	Specialist	-	-	-

Training in LABORAL Kutxa and CLBS	2021	2022
Number of courses	530	526
Hours of training	172,180	196,613
Hours of training/person	78.37	87.77
Partner	74.21	86.47
Temporary	104.58	107.48
<b>Average training in hours by category (individually)</b>		
Directors	83.07	71.53
Office Managers and Directors	85.03	95.84
Technicians	73.2	92.03
Clerical staff	83.89	76.67

Hours of training	2021		2021	
	Women	Men	Women	Men
Directors	92	81.15	83.14	65.89
Managers/DO	85.2	84.91	100.49	91.22
Gc-Tecn	75.06	70.74	94.62	88.67
GOP	79.3	90.46	76.98	76.32

Training in Seguros Lagun Aro	2021	2022
Hours of training	2,341.24	4,029
Women	1,289.08	1,988
Men	1,052.16	2,041
Hours of training/person	14.54	24.27
Directors	324.75	699
Office Managers and Directors	651.83	1,402
Technicians	1,153.16	1,509
Clerical staff	211.5	419

The proportion between participants on courses by sex (women / men) in 2022 was 1.15 compared to 1.14 in 2021.

The percentage of different people trained was 100% in 2022 and 99% in 2021.

Regarding the **promotion index**, understood as an improvement in the structural wage index, in 2020 it was 8.1%. Including other non-structural concepts such as seniority, this rises to 23.6% (7.09% and 28.21% in 2019).

LK average employment index	2021	2022
Women	2.23	2.25
Men	2.51	2.48
Difference M/W	12.20%	10.55%

\*The average employment index is 2.38, the equivalent as at 31/12/2022 to €3,180.03 gross per month.

LK average employment index	2021		2022	
	M	W	M	W
Direct.	4.81	4.03	4.57	4.21
Manager	2.85	2.72	2.85	2.74
Specialist	2.35	2.19	2.33	2.20
Admin.	2.12	1.99	2.07	1.99

LK pay by age	2021		2022	
	Man	Woman	Man	Woman
Up to 30	29,727	29,400	31,426	29,652
Between 31 and 40 years	38,820	34,141	41,958	38,724
Between 41 and 50 years	45,944	41,230	49,912	44,520
Between 51 and 60 years	52,699	44,794	55,581	47,884
Over 60	55,103	43,455	51,288	48,855

Average employment index CLBS	2021	2022
Women	2	1.99
Men	2.4	2.39
Difference M/W	20.40%	20.10%

Average employment index CLBS	2021		2022	
	M	W	M	W
Direct.	*	*	*	*
Manager	3.27	3.35	3.51	3.05
Specialist	-	2.01	*	*
Mngr.	2.19	1.97	2.1	1.98

\*There are no people in this range.

Remuneration at CLBS by age	2021		2021	
	Man	Woman	Man	Woman
Up to 30	1.12	1.14	1.18	1.20
Between 31 and 40 years	1.89	1.8	1.90	1.46
Between 41 and 50 years	2.27	2.04	2.15	2.06
Between 51 and 60 years	2.98	2.07	2.908	2.06
Over 60	2.63	1.89	*	*

\*There are no people in this range.

Lagun Aro average salary	2021	2022
Women	50,032	52,109
Men	64,164	63,860
Difference M/W	28.25%	22.55%

Salary by sex and professional cat. (€ thou.)	2021		2022	
	Men	Women	Men	Women
Directors	103.91	85.2	106.02	84.58
Managers	73.12	66.37	69.45	72.21
Technicians	59.94	53.77	58.79	55.4
Clerical staff	35.58	39.61	46.98	40.4

Remuneration at LABORAL ARO by age	2021		2021	
	Man	Woman	Man	Woman
Up to 30	29,104	29,442	27,587	28,744
Between 31 and 40 years	36,973	32,563	45,729	36,735
Between 41 and 50 years	64,916	50,349	58,502	51,153
Between 51 and 60 years	71,911	53,490	73,508	57,240
Over 60	84,309	84,121	84,487	68,419

Total number of people with an active Individual Development Plan	2021		2022	
	Man	Woman	Man	Woman
Directors	1	1	1	1
Managers	164	90	168	95
Technicians	166	239	293	407
Clerical staff	59	89	99	149
<b>Total</b>	<b>390</b>	<b>419</b>	<b>561</b>	<b>652</b>

The data relating to absenteeism and accidents in the Group are presented below.

Hours and absenteeism rate	2021	Men	Women	2022	Men	Women
Accident and Illness	98,901	38,580	60,321	129,534	40,034	89,500
Maternity	13,440	-	-	12,043	-	12,043
Paternity	9,581	-	-	8,717	8,717	-
Others (Caring for sick children)	2,910	-	-	3,174	-	3,174
<b>Total Hours Absenteeism LK</b>	<b>124,832</b>	-	-	<b>153,467</b>	<b>48,751</b>	<b>104,717</b>
Absenteeism RateLK	3.45	1.34	2.10	4.45	2.89	5.88
Absenteeism Rate Lagun Aro	3.14	0.99	2.15	3.45	0.58	2.87
Total hours absenteeism Lagun Aro	7,280	2,232	5,046	7,994	1,328	6,666
Absenteeism rateCLBS	6.29	7.49	8.57	7.99	2.46	10.23
Total hours absenteeism CLBS	17,744	-	-	19,128	-	-

During 2022, there were 27 women and 29 men that had the right to and took maternity and paternity leave. 100% of these cases returned to their jobs.

LK and CLBS work accidents	2021	2022
Accidents	28	20
Accident frequency (1)	4.38	3.26
Accident severity (2)	0.07	0.18
No. hours worked LK	2,741,830	2,758,916
No. hours worked CLBS	267,797	228,642
Accidents Lagun Aro (3)	0	1
Accident frequency	0	3.57
Accident severity	0	0.23
No. hours worked Lagun Aro	271,526	269,970

(1) Accumulated no. of accidents with sick leave \*1,000,000 / h. worked

(2) Hours lost due to accident \*100/h. theoretical to be worked

(3) In itinere, no sick leave, no fatalities

Out of the accidents in 2022, 14 are women and of those in 2021, 21. Most of the accidents take place travelling to or from work. There is no data on frequency and severity disaggregated by gender. There are no occupational illnesses in our activity for the Group. No subcontractor accidents have been recorded.

### 4.3. Environment

Postamail Users	2021	2022
Number of users.	623,260	624,493
% Users from total customer base	55.33%	55.56%

	LABORAL K./ Lagun Aro	
Paper consumption kg	2021	2022
Promotional paper/customer	0.107	0.089
Office paper/customer	0.219	0.191
Total consumption/customer	0.326	0.280
Total paper consumption/person	164.97	142.77

#### Energy consumptions:

Energy (Gj) (all LABORAL Kutxa and staff)	2021	2022	Seguros LA 2021	Seguros LA 2022
Electricity	41,158	38,054	1,040	1,112
Diesel	25	26	0	0
Propane	0.28	0.30	0	0
<b>Energy consumption A</b>	<b>41,183</b>	<b>38,081</b>	<b>1,040</b>	<b>1,112</b>
Energy consumption/pers.	20.02	18.69	6.11	6.5
<b>External energy consumption B (displacement petrol)</b>	<b>17,705</b>	<b>18,495</b>	<b>1,197</b>	<b>1,677</b>
Energy intensity*	28.63	27.77	13.16	16.30

\* Total energy consumption (including internal A and external B) divided by total number of employees

The **intensity** of greenhouse gas emissions, measured as the total CO2 emissions from the LK workforce, in this case would be 0.54, compared to 0.56 in 2021. Lagun Aro's was 0.48 in 2022 compared to 0.35 in 2021.



5.

Information  
on the  
Report

## Report Profile

The 2022 report is the eighteenth Sustainability Report presented by LABORAL Kutxa and refers to a full year, the same one as the financial information. Since 2005, the Caja Laboral published annual CSR reports.

LABORAL Kutxa wishes to continue publishing its CSR Report on an annual basis, in accordance with the guidelines laid down by the GRI. The LABORAL Kutxa Sustainability Report for 2022 was prepared following the option in accordance with GRI. All the indicators related to the material aspects identified are answered.

This report also complies with the provisions of Law 11/2018 of 28 December on non-financial information and diversity, also taking into account the Communication from the European Commission 2017/C 215/01 on Guidelines for the presentation of non-financial reports.

The Director of the Financial Area approved the request for verification of the Report.

It concerns the consolidated Group and includes both banking and insurance activities. Information regarding the two insurance companies will be given jointly. For the rest of the companies, due to their organisation and activity, the information is included with that of LABORAL Kutxa, unless there is a specific aspect that requires separate reporting.

In addition, LABORAL Kutxa maintained significant information in terms of sustainability relating to:

- **Real estate asset management companies**, which are companies through which LABORAL Kutxa manages the real estate business. They are instrumental companies, so their data and impacts are integrated into those of LABORAL Kutxa.
- **Caja Laboral BancaSeguros (CLBS)** is an independent broker, 100% owned by LABORAL Kutxa, the underlying purpose of which is to integrate the insurance activity into the business and commercial strategy of LABORAL Kutxa. Its workers are hired employees.

The service that LABORAL Kutxa provides to **CLBS** is the cession of the distribution network for the mediation of insurance products. As it is integrated in LABORAL Kutxa, many of the indicators of its activity are integrated. Those aspects for which there are independent indicators are listed throughout the Report.

LABORAL Kutxa is a member of MONDRAGON. MONDRAGON is made up of 95 autonomous and independent co-operatives that use their own reporting systems.



### Scope of GRI indicators and aspects

In accordance with the established cover, there are no limitations in LABORAL Kutxa's 2022 CSR Report to the scope established by GRI, except for:

- For indicators that could not be covered due to the lack of a measurement system, in which case they have been identified in the Report and in the GRI Indicator Table, and an effort will be made to measure them in future Reports.
- For the indicators that do not apply due to their scarce or even null relevance or materiality in the activity of a financial entity and the economic, political and social context of the Entity and the limitations of which are specified in each of the indicators.

All indicators for which it has not been possible to provide detailed information for the above-mentioned reasons will be indicated in the Report.

Since the 2014 Report, a materiality analysis has been included in order to determine the most relevant issues in the field of sustainability. In 2022, this analysis was carried out from a double-materiality perspective. The results of this analysis are described in the [Materiality Analysis section of part 2](#).

### Policy regarding the verification of the Report

AENOR has been carrying out the verification of CSR Reports prepared by the former Caja Laboral since 2005. Given the knowledge that the verifying organisation has acquired over the many years of this relationship, LABORAL Kutxa, through the Financial Area, plans to continue with this verification system in the future, as long as no new regulatory requirements arise.

### Contact

Access the LABORAL Kutxa website [www.LABORALkutxa.com](http://www.LABORALkutxa.com) on the corporate website, in its Reports and relevant facts section, the following are available:

- Financial Report
- Individual and Consolidated Annual Statements
- Corporate Governance Report
- Transparency Information
- TCFD
- Sustainability Reports/Non-Financial Information Statement

In the Contact section, you can send any type of suggestion, complaint, claim, opinion, etc. To access additional information or topics related to this Report, please send an e-mail to the following address: [RSE@LABORALkutxa.com](mailto:RSE@LABORALkutxa.com)



**Annexes**



## 6.1. GRI content index

Declaration of use	LABORAL Kutxa prepared the report according to the GRI standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: 2021 Grounds
Applicable GRI Sectoral Standards	Not applicable

GRI STANDARD / OTHER SOURCE	CONTENT	LOCATION	OMISSION			REF NO. OF THE GRI SECTORAL STANDARD
			OMISSION REQUIREMENTS:	REASON	EXPLANATION	
General content						
GRI 2: General Contents 2021	2-1 Organisational details	Page (p.)8 1.1 Presentation of the Group				
	2-2 Entities included in the preparation of sustainability reports	p.9 Investee Companies				
	2-3 Reporting period, frequency and point of contact	p.101 Report Profile				
	2-4 Restatement of information	The changes that have taken place are described throughout the Report.				
	2-5 External verification	p.101 Report Profile p.160 AENOR Verification				
	2-6 Activities, value chain and other commercial relationships	p.8 Group Presentation p.47 Responsible products and services Refer to <a href="http://www.LABORALKutxa.com">www.LABORALKutxa.com</a> p.12 Geographic distribution p.39 Management approach and Main customer figures p.89 Other customer figures p.4 Letter p.9 Operating structure p.15 Strategy and risk management p.9 Investee Companies p.84 Our relationship with supplier companies				
	2-7 Workforce	p.92 Other figures-People				
	2-8 Workers that are not staff			Not applicable	At Laboral Kutxa, workers that are not staff (sub-contractors) carry out work unrelated to the financial activities, such as cleaning, maintenance, and security.	
	2-9 Structure and composition of the governance	p.9 Operating Structure p.17 Corporate Governance Refer to <a href="#">Corporate Governance Report</a>				
	2-10 Designation and selection of the highest governing body (Board)	Refer to <a href="#">Corporate Governance Report</a>				
	2-11 Chairman of the Governing Board (GB)	Refer to <a href="#">Corporate Governance Report</a>				
	2-12 Role of the Governing Board in the supervision of the management of impacts	p.32 Analysis of materiality p.17 Corporate Governance p.11 Values, principles, standards and rules of conduct Refer to <a href="#">Corporate Governance Report</a>				

2- 13 Delegation of responsibility for impact management	p.9 Operating Structure p.17 Corporate Governance			
2-14 Role of the GB in the presentation of sustainability reports	p.17 Corporate governance			
2- 15 Conflicts of interest	p.17 Corporate Governance Refer to <a href="#">Corporate Governance Report</a>			
2-16 Communication of critical concerns	p.17 Corporate governance p. 56 Dialogue with staff In the annual report to the Governing Board regarding CSR activities, the relevant activities were identified. There have been no reports of critical concerns.			
2-17 Collective knowledge of the GB	p. 23 Development of the governing bodies			
2-18 Evaluation of the performance of the GB	p. 17 Corporate governance Refer to <a href="#">Corporate Governance Report</a>			
2-19 Remuneration policies	p.23 Remuneration of the Governing Bodies Refer to <a href="#">Annual Consolidated Accounts p.27</a>			
2-20 Process to determine remuneration	p. 63 Remuneration management p.23 Remuneration of the Governing Bodies <a href="#">See prudential relevance report</a> p. 17 Corporate governance			
2-21 Total annual compensation ratio	p. 63 Remuneration management			
2-22 Declaration on the sustainable development strategy	p.4 Letter			
2-23 Commitments and policies	p.15 Strategy and risk management p.17 Principles and Governance p.28 Management approach Risks are generally managed by the Governing Board's Risk Committee and the Risk Appetite Framework, and are reported annually in the Information with Prudential Relevance. Environmental risks are managed within a system certified with ISO 14001: 2015. Risks for customers of new products come under the scope of the Products Committee p.11 Values, principles, standards and rules of conduct <a href="#">TCFD Report</a>			
2-24 Incorporation of commitments and policies	p.17 Principles and governance			
2-25 Processes for remediating negative impacts	p.41 Responsible management towards the customer p.41 Customer Service p. 89 Customer Service			
2-26 Mechanisms for requesting advice and raising concerns	p.24 Corruption and bribery p.41 Customer Service			
2-27 Compliance with the legislation and regulations	The cost of fines and penalties in the years covered by the Report was 0. p.90 Sanctions p. 89 Customer Service p.26 Regulatory Compliance			
2-28 Affiliation to associations	p.73 Initiatives endorsed by LABORAL Kutxa			

	2-29 Approach for the participation of stakeholders	The stakeholders are examined annually in the materiality study. p.32 Analysis of materiality p.39 Dialogue with Customers p.56 Dialogue with People p.73 Dialogue with Society				
	2-30 Joint negotiation agreements					
<b>Material issues</b>						
<b>GRI 3: 2021 Material Issues</b>	3-1 Process for determining the material issues	p.101 Report Profile p.32 Analysis of materiality				
	3-2 List of material issues	p.32 Analysis of materiality p.101 Report Profile				
Protection of privacy and the security of data and operations						
	3-3 Management of material issues	p.45 Protection of privacy and the security of data and operations				
Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.						
	3-3 Management of material issues	p.39 Dialogue with customers				
Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.						
	3-3 Management of material issues	p.41 Responsible management with customers and Excellence in quality of service				
Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.						
	3-3 Management of material issues	p.13 The Group's main figures p.15 Strategy and risk management				
<b>Economics</b>						
<b>Economic performance</b>	201-1 Direct economic value generated and distributed	p.13 Main figures				
	201-2 Financial implications and other risks and opportunities for the organisation's activities due to climate change	p.47 Responsible Products and Services. p.79 Transparency in fossil fuel exposure p.81 Climate change				
	201-3 Defined benefit plan obligations and other retirement plans	p. 63 Remuneration management p.67 Coop. Returns Capitalised				
	201-4 Financial assistance received from the government	p.14 Subsidies				
<b>Presence on the market</b>	202-1 Correlation between the initial salary broken down by gender and the local minimum wage.	p. 63 Remuneration management				
	202-2 Proportion of senior managers from the local community	p.17 Corporate governance				
<b>Indirect economic impacts</b>	203-1 Investments in infrastructure and supported services	p.76 Our relationship with the Environment p.70 Gaztenpresa Foundation p.14 Taxes and duties				
	203-2 Significant indirect financial impacts and their scope	p.71 Indirect Contributions to Society				

<b>Procurement practices</b>	204-1 Percentage of the expenditure in places with significant operations that corresponds to local suppliers.	p.85 Main figures-suppliers				
<b>Anti-corruption</b>	205-1 Number and percentage of centres where Risks related to corruption and identified risks have been assessed	p.24 Corruption and bribery				
	205-2 Anti-corruption communication and training policies and procedures	p.60 Training in Anti-Corruption Procedures p.23 Development of the governing bodies p.24 Corruption and bribery				
	205-3 Confirmed cases and measures taken	p.24 Corruption and bribery p.26 Regulatory compliance				
<b>Unfair competition</b>	206-1 Legal action related to unfair competition and monopolistic and anti-competitive practices	There were no claims or legal actions in the years covered by the Report				
<b>Taxation</b>	207-1 Fiscal approach	p.14 Taxation				
	207-2 Fiscal governance, control and risk management	p.14 Taxation				
	207-3 Stakeholder engagement and management of tax concerns	p.14 Taxation				
	207-4 Country-by-country reporting	p.14 Taxes and duties				
<b>Environmental</b>						
<b>Material</b>	301-1 Materials used by weight or volume.	Materials used by weight or volume.				
	301-2 Percentage of the materials used that are recycled materials.	p.80 Sustainable use of resources				
	301-3 Percentage of products sold and their packaging materials that are recovered at the end of their useful life, by product category.			Not applicable	The physical component of financial products is not significant.	
<b>Energy</b>	302-1 Internal energy consumption.	p.99 Energy consumption p.81 Climate change				
	302-2 External energy consumption.	p.99 Energy consumption p.81 Climate change				
	302-3 Energy intensity	p.99 Energy consumption p.80 Sustainable use of resources				
	302-4 Reduction in energy consumption.	p.99 Energy consumption p.80 Sustainable use of resources				

	302-5 Reductions in the energy requirements of products and services.	p.51 Environmentally Responsible Products and Services.					
<b>Water and effluents</b>	303-1 Interaction with water as a shared resource	p.80 Sustainable use of resources					
	303-2 Management of impacts related to water discharges.						
	303-3 Water extraction						
	303-4 Water discharges						
	303-5 Water consumption						
<b>Biodiversity</b>	304-1 Own, leased or managed business units that are adjacent to, contain or are located in protected (or unprotected) areas of high biodiversity value.			Not applicable	LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas		
	304-2 Description of the most significant impacts on the biodiversity in protected areas or in unprotected high biodiversity areas, derived from the activities, products and services.					LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas	
	304-3 Protected or restored habitats.						
	304-4 Number of species included in the IUCN Red List and in national conservation lists whose habitats are in areas affected by the business.						
<b>Issues</b>	305-1 / 305-2 Total direct and indirect greenhouse gas emissions by weight	p.81 Climate change					
	305-3 Other indirect greenhouse gas emissions, by weight.	p.81 Climate change					
	305-4 Intensity of greenhouse gas emissions.	p.99 Other figures- Environment					
	305-5 Reduction in greenhouse gas emissions	p.76 Our relationship with the Environment p.81 Climate change					
	305-6 Emissions of ozone-depleting substances.			Not applicable	No ozone-depleting substances are produced,		



	305-7 NO, SO and other significant atmospheric emissions.				imported or exported. Emissions of this type are the result of air conditioning systems and are not considered to be significant.	
<b>Waste</b>	306-1 Generation of waste and significant impacts related to waste.	LABORAL Kutxa has ISO 14001 environmental certification, audited annually, which guarantees proper waste management. p.36 Environmental performance indicators p.79 Circular economy and waste management				
	306-2 Management of significant impacts related to waste.					
	306-3 Waste generated.					
	306-4 Waste not destined for disposal.					
	306-5 Waste destined for disposal.					
<b>Environmental assessment of suppliers</b>	308-1 Percentage of new supplier companies that were examined based on environmental criteria	p.84 Our relationship with supplier companies				
	308-2 Significant actual and potential negative environmental impacts in the supply chain and measures taken					
<b>SOCIAL</b>						
<b>Employment</b>	401-1 New employee recruitment and staff turnover	p. 92 Other figures - People				
	401-2 Benefits for full-time employees that are not given to part-time or temporary employees.	p. 67 Social Benefits Package				
	401-3 Parental leave	p.92 Other figures-People				
<b>Worker-company relations</b>	402-1 Minimum warning times for operational changes	There is no collective agreement in the cooperative. Although neither the Internal Regulations nor the internal employment regulations expressly establish a minimum period of notice for informing working partners of job or workplace changes, major organisational or operational changes must be submitted to the Social Council				
<b>Occupational health and safety</b>	403-1 Occupational health and safety management system	p.65 Occupational Health and Safety				
	403-2 Hazard identification, risk assessment and incident investigation	p.65 Occupational Health and Safety				

	403-3 Occupational health services	Given the financial nature of the business, there are no occupational illnesses or high risks of illness.				
	403-4 Worker participation, consultation and communication on occupational health and safety at work	p.65 Occupational Health and Safety				
	403-5 Occupational health and safety training for workers	p.65 Occupational Health and Safety				
	403-6 Promotion of workers' health.	p.66 Health plan-Zainduz				
	403- 7 Prevention and mitigation of impacts on the health and safety of workers directly linked through business relationships.	Given the activity, no negative impacts of trade relations are detected				
	403-8 Occupational health and safety management system coverage	p.65 Occupational Health and Safety				
	403-9 Work-related injuries.	p.65 Accident rate p.98 Accidents at work				
	403-10 Occupational diseases and illnesses	p.65 Occupational Health and Safety				
<b>Training and education</b>	404-1 Average hours of annual training per employee	p.92 Other figures-People				
	404-2 Skills management and continuing education programmes that promote employability and help manage the end of their professional careers.	p.59 Continuous education programmes p.60 Training for people entering retirement				
	404-3 Percentage of people who receive regular performance and career development reviews.	p.60 Performance Management-Bidean				
<b>Diversity and equal opportunities</b>	405-1 Composition of the governing bodies and breakdown of the workforce by professional category and sex, age, membership of minority groups and other diversity indicators.	p.92 Other figures-People p.17 Corporate Governance				
	405-2 Ratio of basic salary of men to women, broken down by professional category and key business locations.	p. 63 Remuneration management p.92 Other figures-People Equal pay for equal work, regardless of whether male or female				
<b>Non-discrimination</b>	406-1 Number of cases of discrimination and corrective measures taken.	No incidents of discrimination occurred during the period covered by the Report				
<b>Freedom of association and negotiation</b>	407-1 Identification of significant centres or supplier companies where freedom of association and the	Both LABORAL Kutxa and practically all its supplier companies are based in Spain. This means that, by law, human rights must be respected, including the				

	right to enter into collective agreements may be violated or under threat, and measures taken to defend these rights.	freedom of association and collective bargaining.				
<b>Child labour</b>	408-1 Identification of centres and supplier companies that entail a potential risk of incidences of child exploitation, and the measures adopted to contribute to the abolition of such exploitation.	Both LABORAL Kutxa and practically all its supplier companies operate solely in Spain. This means that, by law, human rights must be respected, including the non-exploitation of children.				
<b>Forced or compulsory labour</b>	409-1 Centres and Supplier Companies with a significant risk of being the source of incidences of forced labour, and the measures adopted to contribute to the elimination of all forms of forced labour.	Both LABORAL Kutxa and practically all its supplier companies operate solely in Spain. This means that, by law, human rights must be respected, including forced labour				
<b>Security practices</b>	410-1 Percentage of security staff who have received training on the organisation's human rights policies or procedures as they apply to the business.	LABORAL Kutxa hires its security staff through authorised external companies, who guarantee that 100% of the people employed for the job are properly trained.				
<b>Indigenous peoples' rights</b>	411-1 Number of cases of violation of the rights of indigenous people and the measures taken.	This indicator is not applicable, as the geographical area of LABORAL Kutxa is Spain				
<b>Local communities</b>	413-1 Percentage of centres where programmes for development, impact assessment and local community participation have been implemented.	p.72 Profit sharing p.32 Analysis of materiality				
	413-2 Business centres with significant actual or potential negative effects on local communities	No activities with a negative or potential impact on local communities have been identified.				
<b>Social assessment of suppliers</b>	414-1 Percentage of new supplier companies that were examined based on social criteria	There were no human rights assessments of the various suppliers and subcontractors because, a priori, no supplier companies were identified				
	414-2 Significant actual and potential negative social impacts in the supply chain and the measures taken.	that, due to the volume of purchases in question, the type of business they were engaged in or their location, might pose a significant human rights risk.				
<b>Public policy</b>	415-1 Value of political contributions, by country and recipient.	p.72 Relations with Government Agencies and Political Parties				
<b>Customer health and safety</b>	416-1 Percentage of significant product and service categories for which health and safety	p.39 Our relationship with customers p.47 Responsible products and services				

	impacts have been assessed to promote improvements					
	416-2 Number of incidents arising from non-compliance with regulations or voluntary codes concerning health and safety impacts of products and services during their life cycle.	p.90 Sanctions p.89 Customer Service				
<b>Marketing and labelling</b>	417-1 Type of information required by the organisation's procedures relating to the information and labelling of its products and services.	All the products and services of LABORAL Kutxa are subject to the regulations of the Bank of Spain and the Spanish National Securities Market Commission (CNMV) with regard to information about them and their form of marketing, which guarantees transparency in these procedures. Furthermore, the MIFID regulations are applied to protect the customer (classification, test, information, etc.). p.38 Our relationship with customers				
	417-2 Number of failures to comply with regulations and voluntary codes concerning product and service information and labelling.	p.90 Sanctions p.89 Customer Service				
	417-3 Number of cases of non-compliance with regulations or voluntary codes in relation to marketing communications.	p.90 Sanctions p.89 Customer Service				
<b>Customer privacy</b>	418-1 Number of substantiated complaints about violation of privacy and leaking of customer data	p.90 Sanctions p.89 Customer Service				

## 6.2. Reporting level of the Report

LABORAL Kutxa declares that this report has been prepared in accordance with the GRI. This was indicated by the results of AENOR's external verification.

## 6.3. Disclosure of sustainability information.

In compliance with the quantitative information requirements of Art. 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for credit institutions, LABORAL Kutxa discloses the manner and extent to which the company's activities are associated with environmentally sustainable economic activities. Article 8 requires disclosure of information on the proportion of turnover, investments in fixed assets and operating expenses ("key performance indicators") of activities related to assets or processes linked to environmentally sustainable economic activities.

For the presentation of the Green Asset Ratio (GAR), the templates defined in Annex VI of the EC Delegated Regulation published on 6 July 2021 have been used as a basis. In addition, only the information required for the period from 1 January 2022 to 31 December 2023 is disclosed.

The quantitative indicators were calculated using information available in the Regulatory Data Mart, where all the Entity's operations are reported. The selection of eligible corporate finance operations was based on the activity of the counterparties according to their CNAE (National Business Activity Code), the main limitation being the pending integration in the systems of the information on the specific destination of each operation.

- Template 1 - Assets for calculating the GAR: It contains information on the Entity's exposures broken down by type of counterparty and by type of instrument on a gross carrying amount basis. Eligible economic activities are shown by taxonomy and broken down by type of objective (Adaptation or Mitigation to climate change).
- Template 2 - Information by Sector 2: It contains information on the exposures of the banking book to the sectors covered by the taxonomy (NACE sectors with 4 levels of detail), using the relevant NACE codes according to the main activity of the counterparty.
- Template 3 - GAR results: It contains information on the proportion of total assets covered that finance taxonomy-relevant sectors, i.e. taxonomy-eligible sectors, broken down by type of counterparty and type of instrument, as well as by type of environmental objective.

The results obtained from the GAR calculation reflect the composition of the Entity's balance sheet: a surplus liquidity position, the majority weight of trade finance in SMEs and, especially, the high volume of mortgage financing.

LABORAL Kutxa published on its website in 2022 the second report on the implementation of the TCFD recommendations on climate change. The Financial Stability Board (FSB) commissioned the TCFD (Task Force On Climate-related Financial Disclosures) to develop a reporting framework to help the market assess the performance of companies with respect to climate change and to contribute to stakeholder decision-making. This TCFD report, accessible on the corporate website, describes the actions carried out and the action plans following the recommendations of the framework in 4 aspects: governance, strategy, risk management and metrics and objectives.

**Fecha declaración** 31/12/2022  
**Código Estado** 0470  
**Nombre Estado** SP3\_ESG\_001  
**Descripción Estado** 1. BE-RTCC: Calidad crediticia de las exposiciones  
**Versión Estado** 01  
**Código Subinforme** 04700100010  
**Nombre Subinforme** SP3\_ESG\_001  
**Descripción Subinforme** 1. BE-RTCC: Calidad crediticia de las exposiciones  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 6

	Sector/subsector	Importe en libros b		De los cuales, las e		De los cuales, mec		De los cuales, expc	
	Exposiciones hacia	1A	2.643.691.628,84	1B	0,00	1C	0,00	1D	219.657.702,77
	A - Agricultura, ganadería y caza	2A	55.475.979,22	2B	0,00	2C	0,00	2D	1.715.724,96
	B - Industrias extractivas	3A	3.015.038,97	3B	0,00	3C	0,00	3D	239.736,60
	B.05 - Extracción de combustibles fósiles	4A	0,00	4B	0,00	4C	0,00	4D	0,00
	B.06 - Extracción de metales preciosos	5A	0,00	5B	0,00	5C	0,00	5D	0,00
	B.07 - Extracción de metales básicos	6A	191,46	6B	0,00	6C	0,00	6D	0,00
	B.08 - Otras industrias extractivas	7A	3.005.226,23	7B	0,00	7C	0,00	7D	239.736,60
	B.09 - Actividades de explotación de hidrocarburos, gas y vapor de agua	8A	9.621,28	8B	0,00	8C	0,00	8D	0,00
	C - Industria manufacturera	9A	1.103.929.785,91	9B	0,00	9C	0,00	9D	80.053.290,45
	C.10 - Industria de metales y metalurgia	10A	195.363.275,23	10B	0,00	10C	0,00	10D	7.157.261,14
	C.11 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	11A	47.664.947,63	11B	0,00	11C	0,00	11D	5.327.226,36
	C.12 - Industria del textil	12A	0,00	12B	0,00	12C	0,00	12D	0,00
	C.13 - Industria textil	13A	9.917.747,23	13B	0,00	13C	0,00	13D	282.377,27
	C.14 - Confección	14A	4.438.676,47	14B	0,00	14C	0,00	14D	48.687,27
	C.15 - Industria del textil	15A	2.392.073,56	15B	0,00	15C	0,00	15D	0,00
	C.16 - Industria de metales	16A	24.365.527,67	16B	0,00	16C	0,00	16D	1.351.704,69
	C.17 - Industria del textil	17A	21.691.090,96	17B	0,00	17C	0,00	17D	799.765,25
	C.18 - Artes gráficas	18A	26.063.050,12	18B	0,00	18C	0,00	18D	1.587.881,07
	C.19 - Coquería y siderurgia	19A	460.351,58	19B	0,00	19C	0,00	19D	0,00
	C.20 - Industria química	20A	37.028.962,03	20B	0,00	20C	0,00	20D	1.800.188,75
	C.21 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	21A	982.149,71	21B	0,00	21C	0,00	21D	0,00
	C.22 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	22A	31.054.373,33	22B	0,00	22C	0,00	22D	6.092.798,65
	C.23 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	23A	30.091.713,12	23B	0,00	23C	0,00	23D	7.423.952,84
	C.24 - Metalurgia	24A	73.768.746,03	24B	0,00	24C	0,00	24D	3.543.714,86
	C.25 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	25A	230.321.118,17	25B	0,00	25C	0,00	25D	18.228.941,19
	C.26 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	26A	28.591.553,43	26B	0,00	26C	0,00	26D	803.934,82
	C.27 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	27A	52.917.311,79	27B	0,00	27C	0,00	27D	4.111.775,63
	C.28 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	28A	98.508.388,72	28B	0,00	28C	0,00	28D	3.886.673,50
	C.29 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	29A	108.490.938,48	29B	0,00	29C	0,00	29D	12.576.976,01
	C.30 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	30A	34.093.767,03	30B	0,00	30C	0,00	30D	1.339.583,52
	C.31 - Fabricación de productos de plástico, caucho, cuero, textil, papel y vidrio	31A	13.167.856,46	31B	0,00	31C	0,00	31D	360.523,69
	C.32 - Otras industrias manufactureras	32A	12.269.832,89	32B	0,00	32C	0,00	32D	95.458,38
	C.33 - Reparación de vehículos automotores, motocicletas, maquinaria agrícola y equipo de transporte	33A	20.286.334,27	33B	0,00	33C	0,00	33D	3.233.865,56
	D - Suministro de electricidad, gas y vapor de agua	34A	27.044.861,65	34B	0,00	34C	0,00	34D	678.731,61
	D35.1 - Producción de electricidad	35A	27.038.085,07	35B	0,00	35C	0,00	35D	678.731,61
	D35.1.1 - Producción de electricidad	36A	19.341.043,22	36B	0,00	36C	0,00	36D	102.826,60
	D35.2 - Producción de gas	37A	0,07	37B	0,00	37C	0,00	37D	0,00
	D35.3 - Suministro de vapor de agua	38A	6.776,51	38B	0,00	38C	0,00	38D	0,00
	E - Suministro de agua	39A	16.123.312,73	39B	0,00	39C	0,00	39D	17.560,32
	F - Construcción	40A	273.394.509,25	40B	0,00	40C	0,00	40D	21.147.272,15
	F.41 - Construcción	41A	128.281.071,17	41B	0,00	41C	0,00	41D	10.389.699,40
	F.42 - Ingeniería civil	42A	20.160.245,24	42B	0,00	42C	0,00	42D	466.781,21
	F.43 - Actividades de ingeniería	43A	124.953.192,84	43B	0,00	43C	0,00	43D	10.290.791,54
	G - Comercio al por mayor y minorista	44A	627.555.349,70	44B	0,00	44C	0,00	44D	61.764.814,61
	H - Transporte y almacenamiento	45A	171.733.005,25	45B	0,00	45C	0,00	45D	12.581.491,53
	H.49 - Transporte terrestre	46A	118.957.516,36	46B	0,00	46C	0,00	46D	5.783.020,51
	H.50 - Transporte marítimo	47A	353.647,65	47B	0,00	47C	0,00	47D	0,00
	H.51 - Transporte aéreo	48A	0,00	48B	0,00	48C	0,00	48D	0,00
	H.52 - Almacenamiento	49A	49.544.766,59	49B	0,00	49C	0,00	49D	6.525.692,83
	H.53 - Actividades de transporte	50A	2.877.074,65	50B	0,00	50C	0,00	50D	272.778,19
	I - Hostelería	51A	112.126.796,92	51B	0,00	51C	0,00	51D	22.883.775,43
	L - Actividades inmobiliarias	52A	253.292.989,24	52B	0,00	52C	0,00	52D	18.575.305,11
	Exposición hacia sectores	53A	692.925.590,32	53B	0,00	53C	0,00	53D	36.775.714,60
	K - Actividades financieras e inmobiliarias	54A	152.817.000,09	54B	0,00	54C	0,00	54D	6.679.763,18
	Exposición a otros sectores	55A	540.108.590,23	55B	0,00	55C	0,00	55D	30.095.951,42
	TOTAL	56A	3.336.617.219,16	56B	0,00	56C	0,00	56D	256.433.417,37



De los cuales, exp		Fuera de balance		De los cuales, exp		De los cuales, exp		Deferi		De los cuales, exp		De los cuales, exp	
224.567.190,67	1F	363.849.561,51	1G	6.773.341,23	1H	5.019.620,55	1I	217.441.839,78	1J	44.452.937,08	1K	126.212.718,79	
4.763.250,01	2F	7.226.862,91	2G	62.846,15	2H	205.938,89	2I	2.339.944,83	2J	231.282,84	2K	575.062,19	
182.643,50	3F	567.878,30	3G	44.729,97	3H	0,00	3I	99.251,97	3J	31.150,35	3K	765,18	
0,00	4F	0,00	4G	0,00	4H	0,00	4I	0,00	4J	0,00	4K	0,00	
0,00	5F	0,00	5G	0,00	5H	0,00	5I	0,00	5J	0,00	5K	0,00	
0,00	6F	4.808,54	6G	0,00	6H	0,00	6I	2,10	6J	0,00	6K	0,00	
182.627,75	7F	559.065,06	7G	44.729,97	7H	0,00	7I	99.202,11	7J	31.150,35	7K	749,43	
15,75	8F	4.004,70	8G	0,00	8H	0,00	8I	47,76	8J	0,00	8K	15,75	
42.853.062,49	9F	168.255.588,83	9G	3.673.971,40	9H	2.205.212,30	9I	51.555.807,70	9J	16.780.749,05	9K	12.743.780,97	
6.710.349,37	10F	32.808.779,74	10G	235.730,45	10H	59.238,71	10I	7.870.089,43	10J	1.446.036,71	10K	1.761.019,10	
3.314.086,98	11F	7.375.641,14	11G	55.417,19	11H	0,00	11I	3.418.940,28	11J	585.132,70	11K	1.533.162,23	
0,00	12F	0,00	12G	0,00	12H	0,00	12I	0,00	12J	0,00	12K	0,00	
980.280,48	13F	837.586,87	13G	5.275,16	13H	43.578,85	13I	313.857,22	13J	11.600,48	13K	229.087,11	
115.008,45	14F	422.092,31	14G	4.596,46	14H	5.236,95	14I	102.988,00	14J	6.540,51	14K	51.318,23	
71.258,04	15F	850,62	15G	0,00	15H	0,00	15I	132.757,20	15J	0,00	15K	71.258,04	
1.367.634,74	16F	3.059.541,70	16G	18.438,31	16H	83.212,83	16I	1.123.262,22	16J	164.059,60	16K	471.026,97	
10.280,36	17F	2.129.915,87	17G	18.248,16	17H	0,00	17I	212.546,95	17J	4.121,63	17K	6.691,54	
2.451.713,42	18F	2.205.208,06	18G	118.393,25	18H	102.490,88	18I	1.333.276,66	18J	92.993,09	18K	555.733,50	
0,00	19F	10.921,44	19G	0,00	19H	0,00	19I	8.749,84	19J	0,00	19K	0,00	
375.143,53	20F	2.632.285,53	20G	4.920,14	20H	0,00	20I	631.539,03	20J	126.329,40	20K	79.668,24	
46,37	21F	1.556.529,96	21G	0,00	21H	2.953,63	21I	4.633,53	21J	0,00	21K	30,14	
1.346.144,92	22F	2.458.981,05	22G	178.490,77	22H	322.563,36	22I	1.638.938,48	22J	868.062,52	22K	320.444,82	
171.515,11	23F	2.672.835,66	23G	5.810,04	23H	25.455,00	23I	4.945.754,29	23J	4.558.681,10	23K	20.152,10	
2.662.735,96	24F	11.998.439,36	24G	14.699,47	24H	1.131,99	24I	2.790.469,20	24J	381.301,12	24K	463.129,29	
15.978.775,11	25F	23.185.618,58	25G	548.378,81	25H	1.282.520,65	25I	11.416.720,46	25J	2.524.884,05	25K	4.960.278,83	
442.810,40	26F	6.121.238,58	26G	11.187,07	26H	16.673,40	26I	735.523,80	26J	19.861,98	26K	59.247,91	
1.396.718,77	27F	14.297.947,85	27G	32.986,46	27H	12.869,55	27I	1.694.254,15	27J	532.552,10	27K	315.136,38	
2.007.409,09	28F	29.107.014,68	28G	135.152,00	28H	40.150,14	28I	3.371.458,71	28J	262.164,21	28K	603.948,27	
902.110,23	29F	13.294.777,54	29G	2.149.954,27	29H	138.538,07	29I	6.695.213,39	29J	4.149.327,22	29K	324.643,43	
230.480,59	30F	4.359.286,76	30G	0,00	30H	2.880,02	30I	1.180.906,24	30J	738.595,32	30K	88.579,76	
879.444,52	31F	3.386.270,98	31G	58.798,09	31H	10.462,03	31I	679.543,85	31J	92.933,60	31K	261.590,22	
731.590,40	32F	1.822.570,99	32G	0,00	32H	41.088,42	32I	301.200,67	32J	14.735,87	32K	172.159,10	
707.525,65	33F	2.511.253,56	33G	77.495,30	33H	14.167,82	33I	953.184,10	33J	200.835,84	33K	395.475,76	
441.482,97	34F	3.456.550,43	34G	34.423,17	34H	744,75	34I	456.385,18	34J	164.398,03	34K	2.842,41	
441.482,97	35F	3.451.579,61	35G	34.423,17	35H	744,75	35I	456.324,32	35J	164.398,03	35K	2.842,41	
441.482,97	36F	949.382,69	36G	9.176,13	36H	744,75	36I	210.042,30	36J	66.820,18	36K	2.842,41	
0,00	37F	1.500,00	37G	0,00	37H	0,00	37I	0,00	37J	0,00	37K	0,00	
0,00	38F	3.470,82	38G	0,00	38H	0,00	38I	60,86	38J	0,00	38K	0,00	
2.647.319,82	39F	957.295,67	39G	0,00	39H	12.761,45	39I	1.933.386,07	39J	2.284,22	39K	1.769.247,55	
27.881.044,89	40F	53.239.248,81	40G	982.205,69	40H	620.151,08	40I	20.527.152,73	40J	4.159.499,27	40K	12.447.708,27	
18.166.426,28	41F	29.174.178,86	41G	563.731,62	41H	167.845,77	41I	13.877.253,13	41J	2.907.549,30	41K	9.551.734,04	
550.465,49	42F	675.514,47	42G	45.228,44	42H	6.798,48	42I	502.073,18	42J	63.817,04	42K	103.970,85	
9.164.153,12	43F	23.389.555,48	43G	373.245,63	43H	445.506,83	43I	6.147.826,42	43J	1.188.132,93	43K	2.792.003,38	
109.973.891,37	44F	82.807.797,44	44G	1.337.167,46	44H	1.188.533,89	44I	108.724.465,12	44J	13.926.875,52	44K	85.283.691,01	
7.236.010,62	45F	18.571.515,84	45G	408.080,52	45H	135.056,42	45I	9.191.721,19	45J	1.740.513,49	45K	2.695.643,94	
5.531.553,71	46F	7.201.188,06	46G	224.834,81	46H	107.399,11	46I	6.735.287,78	46J	655.708,11	46K	2.329.429,26	
18.909,52	47F	809.163,45	47G	0,00	47H	1.474,59	47I	17.640,75	47J	0,00	47K	12.294,34	
0,00	48F	0,00	48G	0,00	48H	0,00	48I	0,00	48J	0,00	48K	0,00	
1.181.189,39	49F	10.484.047,90	49G	181.574,01	49H	17.496,46	49I	2.334.791,52	49J	1.084.746,94	49K	286.150,28	
504.358,00	50F	77.116,43	50G	1.671,70	50H	8.686,26	50I	104.001,14	50J	58,44	50K	67.770,06	
13.571.266,87	51F	14.743.245,02	51G	202.771,86	51H	300.893,94	51I	7.304.713,99	51J	1.997.243,71	51K	2.302.168,61	
15.017.218,13	52F	14.023.578,26	52G	27.145,01	52H	350.327,83	52I	15.309.011,00	52J	5.418.940,60	52K	8.391.808,66	
38.774.895,94	53F	85.010.077,32	53G	1.653.357,74	53H	2.078.158,97	53I	32.803.496,91	53J	6.120.896,25	53K	17.583.162,54	
4.732.640,93	54F	10.618.241,07	54G	498,04	54H	3.508,63	54I	6.994.046,78	54J	1.490.679,75	54K	4.420.252,19	
34.042.255,01	55F	74.391.836,25	55G	1.652.859,70	55H	2.074.650,34	55I	25.809.450,13	55J	4.630.216,50	55K	13.162.910,35	
263.342.086,61	56F	448.859.638,83	56G	8.426.698,97	56H	7.097.779,52	56I	250.245.336,69	56J	50.573.833,33	56K	143.795.881,33	

Provisiones (MM EU)		De los cuales, expc		De los cuales, expc		Emisiones de gases		De los cuales, emis		Emisiones de gases	
1L	0,00	1M	0,00	1N	0,00	1O	349.554,65	1P	67.325,00	1Q	5,75
2L	0,00	2M	0,00	2N	0,00	2O	0,00	2P	0,00	2Q	0,00
3L	0,00	3M	0,00	3N	0,00	3O	0,00	3P	0,00	3Q	0,00
4L	0,00	4M	0,00	4N	0,00	4O	0,00	4P	0,00	4Q	0,00
5L	0,00	5M	0,00	5N	0,00	5O	0,00	5P	0,00	5Q	0,00
6L	0,00	6M	0,00	6N	0,00	6O	0,00	6P	0,00	6Q	0,00
7L	0,00	7M	0,00	7N	0,00	7O	0,00	7P	0,00	7Q	0,00
8L	0,00	8M	0,00	8N	0,00	8O	0,00	8P	0,00	8Q	0,00
9L	0,00	9M	0,00	9N	0,00	9O	64.911,87	9P	53.670,69	9Q	7,94
10L	0,00	10M	0,00	10N	0,00	10O	11.795,20	10P	10.348,92	10Q	0,58
11L	0,00	11M	0,00	11N	0,00	11O	0,00	11P	0,00	11Q	0,00
12L	0,00	12M	0,00	12N	0,00	12O	0,00	12P	0,00	12Q	0,00
13L	0,00	13M	0,00	13N	0,00	13O	0,00	13P	0,00	13Q	0,00
14L	0,00	14M	0,00	14N	0,00	14O	0,00	14P	0,00	14Q	0,00
15L	0,00	15M	0,00	15N	0,00	15O	0,00	15P	0,00	15Q	0,00
16L	0,00	16M	0,00	16N	0,00	16O	0,00	16P	0,00	16Q	0,00
17L	0,00	17M	0,00	17N	0,00	17O	0,00	17P	0,00	17Q	0,00
18L	0,00	18M	0,00	18N	0,00	18O	0,00	18P	0,00	18Q	0,00
19L	0,00	19M	0,00	19N	0,00	19O	0,00	19P	0,00	19Q	0,00
20L	0,00	20M	0,00	20N	0,00	20O	0,00	20P	0,00	20Q	0,00
21L	0,00	21M	0,00	21N	0,00	21O	0,00	21P	0,00	21Q	0,00
22L	0,00	22M	0,00	22N	0,00	22O	0,00	22P	0,00	22Q	0,00
23L	0,00	23M	0,00	23N	0,00	23O	0,00	23P	0,00	23Q	0,00
24L	0,00	24M	0,00	24N	0,00	24O	0,00	24P	0,00	24Q	0,00
25L	0,00	25M	0,00	25N	0,00	25O	0,00	25P	0,00	25Q	0,00
26L	0,00	26M	0,00	26N	0,00	26O	0,00	26P	0,00	26Q	0,00
27L	0,00	27M	0,00	27N	0,00	27O	0,00	27P	0,00	27Q	0,00
28L	0,00	28M	0,00	28N	0,00	28O	8.990,62	28P	7.142,33	28Q	1,87
29L	0,00	29M	0,00	29N	0,00	29O	25.195,89	29P	21.299,55	29Q	53,92
30L	0,00	30M	0,00	30N	0,00	30O	18.930,16	30P	14.879,89	30Q	76,83
31L	0,00	31M	0,00	31N	0,00	31O	0,00	31P	0,00	31Q	0,00
32L	0,00	32M	0,00	32N	0,00	32O	0,00	32P	0,00	32Q	0,00
33L	0,00	33M	0,00	33N	0,00	33O	0,00	33P	0,00	33Q	0,00
34L	0,00	34M	0,00	34N	0,00	34O	0,00	34P	0,00	34Q	0,00
35L	0,00	35M	0,00	35N	0,00	35O	0,00	35P	0,00	35Q	0,00
36L	0,00	36M	0,00	36N	0,00	36O	0,00	36P	0,00	36Q	0,00
37L	0,00	37M	0,00	37N	0,00	37O	0,00	37P	0,00	37Q	0,00
38L	0,00	38M	0,00	38N	0,00	38O	0,00	38P	0,00	38Q	0,00
39L	0,00	39M	0,00	39N	0,00	39O	0,00	39P	0,00	39Q	0,00
40L	0,00	40M	0,00	40N	0,00	40O	4.552,84	40P	3.887,77	40Q	2,95
41L	0,00	41M	0,00	41N	0,00	41O	4.552,84	41P	3.887,77	41Q	6,29
42L	0,00	42M	0,00	42N	0,00	42O	0,00	42P	0,00	42Q	0,00
43L	0,00	43M	0,00	43N	0,00	43O	0,00	43P	0,00	43Q	0,00
44L	0,00	44M	0,00	44N	0,00	44O	280.089,94	44P	9.766,54	44Q	8,96
45L	0,00	45M	0,00	45N	0,00	45O	0,00	45P	0,00	45Q	0,00
46L	0,00	46M	0,00	46N	0,00	46O	0,00	46P	0,00	46Q	0,00
47L	0,00	47M	0,00	47N	0,00	47O	0,00	47P	0,00	47Q	0,00
48L	0,00	48M	0,00	48N	0,00	48O	0,00	48P	0,00	48Q	0,00
49L	0,00	49M	0,00	49N	0,00	49O	0,00	49P	0,00	49Q	0,00
50L	0,00	50M	0,00	50N	0,00	50O	0,00	50P	0,00	50Q	0,00
51L	0,00	51M	0,00	51N	0,00	51O	0,00	51P	0,00	51Q	0,00
52L	0,00	52M	0,00	52N	0,00	52O	0,00	52P	0,00	52Q	0,00
53L	0,00	53M	0,00	53N	0,00						53R
54L	0,00	54M	0,00	54N	0,00						54R
55L	0,00	55M	0,00	55N	0,00						55R
56L	0,00	56M	0,00	56N	0,00	56O	349.554,65	56P	67.325,00	56Q	6,53

<= 5 años		> 5 años <= 10 añ		> 10 años <= 20 añ		> 20 años		Vencimiento medic
950.715.513,13	1S	1.139.161.106,42	1T	261.396.129,03	1U	292.418.880,26	1V	6,53
28.920.820,23	2S	17.810.105,72	2T	6.826.454,89	2U	1.918.598,38	2V	6,64
2.299.314,61	3S	538.947,56	3T	0,00	3U	176.776,80	3V	23,75
0,00	4S	0,00	4T	0,00	4U	0,00	4V	0,00
0,00	5S	0,00	5T	0,00	5U	0,00	5V	0,00
0,00	6S	0,00	6T	0,00	6U	191,46	6V	0,00
2.298.140,62	7S	538.919,70	7T	0,00	7U	168.165,91	7V	23,75
1.173,99	8S	27,86	8T	0,00	8U	8.419,43	8V	22,88
430.130.126,42	9S	506.754.962,52	9T	49.597.896,90	9U	117.446.800,07	9V	5,63
88.422.381,60	10S	81.493.579,84	10T	3.549.961,70	10U	21.897.352,09	10V	5,06
15.653.671,39	11S	26.502.498,84	11T	3.424.960,44	11U	2.083.816,96	11V	5,69
0,00	12S	0,00	12T	0,00	12U	0,00	12V	0,00
2.470.942,43	13S	5.955.368,76	13T	0,00	13U	1.491.436,04	13V	5,09
1.995.169,67	14S	1.334.659,44	14T	99.084,35	14U	1.009.763,01	14V	3,56
615.237,67	15S	1.276.786,52	15T	0,00	15U	500.049,37	15V	4,20
8.204.066,23	16S	12.771.435,78	16T	1.072.410,91	16U	2.317.614,75	16V	6,00
7.992.450,98	17S	12.702.047,68	17T	0,00	17U	996.592,30	17V	5,13
7.688.660,48	18S	14.513.987,22	18T	1.430.467,54	18U	2.429.934,88	18V	5,49
460.351,58	19S	0,00	19T	0,00	19U	0,00	19V	0,66
22.151.097,22	20S	13.191.530,68	20T	743.124,97	20U	943.209,16	20V	4,38
681.344,45	21S	279.372,82	21T	15.831,59	21U	5.600,85	21V	6,93
12.555.675,09	22S	12.850.769,36	22T	1.032.540,00	22U	4.615.388,88	22V	6,54
11.788.824,95	23S	6.879.125,02	23T	8.403.344,13	23U	3.020.419,02	23V	8,13
30.884.176,82	24S	31.906.817,16	24T	2.819.943,89	24U	8.157.808,16	24V	5,01
73.119.552,81	25S	122.727.933,18	25T	9.201.979,07	25U	25.271.653,11	25V	5,70
12.971.476,92	26S	9.284.813,18	26T	1.975.633,63	26U	4.359.629,70	26V	5,49
17.452.341,32	27S	16.050.238,68	27T	1.448.989,58	27U	17.965.742,21	27V	5,24
39.624.490,65	28S	38.371.244,62	28T	10.862.686,88	28U	9.649.966,57	28V	7,70
34.163.231,14	29S	68.738.013,56	29T	362.953,19	29U	5.226.740,59	29V	5,29
26.172.682,31	30S	7.050.401,52	30T	0,00	30U	870.683,20	30V	4,21
4.707.882,64	31S	5.955.489,64	31T	471.607,32	31U	2.032.876,86	31V	5,07
3.699.916,05	32S	6.837.586,98	32T	644.181,99	32U	1.088.147,87	32V	5,40
6.654.502,02	33S	10.081.262,04	33T	2.038.195,72	33U	1.512.374,49	33V	6,46
4.593.510,58	34S	13.709.534,92	34T	4.522.100,87	34U	4.219.715,28	34V	7,80
4.592.266,39	35S	13.709.534,92	35T	4.522.100,87	35U	4.214.182,89	35V	13,10
1.220.533,18	36S	12.974.726,84	36T	4.021.382,60	36U	1.124.400,60	36V	8,60
0,00	37S	0,00	37T	0,00	37U	0,07	37V	0,00
1.244,19	38S	0,00	38T	0,00	38U	5.532,32	38V	4,05
4.803.008,72	39S	7.369.814,96	39T	2.764.122,69	39U	1.186.366,36	39V	10,57
75.803.005,45	40S	108.607.463,52	40T	31.365.098,61	40U	57.618.941,67	40V	8,83
26.758.858,28	41S	46.148.556,78	41T	20.267.364,64	41U	35.106.291,47	41V	10,41
11.294.811,85	42S	6.272.082,62	42T	0,00	42U	2.593.350,77	42V	7,49
37.749.335,32	43S	56.186.824,12	43T	11.097.733,97	43U	19.919.299,43	43V	7,55
266.959.824,21	44S	250.850.594,18	44T	27.239.593,91	44U	82.505.337,40	44V	5,15
75.195.688,22	45S	66.081.972,86	45T	7.568.762,12	45U	22.886.582,05	45V	7,14
60.263.387,10	46S	40.690.627,84	46T	2.235.706,46	46U	15.767.794,96	46V	7,17
262.466,23	47S	40,10	47T	0,00	47U	91.141,32	47V	1,55
0,00	48S	0,00	48T	0,00	48U	0,00	48V	0,00
13.253.846,15	49S	24.725.416,66	49T	5.333.055,66	49U	6.232.448,12	49V	7,24
1.415.988,74	50S	665.888,26	50T	0,00	50U	795.197,65	50V	4,55
22.638.699,36	51S	59.928.388,52	51T	28.362.454,50	51U	1.197.254,54	51V	8,50
39.371.515,33	52S	107.509.321,66	52T	103.149.644,54	52U	3.262.507,71	52V	9,24
292.075.849,85	53S	310.064.716,50	53T	52.499.307,48	53U	38.285.716,49	53V	7,35
101.277.049,43	54S	43.742.704,14	54T	7.634.312,03	54U	162.934,49	54V	5,42
190.798.800,42	55S	266.322.012,36	55T	44.864.995,45	55U	38.122.782,00	55V	7,94
1.242.791.362,98	56S	1.449.225.822,92	56T	313.895.436,51	56U	330.704.596,75	56V	6,71

**Fecha declaración** 31/12/2022  
**Código Estado** 0471  
**Nombre Estado** SP3\_ESG\_002  
**Descripción Estado** 2. BE-RTCC: Préstamos garantizados  
**Versión Estado** 01  
**Código Subinforme** 04710100010  
**Nombre Subinforme** SP3\_ESG\_002  
**Descripción Subinforme** 2. BE-RTCC: Préstamos garantizados  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 3

Sector contrapartida		Importe en libros b)		Nivel de eficiencia					
				0; <= 100	> 100; <= 200	> 200; <= 300			
Total del área Unió	1A	10.614.724.899,55	1B	447.885.765,10	1C	2.310.555.505,27	1D	2.327.546.259,68	1E
De los cuales,	2A	740.440.463,20	2B	16.847.611,98	2C	75.532.114,77	2D	62.143.393,86	2E
De los cuales,	3A	9.755.812.819,77	3B	431.038.153,12	3C	2.235.023.390,50	3D	2.265.402.865,82	3E
De los cuales,	4A	118.471.616,58	4B	0,00	4C	0,00	4D	0,00	4E
De los cuales,	5A	5.831.712.064,06	5B	422.571.961,95	5C	2.305.002.489,82	5D	2.322.234.400,48	5E
Total del área no U	6A	0,00	6B	0,00	6C	0,00	6D	0,00	6E
De los cuales,	7A	0,00	7B	0,00	7C	0,00	7D	0,00	7E
De los cuales,	8A	0,00	8B	0,00	8C	0,00	8D	0,00	8E
De los cuales,	9A	0,00	9B	0,00	9C	0,00	9D	0,00	9E
De los cuales,	10A	0,00	10B	0,00	10C	0,00	10D	0,00	10E

			Nivel de eficiencia			
> 300; <= 400	> 400; <= 500	> 500	A	B	C	D
597.783.670,97	102.121.967,58	81.884.853,32	96.673.989,99	44.225.588,51	21.190.348,15	73.104.093,39
14.435.883,76	5.447.148,63	5.125.872,79	1.547.057,95	918.483,91	1.166.296,00	5.737.442,63
583.347.787,21	96.674.818,95	76.758.980,53	95.126.932,04	43.307.104,60	20.024.052,15	67.366.650,76
0,00	0,00	0,00	0,00	0,00	0,00	0,00
597.663.794,74	102.121.967,58	81.884.853,31				
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00

				Sin etiqueta EPC de	
E	F	G			De los cuales, el nivel de eficiencia energética (en unidades de kWh/m² d
383.772.452,94	70.640.253,97	94.506.684,89	10	9.830.611.487,69	59,32
7.527.684,87	1.785.638,99	1.626.457,13	20	720.131.401,71	24,79
376.244.768,07	68.854.614,98	92.880.227,76	30	8.992.008.469,40	62,87
0,00	0,00	0,00	40	118.471.616,58	0,00
			50	5.831.712.064,06	100,00
0,00	0,00	0,00	60	0,00	0,00
0,00	0,00	0,00	70	0,00	0,00
0,00	0,00	0,00	80	0,00	0,00
0,00	0,00	0,00	90	0,00	0,00
			100	0,00	0,00

/m² del colateral) estimado

**Fecha declaración** 31/12/2022  
**Código Estado** 0473  
**Nombre Estado** SP3\_ESG\_004  
**Descripción Estado** 4. BE-RTCC: Exposiciones de las 20 principales empresas intensivas en carbono  
**Versión Estado** 01  
**Código Subinforme** 04730100010  
**Nombre Subinforme** SP3\_ESG\_004  
**Descripción Subinforme** 4. BE-RTCC: Exposiciones de las 20 principales empresas intensivas en carbono  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1

	Importe en libros b	Importe en libros b	De los cuales, med	Vencimiento medi	Número de comp
1A	0,00 1B	0,00 1C	0,00 1D	0,00 1E	0

**Fecha declaración** 31/12/2022  
**Código Estado** 0474  
**Nombre Estado** SP3\_ESG\_005  
**Descripción Estado** 5. BE-RFCC: Exposiciones sujetas a riesgos físicos  
**Versión Estado** 01  
**Código Subinforme** 04740100010  
**Nombre Subinforme** SP3\_ESG\_005.a  
**Descripción Subinforme** 5. BE-RFCC: Exposiciones sujetas a riesgos físicos I  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 2

	Área geográfica si	Sector contrapartid	Importe en libros b					
						De los cuales, expos		
						Desglose por cate		
						<= 5 años	> 5 años <= 10 año	> 10 años <= 20 añ
1A	España	1B A - Agricultura, gan	1C 55.458.436,12	1D	26.928.719,28	1E 15.601.745,46	1F 6.557.235,28	
1A	España	1B B - Industrias extrac	1C 3.015.038,97	1D		1E	1F	
1A	España	1B C - Industria manuf	1C 643.292.501,18	1D	23.885.177,69	1E 39.987.470,68	1F 2.502.878,45	
1A	España	1B D - Suministro de e	1C 27.044.861,65	1D	4.592.266,39	1E 13.709.534,92	1F 4.522.100,87	
1A	España	1B E - Suministro de ag	1C 16.123.312,73	1D		1E	1F	
1A	España	1B F - Construcción	1C 225.843.135,82	1D		1E	1F	
1A	España	1B G - Comercio al pe	1C 617.060.257,16	1D		1E	1F	
1A	España	1B H - Transporte y aln	1C 171.379.357,60	1D		1E	1F	
1A	España	1B L - Actividades inm	1C 253.292.989,24	1D		1E	1F	
1A	España	1B Otros sectores imp	1C 675.057.114,51	1D	22.638.699,36	1E 59.928.388,52	1F 28.362.454,50	

						De los cuales, expos	De los cuales, expos	De los cuales, expos	De los cuales, expos	De los cuales, expos
	> 20 años	Vencimiento medio								
1G	1.738.619,30	1H 6,46	1I	1J 17.599.823,98	1K	33.226.495,34	1U 1.595.363,75	1V 4.384.990,81	1L	
1G		1H	1I	1J	1K	1U	1V	1L		
1G	5.744.141,93	1H 5,55	1I	1J 72.119.668,75	1K		1U 3.739.351,01	1V 3.829.628,52	1L	
1G	4.214.182,89	1H 7,80	1I	1J 27.038.085,07	1K		1U 678.731,61	1V 441.482,97	1L	
1G		1H	1I	1J	1K	1U	1V	1L		
1G		1H	1I	1J	1K	1U	1V	1L		
1G		1H	1I	1J	1K	1U	1V	1L		
1G		1H	1I	1J	1K	1U	1V	1L		
1G	1.197.254,54	1H 8,50	1I	1J 112.126.796,92	1K		1U 22.883.775,43	1V 13.571.266,87	1L	

						Deterioro acumulad				Provisiones (MM EUR)
	Fuera de balance	De los cuales, expos	De los cuales, expos			De los cuales, expos	De los cuales, expos			
	6.493.925,84	1M 54.217,57	1N 197.120,27	1O 1.947.745,77	1P 168.000,92	1Q 455.250,39	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
	7.394.665,63	1M 155.079,72	1N 185.703,71	1O 2.669.085,83	1P 261.174,32	1Q 1.033.452,01	1R	1S		
	3.451.579,61	1M 34.423,17	1N 744,75	1O 456.324,32	1P 164.398,03	1Q 2.842,41	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
		1M	1N	1O	1P	1Q	1R	1S		
	14.743.245,02	1M 202.771,86	1N 300.893,94	1O 7.304.713,99	1P 1.997.243,71	1Q 2.302.168,61	1R	1S		

De los cuales, expos	De los cuales, exposiciones con impagos
	1T
	1T
	1T
	1T
	1T
	1T
	1T
	1T
	1T
	1T

**Fecha declaración** 31/12/2022  
**Código Estado** 0474  
**Nombre Estado** SP3\_ESG\_005  
**Descripción Estado** 5. BE-RFCC: Exposiciones sujetas a riesgos físicos  
**Versión Estado** 01  
**Código Subinforme** 04740100020  
**Nombre Subinforme** SP3\_ESG\_005.b  
**Descripción Subinforme** 5. BE-RFCC: Exposiciones sujetas a riesgos físicos II  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 2

	Área geográfica su	Sector contrapartid	Importe en libros b					
						De los cuales, expos		
						Desglose por cate		
						<= 5 años	> 5 años <= 10 año	> 10 años <= 20 añ
1A	España	1B Préstamos garantiz	1C 10.409.427.555,12	1D	7.678.169,43	1E 57.401.288,23	1F 142.467.550,09	
1A	España	1B Préstamos garantiz	1C 929.768.399,54	1D	2.741.245,05	1E 18.298.077,10	1F 12.418.021,26	
1A	España	1B Garantías recuper	1C	1D		1E	1F	

						De los cuales, expos	De los cuales, expos	De los cuales, expos	De los cuales, expos	De los cuales, expos
	> 20 años	Vencimiento medio								
1G	178.550.726,99	1H 18,44	1I 3.950.841,21	1J 323.629.702,81	1K 58.517.190,72	1X 3.474.295,87	1Y 7.852.398,05	1L		
1G	5.340.437,16	1H 11,18	1I 247.964,98	1J 34.083.070,53	1K 4.466.745,05	1X 2.791.542,93	1Y 3.962.484,64	1L		
1G		1H	1I	1J	1K	1X	1Y	1L		

	Fuera de balance (co					Deterioro acumulad				Provisiones (MM EUR)
		De los cuales, expos	De los cuales, expos			De los cuales, expos	De los cuales, expos			
	1M	1N	1O	3.716.398,80	1P 246.897,30	1Q 3.051.357,43	1R	1S		
	1M	1N	1O	1.753.241,72	1P 142.935,87	1Q 1.458.371,74	1R	1S		
	1M	1N	1O		1P	1Q	1R	1S		

De los cuales, expos	De los cuales, exposiciones con impagos	
	1T	
	1T	
	1T	



**Fecha declaración** 31/12/2022  
**Código Estado** 0475  
**Nombre Estado** SP3\_ESG\_010  
**Descripción Estado** 10. Otras acciones de mitigación  
**Versión Estado** 01  
**Código Subinforme** 04750100010  
**Nombre Subinforme** SP3\_ESG\_010  
**Descripción Subinforme** 10. Otras acciones de mitigación  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1

	Tipo de instrumento	Tipo de contraparte	Importe en libros b	Tipo de riesgo mitig	Tipo de riesgo mitig
	Bonos (por ejemplo)	Entidades financieras	1A 0,00	1B	1C
		Sociedades no financieras	2A 0,00	2B	2C
		De los cuales, bonos	3A 0,00	3B	3C
		Otras contrapartes	4A 0,00	4B	4C
	Préstamos (por ejemplo)	Entidades financieras	5A 0,00	5B	5C
		Sociedades no financieras	6A 0,00	6B	6C
		De los cuales, préstamos	7A 0,00	7B	7C
		Minoristas	8A 0,00	8B	8C
		De los cuales, préstamos	9A 0,00	9B	9C
		De los cuales, préstamos	10A 0,00	10B	10C
		Otras contrapartes	11A 0,00	11B	11C

**DIVULGACIÓN DE INFORMACIÓN SOBRE RIESGOS AMBIENTALES SOCIALES Y DE GOBERNANZA (RIESGOS ASG).**

**En cumplimiento a las modificaciones del Reglamento de Ejecución (UE) 2021/637.**

**Fecha declaración** 31/12/2022  
**Código Estado** 0582  
**Nombre Estado** GAR001  
**Descripción Estado** Activos para el cálculo de la GAR (obligatoria).  
**Versión Estado** 12  
**Código Subinforme** 05821200010  
**Nombre Subinforme** GAR001  
**Descripción Subinforme** Activos para el cálculo de la GAR (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 7  
**Variación global 1** VN\_

	Millones EUR		Fecha de referenc		Importe en libros b		Mitigación del Car	
			Importe en libros ne		Importe en libros b		Del cual: a sectore	
								Del cual: medioan
GAR - Activos cubiertos	1XX	11.313.676.450,59	1A	11.496.906.713,15	1B	10.494.956.631,77	1C	0,00
Préstamos y anticipos,	2XX	11.277.819.521,01	2A	11.433.762.243,92	2B	10.431.812.162,54	2C	0,00
Sociedades Financie	3XX	514.646.846,53	3A	514.646.867,79	3B	67.969.534,48	3C	0,00
Entidades de Cré	4XX	496.532.959,50	4A	496.532.959,50	4B	67.969.534,48	4C	0,00
Préstamos y ant	5XX	205.558.683,47	5A	205.558.683,47	5B	36.867.852,24	5C	0,00
Valores represe	6XX	287.760.325,59	6A	287.760.325,59	6B	31.101.682,24	6C	0,00
Instrumentos de	7XX	3.213.950,44	7A	3.213.950,44	7B	0,00	7C	0,00
Otras Sociedades	8XX	18.113.887,03	8A	18.113.908,29	8B	0,00	8C	0,00
De las cuales: E	9XX	0,00	9A	0,00	9B	0,00	9C	0,00
Préstamos y c	10XX	0,00	10A	0,00	10B	0,00	10C	0,00
Valores repre	11XX	0,00	11A	0,00	11B	0,00	11C	0,00
Instrumentos	12XX	0,00	12A	0,00	12B	0,00	12C	0,00
De las cuales: S	13XX	0,00	13A	0,00	13B	0,00	13C	0,00
Préstamos y c	14XX	0,00	14A	0,00	14B	0,00	14C	0,00
Valores repre	15XX	0,00	15A	0,00	15B	0,00	15C	0,00
Instrumentos	16XX	0,00	16A	0,00	16B	0,00	16C	0,00
De las cuales: E	17XX	18.113.887,03	17A	18.113.908,29	17B	0,00	17C	0,00
Préstamos y c	18XX	13.715,22	18A	13.736,48	18B	0,00	18C	0,00
Valores repre	19XX	0,00	19A	0,00	19B	0,00	19C	0,00
Instrumentos	20XX	18.100.171,81	20A	18.100.171,81	20B	0,00	20C	0,00
Sociedades No Fina	21XX	514.968.386,38	21A	606.744.398,65	21B	51.471.650,58	21C	0,00
Sociedades No Fir	22XX	514.968.386,38	22A	606.744.398,65	22B	51.471.650,58	22C	0,00
Préstamos y ant	23XX	492.122.388,36	23A	573.741.963,18	23B	50.924.149,72	23C	0,00
Valores represe	24XX	0,00	24A	10.156.437,45	24B	0,00	24C	0,00
Instrumentos de	25XX	22.845.998,02	25A	22.845.998,02	25B	547.500,86	25C	0,00
Hogares	26XX	10.248.204.288,10	26A	10.312.370.977,48	26B	10.312.370.977,48	26C	0,00
De los cuales: pré	27XX	9.960.649.065,13	27A	10.019.893.515,26	27B	10.019.893.515,26	27C	0,00
De los cuales: pré	28XX	287.504.527,37	28A	292.425.837,37	28B	292.425.837,37	28C	0,00
De los cuales: pré	29XX	50.695,60	29A	51.624,85	29B	51.624,85	29C	0,00
Financiación de Ad	30XX	0,00	30A	0,00	30B	0,00	30C	0,00
Garantías reales obter	31XX	35.856.929,58	31A	63.144.469,23	31B	63.144.469,23	31C	0,00
Financiación de Admit	32XX	0,00	32A	0,00	32B	0,00	32C	0,00
Otros activos excluidos d	33XX	6.191.514.986,90	33A	6.743.757.587,78	33B	0,00	33C	0,00
Sociedades Financie	60XX	568.396.003,36	60A	568.396.301,43				
Entidades de Cré	61XX	528.610.527,32	61A	528.610.527,32				
Préstamos y ant	62XX	231.233.847,87	62A	231.233.847,87				
Valores represe	63XX	297.376.679,45	63A	297.376.679,45				
Instrumentos de	64XX	0,00	64A	0,00				
Otras Sociedades	65XX	39.785.476,04	65A	39.785.774,11				
De las cuales: E	66XX	3.893.174,34	66A	3.893.472,29				
Préstamos y c	67XX	2.304.942,26	67A	2.305.240,21				
Valores repre	68XX	0,00	68A	0,00				
Instrumentos	69XX	1.588.232,08	69A	1.588.232,08				
De las cuales: S	70XX	0,00	70A	0,00				
Préstamos y c	71XX	0,00	71A	0,00				
Valores repre	72XX	0,00	72A	0,00				
Instrumentos	73XX	0,00	73A	0,00				
De las cuales: E	74XX	35.892.301,70	74A	35.892.301,82				
Préstamos y c	75XX	206,47	75A	206,59				
Valores repre	76XX	0,00	76A	0,00				
Instrumentos	77XX	35.892.095,23	77A	35.892.095,23				
Sociedades No Financ	34XX	1.992.736.598,48	34A	2.139.444.482,94				
Pymes y Sociedades	35XX	1.991.765.367,90	35A	2.138.401.092,61				
Préstamos y antici	36XX	1.954.037.208,84	36A	2.076.014.610,83				
De los cuales: p	37XX	341.365.450,03	37A	376.067.887,23				
De los cuales: p	38XX	0,00	38A	0,00				
Valores represent	39XX	9.898.782,18	39A	10.008.879,86				
Instrumentos de c	40XX	27.829.376,88	40A	52.377.601,92				
Contrapartes en pa	41XX	971.230,58	41A	1.043.390,33				
Préstamos y antici	42XX	828.687,92	42A	900.847,67				
Valores represent	43XX	0,00	43A	0,00				
Instrumentos de c	44XX	142.542,66	44A	142.542,66				
Derivados	45XX	78.993.970,25	45A	78.993.970,25				
Préstamos interbanca	46XX	18.643.766,51	46A	18.643.766,51				
Efectivo y activos vinc	47XX	94.062.126,71	47A	94.062.126,71				
Otros activos (Fondo d	48XX	3.438.682.521,59	48A	3.844.216.939,94				
Total activos de la GAR	49XX	17.505.191.437,49	49A	18.240.664.300,93	49B	10.494.956.631,77	49C	0,00



54D	0,00	54E	0,00	54F	0,00	54G	16.400.745,65	54H	0,00	54I	0,00	54J
56D	0,00	56E	0,00	56F	0,00	56G	0,00	56H	0,00	56I	0,00	56J
57D	0,00	57E	0,00	57F	0,00	57G	0,00	57H	0,00	57I	0,00	57J
58D	0,00	58E	0,00	58F	0,00	58G	0,00	58H	0,00	58I	0,00	58J
59D	0,00	59E	0,00	59F	0,00	59G	0,00	59H	0,00	59I	0,00	59J

TOTAL (CCM + CCA)														
Del cual: a sectores														
Del cual: de adapt				Del cual: facilitadore				Del cual: medioamb				Del cual: financiació	Del cual: de transició	Del cual: facilitadore
0,00	1K	0,00	1L	10.511.357.377,42	1M	0,00	1N	0,00	1O	0,00	1P	0,00		
0,00	2K	0,00	2L	10.448.212.908,19	2M	0,00	2N	0,00	2O	0,00	2P	0,00		
0,00	3K	0,00	3L	67.969.534,48	3M	0,00	3N	0,00	3O	0,00	3P	0,00		
0,00	4K	0,00	4L	67.969.534,48	4M	0,00	4N	0,00	4O	0,00	4P	0,00		
0,00	5K	0,00	5L	36.867.852,24	5M	0,00	5N	0,00	5O	0,00	5P	0,00		
0,00	6K	0,00	6L	31.101.682,24	6M	0,00	6N	0,00	6O	0,00	6P	0,00		
0,00	7K	0,00	7L	0,00	7M	0,00	7N	0,00	7O	0,00	7P	0,00		
0,00	8K	0,00	8L	0,00	8M	0,00	8N	0,00	8O	0,00	8P	0,00		
0,00	9K	0,00	9L	0,00	9M	0,00	9N	0,00	9O	0,00	9P	0,00		
0,00	10K	0,00	10L	0,00	10M	0,00	10N	0,00	10O	0,00	10P	0,00		
0,00	11K	0,00	11L	0,00	11M	0,00	11N	0,00	11O	0,00	11P	0,00		
0,00	12K	0,00	12L	0,00	12M	0,00	12N	0,00	12O	0,00	12P	0,00		
0,00	13K	0,00	13L	0,00	13M	0,00	13N	0,00	13O	0,00	13P	0,00		
0,00	14K	0,00	14L	0,00	14M	0,00	14N	0,00	14O	0,00	14P	0,00		
0,00	15K	0,00	15L	0,00	15M	0,00	15N	0,00	15O	0,00	15P	0,00		
0,00	16K	0,00	16L	0,00	16M	0,00	16N	0,00	16O	0,00	16P	0,00		
0,00	17K	0,00	17L	0,00	17M	0,00	17N	0,00	17O	0,00	17P	0,00		
0,00	18K	0,00	18L	0,00	18M	0,00	18N	0,00	18O	0,00	18P	0,00		
0,00	19K	0,00	19L	0,00	19M	0,00	19N	0,00	19O	0,00	19P	0,00		
0,00	20K	0,00	20L	0,00	20M	0,00	20N	0,00	20O	0,00	20P	0,00		
0,00	21K	0,00	21L	67.872.396,23	21M	0,00	21N	0,00	21O	0,00	21P	0,00		
0,00	22K	0,00	22L	67.872.396,23	22M	0,00	22N	0,00	22O	0,00	22P	0,00		
0,00	23K	0,00	23L	67.324.895,37	23M	0,00	23N	0,00	23O	0,00	23P	0,00		
0,00	24K	0,00	24L	0,00	24M	0,00	24N	0,00	24O	0,00	24P	0,00		
0,00	25K	0,00	25L	547.500,86	25M	0,00	25N	0,00	25O	0,00	25P	0,00		
0,00	26K	0,00	26L	10.312.370.977,48	26M	0,00	26N	0,00	26O	0,00	26P	0,00		
0,00	27K	0,00	27L	10.019.893.515,26	27M	0,00	27N	0,00	27O	0,00	27P	0,00		
0,00	28K	0,00	28L	292.425.837,37	28M	0,00	28N	0,00	28O	0,00	28P	0,00		
0,00	29K	0,00	29L	51.624,85	29M	0,00	29N	0,00	29O	0,00	29P	0,00		
0,00	30K	0,00	30L	0,00	30M	0,00	30N	0,00	30O	0,00	30P	0,00		
0,00	31K	0,00	31L	63.144.469,23	31M	0,00	31N	0,00	31O	0,00	31P	0,00		
0,00	32K	0,00	32L	0,00	32M	0,00	32N	0,00	32O	0,00	32P	0,00		
0,00	33K	0,00	33L	0,00	33M	0,00	33N	0,00	33O	0,00	33P	0,00		
0,00	49K	0,00	49L	10.511.357.377,42	49M	0,00	49N	0,00	49O	0,00	49P	0,00		









0,00	54AD	0,00	54AE	0,00	54AF
					0,00
0,00	56AD	0,00	56AE	0,00	56AF
0,00	57AD	0,00	57AE	0,00	57AF
0,00	58AD	0,00	58AE	0,00	58AF
0,00	59AD	0,00	59AE	0,00	59AF
					0,00

**Fecha declaración** 31/12/2022  
**Código Estado** 0582  
**Nombre Estado** GAR001  
**Descripción Estado** Activos para el cálculo de la GAR (obligatoria).  
**Versión Estado** 12  
**Código Subinforme** 05821200010  
**Nombre Subinforme** GAR001  
**Descripción Subinforme** Activos para el cálculo de la GAR (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 7  
**Variación global 1** VN\_

	Millones EUR		Fecha de referenc		Importe en libros b		Mitigación del Car	
			Importe en libros ne		Importe en libros b		Del cual: a sectore	
								Del cual: medioam
GAR - Activos cubiertos	1XX	11.313.676.450,59	1A	11.496.906.713,15	1B	10.494.956.631,77	1C	0,00
Préstamos y anticipos,	2XX	11.277.819.521,01	2A	11.433.762.243,92	2B	10.431.812.162,54	2C	0,00
Sociedades Financie	3XX	514.646.846,53	3A	514.646.867,79	3B	67.969.534,48	3C	0,00
Entidades de Cré	4XX	496.532.959,50	4A	496.532.959,50	4B	67.969.534,48	4C	0,00
Préstamos y ant	5XX	205.558.683,47	5A	205.558.683,47	5B	36.867.852,24	5C	0,00
Valores represe	6XX	287.760.325,59	6A	287.760.325,59	6B	31.101.682,24	6C	0,00
Instrumentos de	7XX	3.213.950,44	7A	3.213.950,44	7B	0,00	7C	0,00
Otras Sociedades	8XX	18.113.887,03	8A	18.113.908,29	8B	0,00	8C	0,00
De las cuales: E	9XX	0,00	9A	0,00	9B	0,00	9C	0,00
Préstamos y c	10XX	0,00	10A	0,00	10B	0,00	10C	0,00
Valores repre	11XX	0,00	11A	0,00	11B	0,00	11C	0,00
Instrumentos	12XX	0,00	12A	0,00	12B	0,00	12C	0,00
De las cuales: S	13XX	0,00	13A	0,00	13B	0,00	13C	0,00
Préstamos y c	14XX	0,00	14A	0,00	14B	0,00	14C	0,00
Valores repre	15XX	0,00	15A	0,00	15B	0,00	15C	0,00
Instrumentos	16XX	0,00	16A	0,00	16B	0,00	16C	0,00
De las cuales: E	17XX	18.113.887,03	17A	18.113.908,29	17B	0,00	17C	0,00
Préstamos y c	18XX	13.715,22	18A	13.736,48	18B	0,00	18C	0,00
Valores repre	19XX	0,00	19A	0,00	19B	0,00	19C	0,00
Instrumentos	20XX	18.100.171,81	20A	18.100.171,81	20B	0,00	20C	0,00
Sociedades No Fina	21XX	514.968.386,38	21A	606.744.398,65	21B	51.471.650,58	21C	0,00
Sociedades No Fir	22XX	514.968.386,38	22A	606.744.398,65	22B	51.471.650,58	22C	0,00
Préstamos y ant	23XX	492.122.388,36	23A	573.741.963,18	23B	50.924.149,72	23C	0,00
Valores represe	24XX	0,00	24A	10.156.437,45	24B	0,00	24C	0,00
Instrumentos de	25XX	22.845.998,02	25A	22.845.998,02	25B	547.500,86	25C	0,00
Hogares	26XX	10.248.204.288,10	26A	10.312.370.977,48	26B	10.312.370.977,48	26C	0,00
De los cuales: pré	27XX	9.960.649.065,13	27A	10.019.893.515,26	27B	10.019.893.515,26	27C	0,00
De los cuales: pré	28XX	287.504.527,37	28A	292.425.837,37	28B	292.425.837,37	28C	0,00
De los cuales: pré	29XX	50.695,60	29A	51.624,85	29B	51.624,85	29C	0,00
Financiación de Ad	30XX	0,00	30A	0,00	30B	0,00	30C	0,00
Garantías reales obter	31XX	35.856.929,58	31A	63.144.469,23	31B	63.144.469,23	31C	0,00
Financiación de Admi	32XX	0,00	32A	0,00	32B	0,00	32C	0,00
Otros activos excluidos d	33XX	6.191.514.986,90	33A	6.743.757.587,78	33B	0,00	33C	0,00
Sociedades Financie	60XX	568.396.003,36	60A	568.396.301,43				
Entidades de Cré	61XX	528.610.527,32	61A	528.610.527,32				
Préstamos y ant	62XX	231.233.847,87	62A	231.233.847,87				
Valores represe	63XX	297.376.679,45	63A	297.376.679,45				
Instrumentos de	64XX	0,00	64A	0,00				
Otras Sociedades	65XX	39.785.476,04	65A	39.785.774,11				
De las cuales: E	66XX	3.893.174,34	66A	3.893.472,29				
Préstamos y c	67XX	2.304.942,26	67A	2.305.240,21				
Valores repre	68XX	0,00	68A	0,00				
Instrumentos	69XX	1.588.232,08	69A	1.588.232,08				
De las cuales: S	70XX	0,00	70A	0,00				
Préstamos y c	71XX	0,00	71A	0,00				
Valores repre	72XX	0,00	72A	0,00				
Instrumentos	73XX	0,00	73A	0,00				
De las cuales: E	74XX	35.892.301,70	74A	35.892.301,82				
Préstamos y c	75XX	206,47	75A	206,59				
Valores repre	76XX	0,00	76A	0,00				
Instrumentos	77XX	35.892.095,23	77A	35.892.095,23				
Sociedades No Financ	34XX	1.992.736.598,48	34A	2.139.444.482,94				
Pymes y Sociedades	35XX	1.991.765.367,90	35A	2.138.401.092,61				
Préstamos y antici	36XX	1.954.037.208,84	36A	2.076.014.610,83				
De los cuales: p	37XX	341.365.450,03	37A	376.067.887,23				
De los cuales: p	38XX	0,00	38A	0,00				
Valores represent	39XX	9.898.782,18	39A	10.008.879,86				
Instrumentos de c	40XX	27.829.376,88	40A	52.377.601,92				
Contrapartes en pa	41XX	971.230,58	41A	1.043.390,33				
Préstamos y antici	42XX	828.687,92	42A	900.847,67				
Valores represent	43XX	0,00	43A	0,00				
Instrumentos de c	44XX	142.542,66	44A	142.542,66				
Derivados	45XX	78.993.970,25	45A	78.993.970,25				
Préstamos interbanca	46XX	18.643.766,51	46A	18.643.766,51				
Efectivo y activos vinc	47XX	94.062.126,71	47A	94.062.126,71				
Otros activos (Fondo d	48XX	3.438.682.521,59	48A	3.844.216.939,94				
Total activos de la GAR	49XX	17.505.191.437,49	49A	18.240.664.300,93	49B	10.494.956.631,77	49C	0,00













0,00	54AD	0,00	54AE	0,00	54AF	0,00
0,00	56AD	0,00	56AE	0,00	56AF	0,00
0,00	57AD	0,00	57AE	0,00	57AF	0,00
0,00	58AD	0,00	58AE	0,00	58AF	0,00
0,00	59AD	0,00	59AE	0,00	59AF	0,00

**Fecha declaración** 31/12/2022  
**Código Estado** 0583  
**Nombre Estado** GAR002  
**Descripción Estado** Información por sector (GAR) (obligatoria).  
**Versión Estado** 12  
**Código Subinforme** 05831200010  
**Nombre Subinforme** GAR002  
**Descripción Subinforme** Información por sector (GAR) (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1  
**Variación global 1** C\_

	Desglose por secto	Mitigación del Car				
		Sociedades No Fin				Pymes y otras Socie
		Importe en libros b				Importe en libros b
		Millones EUR		Del cual: medioam		Millones EUR
1A	3020 - Fabricación	1B	20.069.676,99			
1A	4299 - Construcción	1B	1.787,54			
1A	9999 - CNAEs no in	1B	5.899.958,04			
1A	TOTAL	1B	25.971.422,58			

	Adaptación al Camb					TOTAL (CCM + CC)	
	Sociedades No Fin			Pymes y otras Socie		Sociedades No Fin	
	Importe en libros b			Importe en libros b		Importe en libros b	
Del cual: medioamb	Millones EUR		Del cual: medioamb	Millones EUR	Del cual: medioamb	Millones EUR	
	1H	16.677.873,47				1N	36.747.550,46
	1H	0,00				1N	1.787,54
	1H	0,00				1N	5.899.958,04
	1H	16.677.873,47				1N	42.649.296,05

		Pymes y otras Socie		
		Importe en libros b		
	Del cual: medioamb	Millones EUR		Del cual: medioambientalmente sostenibles (CCM+CCA)



**Fecha declaración** 31/12/2022  
**Código Estado** 0584  
**Nombre Estado** GAR003  
**Descripción Estado** Indicador clave de resultados de la GAR en términos de stock (obligatoria).  
**Versión Estado** 12  
**Código Subinforme** 05841200010  
**Nombre Subinforme** GAR003  
**Descripción Subinforme** Indicador clave de resultados de la GAR en términos de stock (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1  
**Variación global 1** C\_

	% (en comparació	Fecha de referenc						
		Mitigación del Car						
		Proporción del tot						
			Proporción del tot					
				De los cuales: finar		De los cuales: de tr		
GAR - Activos cubi	1A	90,47	1B	0,00	1C	0,00	1D	0,00
Préstamos y anti	2A	90,42	2B	0,00	2C	0,00	2D	0,00
Sociedades fil	3A	0,00	3B	0,00	3C	0,00	3D	0,00
Entidades d	4A	0,00	4B	0,00	4C	0,00	4D	0,00
Préstamo	5A	0,00	5B	0,00	5C	0,00	5D	0,00
Valores re	6A	0,00	6B	0,00	6C	0,00	6D	0,00
Instrumen	7A	0,00	7B	0,00	7C	0,00		7E
Otras Socieda	8A	0,00	8B	0,00	8C	0,00	8D	0,00
De las cualé	9A	0,00	9B	0,00	9C	0,00	9D	0,00
Préstamo	10A	0,00	10B	0,00	10C	0,00	10D	0,00
Valores re	11A	0,00	11B	0,00	11C	0,00	11D	0,00
Instrumen	12A	0,00	12B	0,00	12C	0,00		12E
De las cualé	13A	0,00	13B	0,00	13C	0,00	13D	0,00
Préstamo	14A	0,00	14B	0,00	14C	0,00	14D	0,00
Valores re	15A	0,00	15B	0,00	15C	0,00	15D	0,00
Instrumen	16A	0,00	16B	0,00	16C	0,00		16E
De las cualé	17A	0,00	17B	0,00	17C	0,00	17D	0,00
Préstamo	18A	0,00	18B	0,00	18C	0,00	18D	0,00
Valores re	19A	0,00	19B	0,00	19C	0,00	19D	0,00
Instrumen	20A	0,00	20B	0,00	20C	0,00		20E
Sociedades No f	21A	4,28	21B	0,00	21C	0,00	21D	0,00
Sociedades N	22A	4,28	22B	0,00	22C	0,00	22D	0,00
Préstamos y	23A	4,27	23B	0,00	23C	0,00	23D	0,00
Valores repr	24A	4,02	24B	0,00	24C	0,00	24D	0,00
Instrumento	25A	4,59	25B	0,00	25C	0,00		25E
Hogares	26A	100,00	26B	0,00	26C	0,00	26D	0,00
De los cuales:	27A	100,00	27B	0,00	27C	0,00	27D	0,00
De los cuales:	28A	100,00	28B	0,00	28C	0,00	28D	0,00
De los cuales:	29A	100,00	29B	0,00	29C	0,00	29D	0,00
Financiación de	30A	0,00	30B	0,00	30C	0,00	30D	0,00
Garantías reales	31A	100,00	31B	0,00	31C	0,00	31D	0,00
Financiación de	32A	0,00	32B	0,00	32C	0,00	32D	0,00
Total activos de la	33A	57,02	33B	0,00	33C	0,00	33D	0,00

										TOTAL (CCM + CC)		
Adaptación al Car										Proporción del tot		
Proporción del tot												
De los cuales: facil			De los cuales: finar			De los cuales: de c		De los cuales: facil				
0,00	1F	0,15	1G	0,00	1H	0,00	1I	0,00	1J	0,00	1K	90,62
0,00	2F	0,15	2G	0,00	2H	0,00	2I	0,00	2J	0,00	2K	90,57
0,00	3F	0,00	3G	0,00	3H	0,00	3I	0,00	3J	0,00	3K	0,00
0,00	4F	0,00	4G	0,00	4H	0,00	4I	0,00	4J	0,00	4K	0,00
0,00	5F	0,00	5G	0,00	5H	0,00	5I	0,00	5J	0,00	5K	0,00
0,00	6F	0,00	6G	0,00	6H	0,00	6I	0,00	6J	0,00	6K	0,00
0,00	7F	0,00	7G	0,00	7H	0,00			7J	0,00	7K	0,00
0,00	8F	0,00	8G	0,00	8H	0,00	8I	0,00	8J	0,00	8K	0,00
0,00	9F	0,00	9G	0,00	9H	0,00	9I	0,00	9J	0,00	9K	0,00
0,00	10F	0,00	10G	0,00	10H	0,00	10I	0,00	10J	0,00	10K	0,00
0,00	11F	0,00	11G	0,00	11H	0,00	11I	0,00	11J	0,00	11K	0,00
0,00	12F	0,00	12G	0,00	12H	0,00			12J	0,00	12K	0,00
0,00	13F	0,00	13G	0,00	13H	0,00	13I	0,00	13J	0,00	13K	0,00
0,00	14F	0,00	14G	0,00	14H	0,00	14I	0,00	14J	0,00	14K	0,00
0,00	15F	0,00	15G	0,00	15H	0,00	15I	0,00	15J	0,00	15K	0,00
0,00	16F	0,00	16G	0,00	16H	0,00			16J	0,00	16K	0,00
0,00	17F	0,00	17G	0,00	17H	0,00	17I	0,00	17J	0,00	17K	0,00
0,00	18F	0,00	18G	0,00	18H	0,00	18I	0,00	18J	0,00	18K	0,00
0,00	19F	0,00	19G	0,00	19H	0,00	19I	0,00	19J	0,00	19K	0,00
0,00	20F	0,00	20G	0,00	20H	0,00			20J	0,00	20K	0,00
0,00	21F	2,75	21G	0,00	21H	0,00	21I	0,00	21J	0,00	21K	7,03
0,00	22F	2,75	22G	0,00	22H	0,00	22I	0,00	22J	0,00	22K	7,03
0,00	23F	2,91	23G	0,00	23H	0,00	23I	0,00	23J	0,00	23K	7,18
0,00	24F	0,00	24G	0,00	24H	0,00	24I	0,00	24J	0,00	24K	4,02
0,00	25F	0,00	25G	0,00	25H	0,00			25J	0,00	25K	4,59
0,00	26F	0,00	26G	0,00	26H	0,00	26I	0,00	26J	0,00	26K	100,00
0,00	27F	0,00	27G	0,00	27H	0,00	27I	0,00	27J	0,00	27K	100,00
0,00	28F	0,00	28G	0,00	28H	0,00	28I	0,00	28J	0,00	28K	100,00
0,00	29F	0,00	29G	0,00	29H	0,00	29I	0,00	29J	0,00	29K	100,00
0,00	30F	0,00	30G	0,00	30H	0,00	30I	0,00	30J	0,00	30K	0,00
0,00	31F	0,00	31G	0,00	31H	0,00	31I	0,00	31J	0,00	31K	100,00
0,00	32F	0,00	32G	0,00	32H	0,00	32I	0,00	32J	0,00	32K	0,00
0,00	33F	0,09	33G	0,00	33H	0,00	33I	0,00	33J	0,00	33K	57,11



										Adaptación al Car									
										Proporción del tot									
Proporción del tot												Proporción del tot							
										De los cuales: finar		De los cuales: de tr		De los cuales: facil				De los cuales: finar	
0,00	1S		0,00	1T		0,00	1U		0,00	1V		0,00	1W		0,00	1X		0,00	0,00
0,00	2S		0,00	2T		0,00	2U		0,00	2V		0,00	2W		0,00	2X		0,00	0,00
0,00	3S		0,00	3T		0,00	3U		0,00	3V		0,00	3W		0,00	3X		0,00	0,00
0,00	4S		0,00	4T		0,00	4U		0,00	4V		0,00	4W		0,00	4X		0,00	0,00
0,00	5S		0,00	5T		0,00	5U		0,00	5V		0,00	5W		0,00	5X		0,00	0,00
0,00	6S		0,00	6T		0,00	6U		0,00	6V		0,00	6W		0,00	6X		0,00	0,00
0,00	7S		0,00				7U		0,00	7V		0,00	7W		0,00	7X		0,00	0,00
0,00	8S		0,00	8T		0,00	8U		0,00	8V		0,00	8W		0,00	8X		0,00	0,00
0,00	9S		0,00	9T		0,00	9U		0,00	9V		0,00	9W		0,00	9X		0,00	0,00
0,00	10S		0,00	10T		0,00	10U		0,00	10V		0,00	10W		0,00	10X		0,00	0,00
0,00	11S		0,00	11T		0,00	11U		0,00	11V		0,00	11W		0,00	11X		0,00	0,00
0,00	12S		0,00				12U		0,00	12V		0,00	12W		0,00	12X		0,00	0,00
0,00	13S		0,00	13T		0,00	13U		0,00	13V		0,00	13W		0,00	13X		0,00	0,00
0,00	14S		0,00	14T		0,00	14U		0,00	14V		0,00	14W		0,00	14X		0,00	0,00
0,00	15S		0,00	15T		0,00	15U		0,00	15V		0,00	15W		0,00	15X		0,00	0,00
0,00	16S		0,00				16U		0,00	16V		0,00	16W		0,00	16X		0,00	0,00
0,00	17S		0,00	17T		0,00	17U		0,00	17V		0,00	17W		0,00	17X		0,00	0,00
0,00	18S		0,00	18T		0,00	18U		0,00	18V		0,00	18W		0,00	18X		0,00	0,00
0,00	19S		0,00	19T		0,00	19U		0,00	19V		0,00	19W		0,00	19X		0,00	0,00
0,00	20S		0,00				20U		0,00	20V		0,00	20W		0,00	20X		0,00	0,00
0,00	21S		0,00	21T		0,00	21U		0,00	21V		0,00	21W		0,00	21X		0,00	0,00
0,00	22S		0,00	22T		0,00	22U		0,00	22V		0,00	22W		0,00	22X		0,00	0,00
0,00	23S		0,00	23T		0,00	23U		0,00	23V		0,00	23W		0,00	23X		0,00	0,00
0,00	24S		0,00	24T		0,00	24U		0,00	24V		0,00	24W		0,00	24X		0,00	0,00
0,00	25S		0,00				25U		0,00	25V		0,00	25W		0,00	25X		0,00	0,00
0,00	26S		0,00	26T		0,00	26U		0,00	26V		0,00	26W		0,00	26X		0,00	0,00
0,00	27S		0,00	27T		0,00	27U		0,00	27V		0,00	27W		0,00	27X		0,00	0,00
0,00	28S		0,00	28T		0,00	28U		0,00	28V		0,00	28W		0,00	28X		0,00	0,00
0,00	29S		0,00	29T		0,00	29U		0,00	29V		0,00	29W		0,00	29X		0,00	0,00
0,00	30S		0,00	30T		0,00	30U		0,00	30V		0,00	30W		0,00	30X		0,00	0,00
0,00	31S		0,00	31T		0,00	31U		0,00	31V		0,00	31W		0,00	31X		0,00	0,00
0,00	32S		0,00	32T		0,00	32U		0,00	32V		0,00	32W		0,00	32X		0,00	0,00
0,00	33S		0,00	33T		0,00	33U		0,00	33V		0,00	33W		0,00	33X		0,00	0,00

TOTAL (CCM + CC)															
Proporción del total															
De los cuales: de c				De los cuales: facil				De los cuales: finan				De los cuales: de tr			
1Y	0,00	1Z	0,00	1AA	0,00	1AB	0,00	1AC	0,00	1AD	0,00	1AE			
2Y	0,00	2Z	0,00	2AA	0,00	2AB	0,00	2AC	0,00	2AD	0,00	2AE			
3Y	0,00	3Z	0,00	3AA	0,00	3AB	0,00	3AC	0,00	3AD	0,00	3AE			
4Y	0,00	4Z	0,00	4AA	0,00	4AB	0,00	4AC	0,00	4AD	0,00	4AE			
5Y	0,00	5Z	0,00	5AA	0,00	5AB	0,00	5AC	0,00	5AD	0,00	5AE			
6Y	0,00	6Z	0,00	6AA	0,00	6AB	0,00	6AC	0,00	6AD	0,00	6AE			
		7Z	0,00	7AA	0,00	7AB	0,00	7AC	0,00			7AE			
8Y	0,00	8Z	0,00	8AA	0,00	8AB	0,00	8AC	0,00	8AD	0,00	8AE			
9Y	0,00	9Z	0,00	9AA	0,00	9AB	0,00	9AC	0,00	9AD	0,00	9AE			
10Y	0,00	10Z	0,00	10AA	0,00	10AB	0,00	10AC	0,00	10AD	0,00	10AE			
11Y	0,00	11Z	0,00	11AA	0,00	11AB	0,00	11AC	0,00	11AD	0,00	11AE			
		12Z	0,00	12AA	0,00	12AB	0,00	12AC	0,00			12AE			
13Y	0,00	13Z	0,00	13AA	0,00	13AB	0,00	13AC	0,00	13AD	0,00	13AE			
14Y	0,00	14Z	0,00	14AA	0,00	14AB	0,00	14AC	0,00	14AD	0,00	14AE			
15Y	0,00	15Z	0,00	15AA	0,00	15AB	0,00	15AC	0,00	15AD	0,00	15AE			
		16Z	0,00	16AA	0,00	16AB	0,00	16AC	0,00			16AE			
17Y	0,00	17Z	0,00	17AA	0,00	17AB	0,00	17AC	0,00	17AD	0,00	17AE			
18Y	0,00	18Z	0,00	18AA	0,00	18AB	0,00	18AC	0,00	18AD	0,00	18AE			
19Y	0,00	19Z	0,00	19AA	0,00	19AB	0,00	19AC	0,00	19AD	0,00	19AE			
		20Z	0,00	20AA	0,00	20AB	0,00	20AC	0,00			20AE			
21Y	0,00	21Z	0,00	21AA	0,00	21AB	0,00	21AC	0,00	21AD	0,00	21AE			
22Y	0,00	22Z	0,00	22AA	0,00	22AB	0,00	22AC	0,00	22AD	0,00	22AE			
23Y	0,00	23Z	0,00	23AA	0,00	23AB	0,00	23AC	0,00	23AD	0,00	23AE			
24Y	0,00	24Z	0,00	24AA	0,00	24AB	0,00	24AC	0,00	24AD	0,00	24AE			
		25Z	0,00	25AA	0,00	25AB	0,00	25AC	0,00			25AE			
26Y	0,00	26Z	0,00	26AA	0,00	26AB	0,00	26AC	0,00	26AD	0,00	26AE			
27Y	0,00	27Z	0,00	27AA	0,00	27AB	0,00	27AC	0,00	27AD	0,00	27AE			
28Y	0,00	28Z	0,00	28AA	0,00	28AB	0,00	28AC	0,00	28AD	0,00	28AE			
29Y	0,00	29Z	0,00	29AA	0,00	29AB	0,00	29AC	0,00	29AD	0,00	29AE			
30Y	0,00	30Z	0,00	30AA	0,00	30AB	0,00	30AC	0,00	30AD	0,00	30AE			
31Y	0,00	31Z	0,00	31AA	0,00	31AB	0,00	31AC	0,00	31AD	0,00	31AE			
32Y	0,00	32Z	0,00	32AA	0,00	32AB	0,00	32AC	0,00	32AD	0,00	32AE			
33Y	0,00	33Z	0,00	33AA	0,00	33AB	0,00	33AC	0,00	33AD	0,00	33AE			



Proporción del total de activos cubiertos		
De los cuales: facil		
0,00	1AF	0,00
0,00	2AF	0,00
0,00	3AF	0,00
0,00	4AF	0,00
0,00	5AF	0,00
0,00	6AF	0,00
0,00	7AF	0,00
0,00	8AF	0,00
0,00	9AF	0,00
0,00	10AF	0,00
0,00	11AF	0,00
0,00	12AF	0,00
0,00	13AF	0,00
0,00	14AF	0,00
0,00	15AF	0,00
0,00	16AF	0,00
0,00	17AF	0,00
0,00	18AF	0,00
0,00	19AF	0,00
0,00	20AF	0,00
0,00	21AF	0,00
0,00	22AF	0,00
0,00	23AF	0,00
0,00	24AF	0,00
0,00	25AF	0,00
0,00	26AF	0,00
0,00	27AF	0,00
0,00	28AF	0,00
0,00	29AF	0,00
0,00	30AF	0,00
0,00	31AF	0,00
0,00	32AF	0,00
0,00	33AF	0,00

**Fecha declaración** 31/12/2022  
**Código Estado** 0584  
**Nombre Estado** GAR003  
**Descripción Estado** Indicador clave de resultados de la GAR en términos de stock (obligatoria).  
**Versión Estado** 12  
**Código Subinforme** 05841200010  
**Nombre Subinforme** GAR003  
**Descripción Subinforme** Indicador clave de resultados de la GAR en términos de stock (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1  
**Variación global 1** VN\_

	% (en comparació	Fecha de referenc					
		Mitigación del Car					
		Proporción del tota					
			Proporción del tota				
				De los cuales: finan		De los cuales: de tr	
GAR - Activos cubi	1A	91,29	1B	0,00	1C	0,00	1E
Préstamos y anti	2A	91,24	2B	0,00	2C	0,00	2E
Sociedades Fin	3A	13,21	3B	0,00	3C	0,00	3E
Entidades d	4A	13,69	4B	0,00	4C	0,00	4E
Préstamo	5A	17,94	5B	0,00	5C	0,00	5E
Valores re	6A	10,81	6B	0,00	6C	0,00	6E
Instrumen	7A	0,00	7B	0,00	7C	0,00	7E
Otras Socieda	8A	0,00	8B	0,00	8C	0,00	8E
De las cuale	9A	0,00	9B	0,00	9C	0,00	9E
Préstamo	10A	0,00	10B	0,00	10C	0,00	10E
Valores re	11A	0,00	11B	0,00	11C	0,00	11E
Instrumen	12A	0,00	12B	0,00	12C	0,00	12E
De las cuale	13A	0,00	13B	0,00	13C	0,00	13E
Préstamo	14A	0,00	14B	0,00	14C	0,00	14E
Valores re	15A	0,00	15B	0,00	15C	0,00	15E
Instrumen	16A	0,00	16B	0,00	16C	0,00	16E
De las cuale	17A	0,00	17B	0,00	17C	0,00	17E
Préstamo	18A	0,00	18B	0,00	18C	0,00	18E
Valores re	19A	0,00	19B	0,00	19C	0,00	19E
Instrumen	20A	0,00	20B	0,00	20C	0,00	20E
Sociedades No F	21A	8,48	21B	0,00	21C	0,00	21E
Sociedades N	22A	8,48	22B	0,00	22C	0,00	22E
Préstamos y	23A	8,88	23B	0,00	23C	0,00	23E
Valores repr	24A	0,00	24B	0,00	24C	0,00	24E
Instrumento	25A	2,40	25B	0,00	25C	0,00	25E
Hogares	26A	100,00	26B	0,00	26C	0,00	26E
De los cuales:	27A	100,00	27B	0,00	27C	0,00	27E
De los cuales:	28A	100,00	28B	0,00	28C	0,00	28E
De los cuales:	29A	100,00	29B	0,00	29C	0,00	29E
Financiación de	30A	0,00	30B	0,00	30C	0,00	30E
Garantías reales	31A	100,00	31B	0,00	31C	0,00	31E
Financiación de	32A	0,00	32B	0,00	32C	0,00	32E
Total activos de la	33A	57,54	33B	0,00	33C	0,00	33E

										TOTAL (CCM + CC)		
Adaptación al Car										Proporción del totc		
Proporción del totc										Proporción del totc		
De los cuales: facili			De los cuales: finar			De los cuales: de a		De los cuales: facili				
0,00	1F	0,14	1G	0,00	1H	0,00	1I	0,00	1J	0,00	1K	91,43
0,00	2F	0,14	2G	0,00	2H	0,00	2I	0,00	2J	0,00	2K	91,38
0,00	3F	0,00	3G	0,00	3H	0,00	3I	0,00	3J	0,00	3K	13,21
0,00	4F	0,00	4G	0,00	4H	0,00	4I	0,00	4J	0,00	4K	13,69
0,00	5F	0,00	5G	0,00	5H	0,00	5I	0,00	5J	0,00	5K	17,94
0,00	6F	0,00	6G	0,00	6H	0,00	6I	0,00	6J	0,00	6K	10,81
0,00	7F	0,00	7G	0,00	7H	0,00		0,00	7J	0,00	7K	0,00
0,00	8F	0,00	8G	0,00	8H	0,00	8I	0,00	8J	0,00	8K	0,00
0,00	9F	0,00	9G	0,00	9H	0,00	9I	0,00	9J	0,00	9K	0,00
0,00	10F	0,00	10G	0,00	10H	0,00	10I	0,00	10J	0,00	10K	0,00
0,00	11F	0,00	11G	0,00	11H	0,00	11I	0,00	11J	0,00	11K	0,00
0,00	12F	0,00	12G	0,00	12H	0,00		0,00	12J	0,00	12K	0,00
0,00	13F	0,00	13G	0,00	13H	0,00	13I	0,00	13J	0,00	13K	0,00
0,00	14F	0,00	14G	0,00	14H	0,00	14I	0,00	14J	0,00	14K	0,00
0,00	15F	0,00	15G	0,00	15H	0,00	15I	0,00	15J	0,00	15K	0,00
0,00	16F	0,00	16G	0,00	16H	0,00		0,00	16J	0,00	16K	0,00
0,00	17F	0,00	17G	0,00	17H	0,00	17I	0,00	17J	0,00	17K	0,00
0,00	18F	0,00	18G	0,00	18H	0,00	18I	0,00	18J	0,00	18K	0,00
0,00	19F	0,00	19G	0,00	19H	0,00	19I	0,00	19J	0,00	19K	0,00
0,00	20F	0,00	20G	0,00	20H	0,00		0,00	20J	0,00	20K	0,00
0,00	21F	2,70	21G	0,00	21H	0,00	21I	0,00	21J	0,00	21K	11,18
0,00	22F	2,70	22G	0,00	22H	0,00	22I	0,00	22J	0,00	22K	11,18
0,00	23F	2,86	23G	0,00	23H	0,00	23I	0,00	23J	0,00	23K	11,74
0,00	24F	0,00	24G	0,00	24H	0,00	24I	0,00	24J	0,00	24K	0,00
0,00	25F	0,00	25G	0,00	25H	0,00		0,00	25J	0,00	25K	2,40
0,00	26F	0,00	26G	0,00	26H	0,00	26I	0,00	26J	0,00	26K	100,00
0,00	27F	0,00	27G	0,00	27H	0,00	27I	0,00	27J	0,00	27K	100,00
0,00	28F	0,00	28G	0,00	28H	0,00	28I	0,00	28J	0,00	28K	100,00
0,00	29F	0,00	29G	0,00	29H	0,00	29I	0,00	29J	0,00	29K	100,00
0,00	30F	0,00	30G	0,00	30H	0,00	30I	0,00	30J	0,00	30K	0,00
0,00	31F	0,00	31G	0,00	31H	0,00	31I	0,00	31J	0,00	31K	100,00
0,00	32F	0,00	32G	0,00	32H	0,00	32I	0,00	32J	0,00	32K	0,00
0,00	33F	0,09	33G	0,00	33H	0,00	33I	0,00	33J	0,00	33K	57,63

												Fecha de referenc
												Mitigación del Car
												Proporción del totc
												Proporción del totc
	Proporción del totc		De los cuales: finan		De los cuales: de tr		De los cuales: facilit					
1L	0,00	1M	0,00	1N	0,00	1O	0,00	1P	0,00	1Q	84,93	1R
2L	0,00	2M	0,00	2N	0,00	2O	0,00	2P	0,00	2Q	84,87	2R
3L	0,00	3M	0,00	3N	0,00	3O	0,00	3P	0,00	3Q	0,00	3R
4L	0,00	4M	0,00	4N	0,00	4O	0,00	4P	0,00	4Q	0,00	4R
5L	0,00	5M	0,00	5N	0,00	5O	0,00	5P	0,00	5Q	0,00	5R
6L	0,00	6M	0,00	6N	0,00	6O	0,00	6P	0,00	6Q	0,00	6R
7L	0,00	7M	0,00			7O	0,00	7P	0,00	7Q	0,00	7R
8L	0,00	8M	0,00	8N	0,00	8O	0,00	8P	0,00	8Q	0,00	8R
9L	0,00	9M	0,00	9N	0,00	9O	0,00	9P	0,00	9Q	0,00	9R
10L	0,00	10M	0,00	10N	0,00	10O	0,00	10P	0,00	10Q	0,00	10R
11L	0,00	11M	0,00	11N	0,00	11O	0,00	11P	0,00	11Q	0,00	11R
12L	0,00	12M	0,00			12O	0,00	12P	0,00	12Q	0,00	12R
13L	0,00	13M	0,00	13N	0,00	13O	0,00	13P	0,00	13Q	0,00	13R
14L	0,00	14M	0,00	14N	0,00	14O	0,00	14P	0,00	14Q	0,00	14R
15L	0,00	15M	0,00	15N	0,00	15O	0,00	15P	0,00	15Q	0,00	15R
16L	0,00	16M	0,00			16O	0,00	16P	0,00	16Q	0,00	16R
17L	0,00	17M	0,00	17N	0,00	17O	0,00	17P	0,00	17Q	0,00	17R
18L	0,00	18M	0,00	18N	0,00	18O	0,00	18P	0,00	18Q	0,00	18R
19L	0,00	19M	0,00	19N	0,00	19O	0,00	19P	0,00	19Q	0,00	19R
20L	0,00	20M	0,00			20O	0,00	20P	0,00	20Q	0,00	20R
21L	0,00	21M	0,00	21N	0,00	21O	0,00	21P	0,00	21Q	2,03	21R
22L	0,00	22M	0,00	22N	0,00	22O	0,00	22P	0,00	22Q	2,03	22R
23L	0,00	23M	0,00	23N	0,00	23O	0,00	23P	0,00	23Q	2,10	23R
24L	0,00	24M	0,00	24N	0,00	24O	0,00	24P	0,00	24Q	0,00	24R
25L	0,00	25M	0,00			25O	0,00	25P	0,00	25Q	0,00	25R
26L	0,00	26M	0,00	26N	0,00	26O	0,00	26P	0,00	26Q	100,00	26R
27L	0,00	27M	0,00	27N	0,00	27O	0,00	27P	0,00	27Q	100,00	27R
28L	0,00	28M	0,00	28N	0,00	28O	0,00	28P	0,00	28Q	100,00	28R
29L	0,00	29M	0,00	29N	0,00	29O	0,00	29P	0,00	29Q	100,00	29R
30L	0,00	30M	0,00	30N	0,00	30O	0,00	30P	0,00	30Q	0,00	30R
31L	0,00	31M	0,00	31N	0,00	31O	0,00	31P	0,00	31Q	100,00	31R
32L	0,00	32M	0,00	32N	0,00	32O	0,00	32P	0,00	32Q	0,00	32R
33L	0,00	33M	0,00	33N	0,00	33O	0,00	33P	0,00	33Q	57,70	33R

										Adaptación al Car									
										Proporción del totc									
Proporción del totc												Proporción del totc							
										De los cuales: finar		De los cuales: de tr		De los cuales: facili				De los cuales: finar	
0,00	1S		0,00	1T		0,00	1U		0,00	1V		0,00	1W		0,00	1X		0,00	
0,00	2S		0,00	2T		0,00	2U		0,00	2V		0,00	2W		0,00	2X		0,00	
0,00	3S		0,00	3T		0,00	3U		0,00	3V		0,00	3W		0,00	3X		0,00	
0,00	4S		0,00	4T		0,00	4U		0,00	4V		0,00	4W		0,00	4X		0,00	
0,00	5S		0,00	5T		0,00	5U		0,00	5V		0,00	5W		0,00	5X		0,00	
0,00	6S		0,00	6T		0,00	6U		0,00	6V		0,00	6W		0,00	6X		0,00	
0,00	7S		0,00				7U		0,00	7V		0,00	7W		0,00	7X		0,00	
0,00	8S		0,00	8T		0,00	8U		0,00	8V		0,00	8W		0,00	8X		0,00	
0,00	9S		0,00	9T		0,00	9U		0,00	9V		0,00	9W		0,00	9X		0,00	
0,00	10S		0,00	10T		0,00	10U		0,00	10V		0,00	10W		0,00	10X		0,00	
0,00	11S		0,00	11T		0,00	11U		0,00	11V		0,00	11W		0,00	11X		0,00	
0,00	12S		0,00				12U		0,00	12V		0,00	12W		0,00	12X		0,00	
0,00	13S		0,00	13T		0,00	13U		0,00	13V		0,00	13W		0,00	13X		0,00	
0,00	14S		0,00	14T		0,00	14U		0,00	14V		0,00	14W		0,00	14X		0,00	
0,00	15S		0,00	15T		0,00	15U		0,00	15V		0,00	15W		0,00	15X		0,00	
0,00	16S		0,00				16U		0,00	16V		0,00	16W		0,00	16X		0,00	
0,00	17S		0,00	17T		0,00	17U		0,00	17V		0,00	17W		0,00	17X		0,00	
0,00	18S		0,00	18T		0,00	18U		0,00	18V		0,00	18W		0,00	18X		0,00	
0,00	19S		0,00	19T		0,00	19U		0,00	19V		0,00	19W		0,00	19X		0,00	
0,00	20S		0,00				20U		0,00	20V		0,00	20W		0,00	20X		0,00	
0,00	21S		0,00	21T		0,00	21U		0,00	21V		0,00	21W		0,00	21X		0,00	
0,00	22S		0,00	22T		0,00	22U		0,00	22V		0,00	22W		0,00	22X		0,00	
0,00	23S		0,00	23T		0,00	23U		0,00	23V		0,00	23W		0,00	23X		0,00	
0,00	24S		0,00	24T		0,00	24U		0,00	24V		0,00	24W		0,00	24X		0,00	
0,00	25S		0,00				25U		0,00	25V		0,00	25W		0,00	25X		0,00	
0,00	26S		0,00	26T		0,00	26U		0,00	26V		0,00	26W		0,00	26X		0,00	
0,00	27S		0,00	27T		0,00	27U		0,00	27V		0,00	27W		0,00	27X		0,00	
0,00	28S		0,00	28T		0,00	28U		0,00	28V		0,00	28W		0,00	28X		0,00	
0,00	29S		0,00	29T		0,00	29U		0,00	29V		0,00	29W		0,00	29X		0,00	
0,00	30S		0,00	30T		0,00	30U		0,00	30V		0,00	30W		0,00	30X		0,00	
0,00	31S		0,00	31T		0,00	31U		0,00	31V		0,00	31W		0,00	31X		0,00	
0,00	32S		0,00	32T		0,00	32U		0,00	32V		0,00	32W		0,00	32X		0,00	
0,00	33S		0,00	33T		0,00	33U		0,00	33V		0,00	33W		0,00	33X		0,00	

TOTAL (CCM + CC)												
Proporción del total												
De los cuales: de a		De los cuales: facili		Proporción del total		De los cuales: finan		De los cuales: de tr				
1Y	0,00	1Z	0,00	1AA	84,93	1AB	0,00	1AC	0,00	1AD	0,00	1AE
2Y	0,00	2Z	0,00	2AA	84,87	2AB	0,00	2AC	0,00	2AD	0,00	2AE
3Y	0,00	3Z	0,00	3AA	0,00	3AB	0,00	3AC	0,00	3AD	0,00	3AE
4Y	0,00	4Z	0,00	4AA	0,00	4AB	0,00	4AC	0,00	4AD	0,00	4AE
5Y	0,00	5Z	0,00	5AA	0,00	5AB	0,00	5AC	0,00	5AD	0,00	5AE
6Y	0,00	6Z	0,00	6AA	0,00	6AB	0,00	6AC	0,00	6AD	0,00	6AE
		7Z	0,00	7AA	0,00	7AB	0,00	7AC	0,00			7AE
8Y	0,00	8Z	0,00	8AA	0,00	8AB	0,00	8AC	0,00	8AD	0,00	8AE
9Y	0,00	9Z	0,00	9AA	0,00	9AB	0,00	9AC	0,00	9AD	0,00	9AE
10Y	0,00	10Z	0,00	10AA	0,00	10AB	0,00	10AC	0,00	10AD	0,00	10AE
11Y	0,00	11Z	0,00	11AA	0,00	11AB	0,00	11AC	0,00	11AD	0,00	11AE
		12Z	0,00	12AA	0,00	12AB	0,00	12AC	0,00			12AE
13Y	0,00	13Z	0,00	13AA	0,00	13AB	0,00	13AC	0,00	13AD	0,00	13AE
14Y	0,00	14Z	0,00	14AA	0,00	14AB	0,00	14AC	0,00	14AD	0,00	14AE
15Y	0,00	15Z	0,00	15AA	0,00	15AB	0,00	15AC	0,00	15AD	0,00	15AE
		16Z	0,00	16AA	0,00	16AB	0,00	16AC	0,00			16AE
17Y	0,00	17Z	0,00	17AA	0,00	17AB	0,00	17AC	0,00	17AD	0,00	17AE
18Y	0,00	18Z	0,00	18AA	0,00	18AB	0,00	18AC	0,00	18AD	0,00	18AE
19Y	0,00	19Z	0,00	19AA	0,00	19AB	0,00	19AC	0,00	19AD	0,00	19AE
		20Z	0,00	20AA	0,00	20AB	0,00	20AC	0,00			20AE
21Y	0,00	21Z	0,00	21AA	2,03	21AB	0,00	21AC	0,00	21AD	0,00	21AE
22Y	0,00	22Z	0,00	22AA	2,03	22AB	0,00	22AC	0,00	22AD	0,00	22AE
23Y	0,00	23Z	0,00	23AA	2,10	23AB	0,00	23AC	0,00	23AD	0,00	23AE
24Y	0,00	24Z	0,00	24AA	0,00	24AB	0,00	24AC	0,00	24AD	0,00	24AE
		25Z	0,00	25AA	0,00	25AB	0,00	25AC	0,00			25AE
26Y	0,00	26Z	0,00	26AA	100,00	26AB	0,00	26AC	0,00	26AD	0,00	26AE
27Y	0,00	27Z	0,00	27AA	100,00	27AB	0,00	27AC	0,00	27AD	0,00	27AE
28Y	0,00	28Z	0,00	28AA	100,00	28AB	0,00	28AC	0,00	28AD	0,00	28AE
29Y	0,00	29Z	0,00	29AA	100,00	29AB	0,00	29AC	0,00	29AD	0,00	29AE
30Y	0,00	30Z	0,00	30AA	0,00	30AB	0,00	30AC	0,00	30AD	0,00	30AE
31Y	0,00	31Z	0,00	31AA	100,00	31AB	0,00	31AC	0,00	31AD	0,00	31AE
32Y	0,00	32Z	0,00	32AA	0,00	32AB	0,00	32AC	0,00	32AD	0,00	32AE
33Y	0,00	33Z	0,00	33AA	57,70	33AB	0,00	33AC	0,00	33AD	0,00	33AE

Proporción del total de activos cubiertos		
De los cuales: faciliti		
0,00	1AF	0,00
0,00	2AF	0,00
0,00	3AF	0,00
0,00	4AF	0,00
0,00	5AF	0,00
0,00	6AF	0,00
0,00	7AF	0,00
0,00	8AF	0,00
0,00	9AF	0,00
0,00	10AF	0,00
0,00	11AF	0,00
0,00	12AF	0,00
0,00	13AF	0,00
0,00	14AF	0,00
0,00	15AF	0,00
0,00	16AF	0,00
0,00	17AF	0,00
0,00	18AF	0,00
0,00	19AF	0,00
0,00	20AF	0,00
0,00	21AF	0,00
0,00	22AF	0,00
0,00	23AF	0,00
0,00	24AF	0,00
0,00	25AF	0,00
0,00	26AF	0,00
0,00	27AF	0,00
0,00	28AF	0,00
0,00	29AF	0,00
0,00	30AF	0,00
0,00	31AF	0,00
0,00	32AF	0,00
0,00	33AF	0,00

**Fecha declaración** 31/12/2022  
**Código Estado** 0586  
**Nombre Estado** GAR004  
**Descripción Estado** Indicador clave de resultados del GAR en términos de flujo (obligatoria).  
**Versión Estado** 02  
**Código Subinforme** 05860200010  
**Nombre Subinforme** GAR004  
**Descripción Subinforme** Indicador clave de resultados del GAR en términos de flujo (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1  
**Variación global 1** C\_Capex

	% (en comparació	Fecha de referenc						
		Mitigación del Car						
		Proporción del tot						
				Proporción del tot				
						De los cuales: finar		De los cuales: de tr
GAR - Activos cubi	1A	90,47	1B	0,00	1C	0,00	1D	0,00
Préstamos y anti	2A	90,42	2B	0,00	2C	0,00	2D	0,00
Sociedades Fil	3A	0,00	3B	0,00	3C	0,00	3D	0,00
Entidades d	4A	0,00	4B	0,00	4C	0,00	4D	0,00
Préstamo	5A	0,00	5B	0,00	5C	0,00	5D	0,00
Valores re	6A	0,00	6B	0,00	6C	0,00	6D	0,00
Instrumen	7A	0,00	7B	0,00			7D	0,00
Otras Socie	8A	0,00	8B	0,00	8C	0,00	8D	0,00
De las cu	9A		9B		9C		9D	9E
Préstam	10A		10B		10C		10D	10E
Valores	11A		11B		11C		11D	11E
Instrum	12A		12B				12D	12E
De las cu	13A		13B		13C		13D	13E
Préstam	14A		14B		14C		14D	14E
Valores	15A		15B		15C		15D	15E
Instrum	16A		16B				16D	16E
De las cu	17A	0,00	17B	0,00	17C	0,00	17D	0,00
Préstam	18A	0,00	18B	0,00	18C	0,00	18D	0,00
Valores	19A		19B		19C		19D	19E
Instrum	20A	0,00	20B	0,00			20D	0,00
Sociedades N	21A	4,28	21B	0,00	21C	0,00	21D	0,00
Sociedades	22A	4,28	22B	0,00	22C	0,00	22D	0,00
Préstamo	23A	4,27	23B	0,00	23C	0,00	23D	0,00
Valores re	24A	4,02	24B	0,00	24C	0,00	24D	0,00
Instrumen	25A	4,59	25B	0,00			25D	0,00
Hogares	26A	100,00	26B	0,00	26C	0,00	26D	0,00
De los cual	27A	100,00	27B	0,00	27C	0,00	27D	0,00
De los cual	28A	100,00	28B	0,00	28C	0,00	28D	0,00
De los cual	29A	100,00	29B	0,00	29C	0,00	29D	0,00
Financiación	30A		30B		30C		30D	30E
Garantías reales	31A	100,00	31B	0,00	31C	0,00	31D	0,00
Financiación de	32A		32B		32C		32D	32E
Total activos de la	33A	57,02	33B	0,00	33C	0,00	33D	0,00



										TOTAL (CCM + CC)		
Adaptación al Car										Proporción del tota		
Proporción del tota												
De los cuales: facil			De los cuales: finan			De los cuales: de tr		De los cuales: facil				
0,00	1F	0,15	1G	0,00	1H	0,00	1I	0,00	1J	0,00	1K	90,62
0,00	2F	0,15	2G	0,00	2H	0,00	2I	0,00	2J	0,00	2K	90,57
0,00	3F	0,00	3G	0,00	3H	0,00	3I	0,00	3J	0,00	3K	0,00
0,00	4F	0,00	4G	0,00	4H	0,00	4I	0,00	4J	0,00	4K	0,00
0,00	5F	0,00	5G	0,00	5H	0,00	5I	0,00	5J	0,00	5K	0,00
0,00	6F	0,00	6G	0,00	6H	0,00	6I	0,00	6J	0,00	6K	0,00
0,00	7F	0,00	7G	0,00			7I	0,00	7J	0,00	7K	0,00
0,00	8F	0,00	8G	0,00	8H	0,00	8I	0,00	8J	0,00	8K	0,00
	9F		9G		9H		9I		9J		9K	
	10F		10G		10H		10I		10J		10K	
	11F		11G		11H		11I		11J		11K	
	12F		12G				12I		12J		12K	
	13F		13G		13H		13I		13J		13K	
	14F		14G		14H		14I		14J		14K	
	15F		15G		15H		15I		15J		15K	
	16F		16G				16I		16J		16K	
0,00	17F	0,00	17G	0,00	17H	0,00	17I	0,00	17J	0,00	17K	0,00
0,00	18F	0,00	18G	0,00	18H	0,00	18I	0,00	18J	0,00	18K	0,00
	19F		19G		19H		19I		19J		19K	
0,00	20F	0,00	20G	0,00			20I	0,00	20J	0,00	20K	0,00
0,00	21F	2,75	21G	0,00	21H	0,00	21I	0,00	21J	0,00	21K	7,03
0,00	22F	2,75	22G	0,00	22H	0,00	22I	0,00	22J	0,00	22K	7,03
0,00	23F	2,91	23G	0,00	23H	0,00	23I	0,00	23J	0,00	23K	7,18
0,00	24F	0,00	24G	0,00	24H	0,00	24I	0,00	24J	0,00	24K	4,02
0,00	25F	0,00	25G	0,00			25I	0,00	25J	0,00	25K	4,59
0,00	26F	0,00	26G	0,00	26H	0,00	26I	0,00	26J	0,00	26K	100,00
0,00	27F	0,00	27G	0,00	27H	0,00	27I	0,00	27J	0,00	27K	100,00
0,00	28F	0,00	28G	0,00	28H	0,00	28I	0,00	28J	0,00	28K	100,00
0,00	29F	0,00	29G	0,00	29H	0,00	29I	0,00	29J	0,00	29K	100,00
	30F		30G		30H		30I		30J		30K	
0,00	31F	0,00	31G	0,00	31H	0,00	31I	0,00	31J	0,00	31K	100,00
	32F		32G		32H		32I		32J		32K	
0,00	33F	0,09	33G	0,00	33H	0,00	33I	0,00	33J	0,00	33K	57,12



**Fecha declaración** 31/12/2022  
**Código Estado** 0586  
**Nombre Estado** GAR004  
**Descripción Estado** Indicador clave de resultados del GAR en términos de flujo (obligatoria).  
**Versión Estado** 02  
**Código Subinforme** 05860200010  
**Nombre Subinforme** GAR004  
**Descripción Subinforme** Indicador clave de resultados del GAR en términos de flujo (obligatoria).  
**Entidad declarante** 4 - CAJA LABORAL (CONSOLIDADO)  
**Código de presentación** 3035  
**Secuencia de generación** 1  
**Variación global 1** VN\_Volumen de Negocio

	% (en comparación)	Fecha de referenc					
		Mitigación del Car					
		Proporción del tota					
			Proporción del tota				
				De los cuales: finan		De los cuales: de tr	
GAR - Activos cubi	1A	11,41	1B	0,00	1C	0,00	1E
Préstamos y anti	2A	12,93	2B	0,00	2C	0,00	2E
Sociedades Fin	3A	-9,80	3B	0,00	3C	0,00	3E
Entidades d	4A	-10,37	4B	0,00	4C	0,00	4E
Préstamo	5A	-6,37	5B	0,00	5C	0,00	5E
Valores re	6A	-40,56	6B	0,00	6C	0,00	6E
Instrumen	7A	0,00	7B	0,00	7C	0,00	7E
Otras Socie	8A	0,00	8B	0,00	8C	0,00	8E
De las cu	9A	0,00	9B	0,00	9C	0,00	9E
Préstam	10A	0,00	10B	0,00	10C	0,00	10E
Valores	11A		11B		11C		11E
Instrum	12A	0,00	12B	0,00	12C		12E
De las cu	13A		13B		13C		13E
Préstam	14A		14B		14C		14E
Valores	15A		15B		15C		15E
Instrum	16A		16B		16C		16E
De las cu	17A	0,00	17B	0,00	17C	0,00	17E
Préstam	18A	0,00	18B	0,00	18C	0,00	18E
Valores	19A		19B		19C		19E
Instrum	20A	0,00	20B	0,00	20C		20E
Sociedades N	21A	-46,03	21B	0,00	21C	0,00	21E
Sociedades	22A	-46,03	22B	0,00	22C	0,00	22E
Préstamo	23A	-40,18	23B	0,00	23C	0,00	23E
Valores re	24A	0,00	24B	0,00	24C	0,00	24E
Instrumen	25A	5,22	25B	0,00	25C		25E
Hogares	26A	100,00	26B	0,00	26C	0,00	26E
De los cuale	27A	100,00	27B	0,00	27C	0,00	27E
De los cuale	28A	100,00	28B	0,00	28C	0,00	28E
De los cuale	29A	100,00	29B	0,00	29C	0,00	29E
Financiación c	30A		30B		30C		30E
Garantías reales	31A	100,00	31B	0,00	31C	0,00	31E
Financiación de	32A		32B		32C		32E
Total activos de la	33A	78,95	33B	0,00	33C	0,00	33E

										TOTAL (CCM + CC)		
Adaptación al Car										Proporción del totc		
Proporción del totc												
De los cuales: facili			Proporción del totc			De los cuales: finan		De los cuales: de tr		De los cuales: facili		
0,00	1F	-1,65	1G	0,00	1H	0,00	1I	0,00	1J	0,00	1K	9,76
0,00	2F	-1,62	2G	0,00	2H	0,00	2I	0,00	2J	0,00	2K	11,31
0,00	3F	0,00	3G	0,00	3H	0,00	3I	0,00	3J	0,00	3K	-9,80
0,00	4F	0,00	4G	0,00	4H	0,00	4I	0,00	4J	0,00	4K	-10,37
0,00	5F	0,00	5G	0,00	5H	0,00	5I	0,00	5J	0,00	5K	-6,37
0,00	6F	0,00	6G	0,00	6H	0,00	6I	0,00	6J	0,00	6K	-40,56
0,00	7F	0,00	7G	0,00		0,00	7I	0,00	7J	0,00	7K	0,00
0,00	8F	0,00	8G	0,00	8H	0,00	8I	0,00	8J	0,00	8K	0,00
0,00	9F	0,00	9G	0,00	9H	0,00	9I	0,00	9J	0,00	9K	0,00
0,00	10F	0,00	10G	0,00	10H	0,00	10I	0,00	10J	0,00	10K	0,00
	11F		11G		11H		11I		11J		11K	
0,00	12F	0,00	12G	0,00			12I	0,00	12J	0,00	12K	0,00
	13F		13G		13H		13I		13J		13K	
	14F		14G		14H		14I		14J		14K	
	15F		15G		15H		15I		15J		15K	
	16F		16G				16I		16J		16K	
0,00	17F	0,00	17G	0,00	17H	0,00	17I	0,00	17J	0,00	17K	0,00
0,00	18F	0,00	18G	0,00	18H	0,00	18I	0,00	18J	0,00	18K	0,00
	19F		19G		19H		19I		19J		19K	
0,00	20F	0,00	20G	0,00			20I	0,00	20J	0,00	20K	0,00
0,00	21F	-20,14	21G	0,00	21H	0,00	21I	0,00	21J	0,00	21K	-66,17
0,00	22F	-20,14	22G	0,00	22H	0,00	22I	0,00	22J	0,00	22K	-66,17
0,00	23F	-17,84	23G	0,00	23H	0,00	23I	0,00	23J	0,00	23K	-58,02
0,00	24F	0,00	24G	0,00	24H	0,00	24I	0,00	24J	0,00	24K	0,00
0,00	25F	0,00	25G	0,00			25I	0,00	25J	0,00	25K	5,22
0,00	26F	0,00	26G	0,00	26H	0,00	26I	0,00	26J	0,00	26K	100,00
0,00	27F	0,00	27G	0,00	27H	0,00	27I	0,00	27J	0,00	27K	100,00
0,00	28F	0,00	28G	0,00	28H	0,00	28I	0,00	28J	0,00	28K	100,00
0,00	29F	0,00	29G	0,00	29H	0,00	29I	0,00	29J	0,00	29K	100,00
	30F		30G		30H		30I		30J		30K	
0,00	31F	0,00	31G	0,00	31H	0,00	31I	0,00	31J	0,00	31K	100,00
	32F		32G		32H		32I		32J		32K	
0,00	33F	-11,41	33G	0,00	33H	0,00	33I	0,00	33J	0,00	33K	67,54

							Proporción del total de activos nuevos cubiertos		
Proporción del total									
		De los cuales: finan		De los cuales: de tr		De los cuales: facilit			
1L	0,00	1M	0,00	1N	0,00	1O	0,00	1P	126,82
2L	0,00	2M	0,00	2N	0,00	2O	0,00	2P	129,03
3L	0,00	3M	0,00	3N	0,00	3O	0,00	3P	88,50
4L	0,00	4M	0,00	4N	0,00	4O	0,00	4P	83,62
5L	0,00	5M	0,00	5N	0,00	5O	0,00	5P	73,83
6L	0,00	6M	0,00	6N	0,00	6O	0,00	6P	9,78
7L	0,00			7N	0,00	7O	0,00	7P	0,00
8L	0,00	8M	0,00	8N	0,00	8O	0,00	8P	4,89
9L	0,00	9M	0,00	9N	0,00	9O	0,00	9P	0,27
10L	0,00	10M	0,00	10N	0,00	10O	0,00	10P	0,07
11L		11M		11N		11O		11P	0,00
12L	0,00			12N	0,00	12O	0,00	12P	0,20
13L		13M		13N		13O		13P	0,00
14L		14M		14N		14O		14P	0,00
15L		15M		15N		15O		15P	0,00
16L				16N		16O		16P	0,00
17L	0,00	17M	0,00	17N	0,00	17O	0,00	17P	4,62
18L	0,00	18M	0,00	18N	0,00	18O	0,00	18P	0,00
19L		19M		19N		19O		19P	0,00
20L	0,00			20N	0,00	20O	0,00	20P	4,62
21L	0,00	21M	0,00	21N	0,00	21O	0,00	21P	10,39
22L	0,00	22M	0,00	22N	0,00	22O	0,00	22P	10,39
23L	0,00	23M	0,00	23N	0,00	23O	0,00	23P	11,73
24L	0,00	24M	0,00	24N	0,00	24O	0,00	24P	0,00
25L	0,00			25N	0,00	25O	0,00	25P	-1,34
26L	0,00	26M	0,00	26N	0,00	26O	0,00	26P	30,13
27L	0,00	27M	0,00	27N	0,00	27O	0,00	27P	21,77
28L	0,00	28M	0,00	28N	0,00	28O	0,00	28P	1,03
29L	0,00	29M	0,00	29N	0,00	29O	0,00	29P	7,33
30L		30M		30N		30O		30P	0,00
31L	0,00	31M	0,00	31N	0,00	31O	0,00	31P	-2,21
32L		32M		32N		32O		32P	0,00
33L	0,00	33M	0,00	33N	0,00	33O	0,00	33P	18,33

To provide a response to the qualitative information on the environmental, social and governance risks, the information published both in this Sustainability Report (SR) and the [TCFD](#) Report are submitted..

<b>ENVIRONMENTAL RISKS</b>		
<b>CORPORATE STRATEGY AND PROCESSES</b>		
A	The entity's corporate strategy for integrating the environmental factors and risks, taking into account the impact of the environmental factors and risks in a corporate environment, the business model, strategy and financial planning of the entity.	TCFD Strategy SR 1.7 Risk management and strategy
B	Objectives, goals and limits to evaluate and manage the environmental risk in the short, medium and long term, and the performance evaluation for these objectives, goals and limits, including forward-looking information on the design of the strategy and the corporate processes	
C	Current investment activities and (future) investment objectives for the achievement of environmental objectives and activities that fall into the EU taxonomy	
D	Policies and procedures related to the direct or indirect commitment with new or existing counterparts in their strategies for mitigating and reducing environmental risks	
<b>GOVERNANCE</b>		
E	Responsibilities of the managing body for establishing the risk framework, supervising and managing the application of the objectives, the strategy and policies in the context of the management of environmental risks including the pertinent transmission channels	TCFD Governance SR 1.8 Principles and governance
F	Integration by the management body of the short, medium and long-term effects of the environmental factors and risks, organisational structure for both the lines of business and the internal control functions	
G	Integration of measures for managing the environmental factors and risks of internal governance mechanisms, including the role of the committees, the assigning of tasks and responsibilities, and the feedback loop between the management of risks and the management body, including the pertinent transmission channels	
H	Information channels and frequency of the information concerning environmental risk	
I	Harmonisation of the remuneration policy with the entity's objectives concerning environmental risk	
<b>RISK MANAGEMENT</b>		
J	Integration of the short, medium and long-term effects of environmental factors and risks in the risk framework	TCFD 3. Risk Management TCFD 4. Objectives and metrics
K	International definitions, methodologies and regulations on which the framework for the management of environmental risks is based	
L	Processes for defining, measuring and supervising activities and exposures (and security interests, where applicable) that are sensitive to environmental risks, including the pertinent transmission channels	
M	Activities, commitments and exposures that contribute to mitigating the environmental risks	
N	Application of tools for the detection, measurement and management of environmental risks	
O	Results of the risk tools applied and estimated impact of the environmental risks in the capital and liquidity risk profile	
P	Availability, quality and accuracy of the data, and efforts made to improve these aspects	
Q	Description of the limits of the environmental risks (as prudential risk factors) that are established, and the activation of the procedures for transfer to superiors and exclusion in the case of non-compliance with these limits	
R	Description of the link (transmission channels) between the environmental risks and the credit, liquidity and financing risk, the market risk, the operational risk and the reputational risk in the framework of risk management	
<b>SOCIAL RISK</b>		
<b>CORPORATE STRATEGY AND PROCESSES</b>		
A	Adjustment of the entity's corporate strategy for integrating social factors and risks, taking into account the impact of the social risk in the corporate environment, the business model, the entity's strategy and financial planning	SR 1.7 Risk management and strategy SR 1.8 Principles and governance
B	Objectives, goals and limits to evaluate and manage the social risk in the short, medium and long term, and the performance evaluation for these objectives, goals and limits, including forward-looking information on the design of the strategy and the corporate processes	
C	Policies and procedures related to the direct or indirect commitment with new or existing counterparts in their strategies for mitigating and reducing activities that are harmful from a social point of view	

GOVERNANCE		
D	Responsibilities of the managing body for establishing the risk framework, supervising and managing the application of the objectives, the strategy and policies in the context of the management of social risks including the counterparts' methods for:	SR 1.8 Principles and governance
	Activities aimed at the community and society	SR 3.3 Our relationship with society
	Occupational relationships and regulations	SR 3.2 Our relationship with the workforce
	Customer protection and product responsibility	SR 3.1 Our relationship with the customers
	Human rights	SR 1.11 Corruption and bribery 1.12 Money laundering 1.13 Regulatory Compliance
E	Integration of measures for managing the social factors and risks of internal governance mechanisms, including the role of the committees, the assigning of tasks and responsibilities, and the feedback loop between the management of risks and the management body	SR 1.8 Principles and governance
F	Information channels and frequency of the information concerning social risk	
G	Harmonisation of the remuneration policy with the entity's objectives concerning social risk	SR 3.2.7 Remuneration management
RISK MANAGEMENT		
H	International definitions, methodologies and regulations on which the framework for the management of social risks is based	SR 3.1 Our relationship with the customers 3.2 Our relationship with the workforce 3.3 Our relationship with society
I	Processes for defining, measuring and supervising activities and exposures (and security interests, where applicable) that are sensitive to social risk, including the pertinent transmission channels	
J	Activities, commitments and assets that contribute to mitigating the social risk	
K	Application of tools for the detection and management of the social risk	
L	Description of the establishment of limits to the social risk and cases of activation of the procedure for the transfer to the superiors and exclusion in the case of non-compliance with these limits	
M	Description of the link (transmission channels) between the social risks and the credit, liquidity and financing risk, the market risk, the operational risk and the reputational risk in the framework of risk management	
GOVERNANCE RISK		
GOVERNANCE		
A	Integration by the entity of its mechanisms for the governance of performance in terms of the governance of counterparts, including the committees of the highest governing body and the committees responsible for making decisions on economic, environmental and social issues	SR 1.8 Principles and governance
B	Accounting by the entity of the role of the counterpart's highest governing body in the submission of non-financial information	
C	Integration by the entity of the mechanisms for the governance of performance in terms of the governance of its counterparts, in particular:	
	Ethical considerations	
	Strategy and risk management	
	Inclusion	
	Transparency	
	Management of conflicts of interest	
	Internal communication on critical concerns	
RISK MANAGEMENT		
D	Integration by the entity of the mechanisms for the management of performance risks in terms of the governance of its counterparts, taking into account:	SR 1.7 Risk management and strategy
	Ethical considerations	
	Strategy and risk management	
	Inclusion	
	Transparency	
	Management of conflicts of interest	
	Internal communication on critical concerns	







CAJA LABORAL POPULAR COOP. DE CRÉDITO (en adelante la organización) con domicilio social en: Paseo JM Arizmendiarieta s/n, 20500 Arrasate-Mondragón (Gipuzkoa) ha encargado a AENOR llevar a cabo una verificación bajo un nivel de aseguramiento limitado de su Estado de Información No Financiera (en adelante EINF) conforme a la Ley 11/2018 por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad (en adelante, la Ley 11/2018).

Como resultado de la verificación efectuada AENOR emite la presente Declaración, de la cual forma parte el EINF verificado. La Declaración únicamente es válida para el propósito encargado y refleja sólo la situación en el momento en que se emite.

El objetivo de la verificación es facilitar a las partes interesadas un juicio profesional e independiente acerca de la información y datos contenidos en el EINF de la organización, elaborado de conformidad con la Ley 11/2018.

**Responsabilidad de la organización.** La organización tuvo la responsabilidad de reportar su estado de información no financiera conforme a la Ley 11/2018. La formulación y aprobación del EINF así como el contenido del mismo, es responsabilidad de su Órgano de Administración. Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error, así como los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF. La organización de acuerdo al compromiso formalmente adquirido, ha informado a AENOR que no se han producido, desde la fecha de cierre del ejercicio reportado en el informe no financiero hasta la fecha de la verificación, ningún acontecimiento que pudiera suponer la necesidad de realizar correcciones al informe.

**Programa de verificación conforme a ISO/IEC 17029:2019.** AENOR, de conformidad a la citada Ley, ha realizado la presente verificación como prestador independiente de servicios de verificación. La verificación se ha desarrollado bajo los principios de "enfoque basado en evidencias, presentación justa, imparcialidad, competencia técnica, confidencialidad, y responsabilidad" exigidos en la norma internacional ISO/IEC 17029:2019 "Evaluación de la conformidad - Principios generales y requisitos para los organismos de validación y verificación".



2013/0863/VNOF-2023

AENOR INTERNACIONAL S.A.U. C/ GÉNOVA 6, 28004 MADRID  
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Igualmente, en el Programa de verificación, AENOR ha considerado los requisitos internacionales de acreditación, verificación o certificación correspondientes a las materias de información contempladas en la Ley:

- Reglamento Europeo EMAS (Verificación Medioambiental)
- SA 8000 (principios y derechos laborales internacionales conformes a la ILO (Organización Internacional del Trabajo), La Declaración Universal de los Derechos Humanos y la Convención sobre los Derechos del Niño. SAAS Procedure 200)
- Sistema de Gestión Medioambiental (ISO 14001).
- Sistema de Gestión de Responsabilidad Social, esquemas IQNet SR 10 y SA8000.
- Sistema de Gestión de la Calidad (ISO 9001).
- Sistema de Gestión de la Energía (ISO 50001).
- Sistema de Gestión de Seguridad y Salud en el Trabajo (ISO 45001).

Adicionalmente, los criterios e información que se han tenido en cuenta como referencia para realizar el Programa de verificación han sido:

- 1) La ley 11/2018 de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad.
- 2) La Directiva 2014/95/UE del Parlamento Europeo y del Consejo de 22 de octubre de 2014 por la que se modifica la Directiva 2013/34/UE en lo que respecta a la divulgación de información no financiera e información sobre diversidad por parte de determinadas grandes empresas y determinados grupos.
- 3) La Comunicación de la Comisión Europea 2017/C 215/01, Directrices sobre la presentación de informes no financieros (metodología para la presentación de información no financiera).
- 4) La norma internacional ISO/IEC 17029:2019 Evaluación de la conformidad - Principios generales y requisitos para los organismos de validación y verificación.
- 5) Los criterios establecidos por la iniciativa mundial de presentación de informes de sostenibilidad en los estándares CRI cuando la organización haya optado por este marco internacional reconocido para la divulgación de la información relacionada con su desempeño en materia de responsabilidad social corporativa.

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AENOR se exime expresamente de cualquier responsabilidad por decisiones, de inversión o de otro tipo, basadas en la presente Declaración.

Durante el proceso de verificación realizado, bajo un nivel de aseguramiento limitado, AENOR realizó entrevistas con el personal encargado de recopilar y preparar el EINF y revisó evidencias relativas a:

- Actividades, productos y servicios prestados por la organización.
- Consistencia y trazabilidad de la información aportada, incluyendo el proceso seguido de recopilación de la misma, muestreando información sobre la reportada.
- Cumplimentación y contenido del estado de información no financiero con el fin de asegurar la integridad, exactitud y veracidad en su contenido.
- Carta de manifestaciones del Órgano de Administración.

Las conclusiones por tanto se fundamentan en los resultados de ese proceso de carácter muestral, y no eximen a la Organización de su responsabilidad sobre el cumplimiento de la legislación que le sea de aplicación.

En la Memoria de Sostenibilidad se encuentra la información relativa a la Taxonomía de actividades ambientalmente sostenibles elaborada según establece el Reglamento UE 2020/852 del Parlamento Europeo y del Consejo de 18 de junio, relativo al establecimiento de un marco para facilitar las inversiones sostenibles en cuanto a la obligación de divulgar información sobre la manera y la medida en que las actividades de la empresa obligada se asocian a actividades económicas que se consideren medioambientalmente sostenibles según los principios y objetivos ambientales establecidos en dicho Reglamento. Respondiendo a este nuevo requerimiento, los administradores de la organización han incorporado al Informe de Información No Financiera la información que, en su opinión, mejor permite dar cumplimiento a esta nueva obligación, y que se recogen en el apartado E.4 del Estado de Información No Financiera adjunto.

El personal involucrado en el proceso de verificación, la revisión de conclusiones y la decisión en la emisión de la presente Declaración, dispone de los conocimientos, habilidades, experiencia, formación, infraestructuras de apoyo y la capacidad necesarios para llevar a cabo eficazmente dichas actividades.



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## CONCLUSIÓN

Basado en lo anterior, en nuestra opinión, no hay evidencia que haga suponer que la información no financiera reportada en la MEMORIA DE SOSTENIBILIDAD Y ESTADO DE INFORMACIÓN NO FINANCIERA 2022 que se publica como documento independiente al Informe de Gestión de las Cuentas Anuales Consolidadas 2022 y para la información del periodo objeto del informe, ejercicio anual finalizado el 31 de diciembre de 2022, no proporcione información fiel del desempeño de CAJA LABORAL POPULAR COOP. DE CRÉDITO y sociedades referenciadas en el estado de información no financiera consolidado, en materia de responsabilidad social exclusivamente en lo relativo al contenido requerido por la Ley 11/2018 respecto a cuestiones ambientales, sociales y relativas al personal, incluida la gestión de la igualdad, la no discriminación y la accesibilidad universal, los derechos humanos, lucha contra la corrupción y el soborno y la diversidad.



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**CAJA LABORAL POPULAR COOP. DE CREDITO ANNUAL CORPORATE GOVERNANCE REPORT**

**DATA IDENTIFYNG THE ENTITY**

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End date of the reporting period: [ 31/12/2022 ]

CIF (Tax ID): [ F75076935 ]

Corporate Name:

[ **CAJA LABORAL POPULAR COOP. DE CREDITO** ]

Registered address:

[ PS. JOSE MARIA ARIZMENDIARRIETA S/N (MONDRAGON) GIPUZKOA ]

## CAJA LABORAL POPULAR COOP. DE CREDITO ANNUAL CORPORATE GOVERNANCE REPORT

### A. OWNERSHIP STRUCTURE

A.1. Details of the most significant shareholders or participants in your entity at year-end:

Name or company name of the shareholder or participant	% of share capital
LAGUNARO EPSV	15.02%

A.2. Indicate, where appropriate, any family, commercial, contractual or company relationships that exist between the significant shareholders or participants, as far as they are known by the entity, unless they are barely relevant or only arise in the ordinary course of business:

Related names or company names	Type of relationship	Brief description
No data		

A.3. Indicate, where appropriate, any commercial, contractual or company relationships that exist between the significant shareholders or participants and the entity, unless they are barely relevant or only arise in the ordinary course of business:

Related names or company names	Type of relationship	Brief description
No data		

A.4. Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on voting rights. In particular, notify the existence of any type of restrictions that may make it difficult to take control of the company by means of the acquisition of its shares on the market, as well as any systems of prior authorisation or communication that may be applicable to the company's acquisitions or transfers of financial instruments due to industry regulations:

Yes  
 No

#### Description of the restrictions

In compliance with the provision of cooperative law, no legal entity member may have a capital share and/or vote of more than 20% and no natural person member may have a capital share and/or vote of more than 2.5%.

## B. GENERAL COUNCIL OR EQUIVALENT BODY

---

**B.1.** List the quorum requirement for the general council or equivalent body established in the articles of association.

Describe how it differs from the minimum member system stated in the Spanish Companies Act (LSC) or the regulations that apply to it.

In accordance with what appears in cooperative legislation, the General Meeting, regardless of the agreement to be adopted, is considered to be validly constituted, on first call, when more than half of the shareholders are present or represented and on second call when at least 5% of the shareholders or 100 shareholders attend.

**B.2.** Explain the system for adopting company resolutions. Describe how it differs from the system stated in the LSC or the regulations that apply to it.

Applying cooperative legislation, the motions must be adopted, as a general rule, by more than half of the validly cast votes. In the event of mergers, divisions, issue of debentures and other securities, and for amendment of the articles of association, a favourable majority is required of no less than two thirds of the votes present or represented.

**B.3.** Indicate briefly the motions adopted at meetings of the general council or equivalent bodies held during the year corresponding to this report and the percentage of votes with which these motions were adopted.

During the year the motions adopted by the General Meeting, held on 8 April 2022, with their respective voting percentages, were as follows:

- Appointing three shareholders to approve the minutes of the respective meeting (unanimously).
- Approving the annual accounts and the management report referring to the entity and its consolidated group for the 2021 financial year (unanimously).
- Approving the Non-Financial Information report for 2021 (unanimously).
- Approving the interest to be paid to the share capital for 2021 (unanimously).
- Distributing the net surpluses from 2021, allocating 10% to the Education and Promotion Fund, 15% to the Inter-cooperative Social Fund, 25% to Cooperative Returns and 50% to the Mandatory Reserve Fund (unanimous).
- From the Education and Promotion Fund established after the distribution of profit from 2021, allocating 15% for local distribution, 17% for general distribution and 68% as a contribution to Mondragon's corporate institutions and contributions to the Inter-cooperative Education and Promotion Fund (unanimously).
- Approving income quotas and contributions to registered capital from new shareholders (unanimously).
- Extending the appointment of PricewaterhouseCoopers Auditores SL as auditors of the entity for the 2022 financial year (unanimously).
- Incorporating into the Articles of Association a new article 29 bis, *Remote Attendance and voting at the General Meeting* and a new article 38.bis *Remote Attendance and voting in the Governing Board*, and modifying paragraphs One and Five of article 36. *Composition of the Governing Board*, paragraph One of article 37 *Incapacities and incompatibilities* and article 39 *Remuneration of directors* (unanimously).
- Appointing two members of the Governing Board (unanimously)
- Approving the Governing Board remuneration policy (unanimously).

**B.4.** Indicate whether, at the general meetings or equivalent bodies held during the year, there were any items on the agenda that were not approved by the shareholders.

There were no items on the agenda that were not approved by the shareholders.

**B.5.** Indicate the address and how to access the entity website containing information on corporate governance.

The Corporate Governance content can be accessed from the home page of the general website (<https://www.laboralkutxa.com>) or from the entity's corporate website (<https://corporativa.laboralkutxa.com>) by clicking on the section "Corporate Governance and Remuneration Policy".

**B.6.** State whether meetings have been held for the different unions that might exist for holders of shares issued by the entity, the subject of the meetings held during the year referred to in this report and the main motions adopted.

There are no unions for holders of shares issued by the entity.



## C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

### C.1. Board or administrative body

C.1.1 Give details of the maximum and minimum number of board members or members of the administrative body set forth in the articles of association:

Maximum number of board/body members	15
Minimum number of board/body members	14
Number of directors/members of the body established by the board or assembly	14

C.1.2 Complete the following table for the board/administrative body members and their different statuses:

Name or company name of the board/administrative body members	Representative	Date of last appointment
MR TXOMIN GARCIA HERNANDEZ	Chair	2019
MR RICARDO PÉREZ AGUADO	Secretary	2019
MS AINHOA GALLASTEGUI MARTINEZ	Member	2019
MR XABIER SAGARNA ARRIZABALAGA	Member	2019
MS ELENA ZARRAGA BILBAO	Member	2019
MS LAURA RODRÍGUEZ GONZÁLEZ	Member	2019
MR EDORTA GIL SAGARDUY	Member	2020
MS BEATRIZ MAULEON SAINZ DE VICUÑA	Member	2020
MR AITOR SORIA ALONSO	Member	2020
MR IÑIGO LÓPEZ-CANO FERNANDEZ DE BETOÑO	Member	2021
MS ITZIAR ELGARRESTA IBARRONDO	Member	2021
MS ESTHER KORTA ERRAZKIN	Member	2021
MS NAGORE LARRABEITI LIBANO	Member	2022
MR JUAN JOSÉ ÁLVAREZ RUBIO	Member	2022

C.1.3 Identify, when appropriate, the board/administrative body members who take on positions as directors, representatives of directors or executives in other companies that form part of the entity's group:

Name or company name of the board/administrative body member	Corporate name of the group's entity	Position
TXOMIN GARCIA HERNANDEZ	SEGUROS LAGUN ARO, S.A.	CHAIR
TXOMIN GARCIA HERNANDEZ	SEGUROS LAGUN ARO VIDA, S.A.	CHAIR

C.1.4 Complete the following table regarding the number of female members of the board of directors and its committees, as well as its evolution over the last four financial years:

	Number of female members							
	2022 Financial year		2021 Financial year		2020 Financial year		2019 Financial year	
	Number	%	Number	%	Number	%	Number	%
Administrative board	7	50.00	7	46.66	6	50.00	6	50.00
Audit and Regulatory Compliance Committee	1	25.00	1	33.33	2	50.00	2	50.00
Appointments Committee	1	33.33	1	33.33	2	40.00	2	40.00
Payments Committee	3	100.00	3	75.00	2	40.00	2	40.00
Risks Committee	3	75.00	3	75.00	4	67.00	4	67.00

C.1.5 Indicate whether the company has diversity policies regarding the company's administrative, management and supervisory bodies with respect to issues such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition contained in the Audit Act, will have to report, as a minimum, on the policy they have in place in relation to gender diversity.

- Yes  
 No  
 Partial policies

If yes, describe this diversity policy, its objectives, the measures and manner in which it has been implemented and its results during the year. The specific measures adopted by the governing body and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors must also be described.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

In order to promote an appropriately diverse collective that brings a variety of views and experiences to promote independent opinions and sound decision making, the Entity meets the requirements regarding diversity policies in compliance with the guidelines and regulations on the assessment of the suitability of the members of the governing body and the holders of key functions, considering aspects such as academic profile, professional profile, gender and age in the Policy for the selection, appointment, renewal and diversity of the Governing Board and in the assessment and suitability processes.

It should be noted that, as at 31 December 2022, the minimum % established for the under-represented gender is exceeded for another year. In the 2021 financial year, the General Assembly approved an amendment to the Articles of Association to reduce the number of members of the Governing Board to 14. With this change and based on the end-of-year structure, the Governing Board recovers its gender parity.

Furthermore, in terms of selection and appointments and succession of Senior Management members, Caja Laboral has a Succession Plan for key positions, which identifies the critical positions and the professional paths and profiles of origin for their replacement, establishing professional development plans for the people identified and succession plans for each of the positions. The identification of the key positions eligible for a succession plan, as well as of the people capable of becoming the future replacements for the current occupants of such positions, takes into account variables such as training, experience and knowledge, management track record, performance history, personal skills and abilities, commitment to the Entity, potential, etc.

There were no changes in the management team in 2022

C.1.6 Complete the following table regarding the aggregate salary of the board/administrative body members paid during the financial year:

Salary item	Thousands of euros	
	Individual	Group
Fixed salary	142	
Variable salary	35	
Expens		67
Other payments		
TOTAL	177	67

C.1.7 Identify the top management members that are not members of the board or administrative body and indicate the total payment made to them during the financial year:

Name or corporate name	Position
MR XABIER EGUIBAR GAINZA	General Manager
MR OSCAR EGUSKIZA SIERRASESUMAGA	Risks Director
MR IBON URGOITI URIOSTE	Business Development Director
MR ADOLFO PLAZA IZAGUIRRE	Financial Director
MS NURIA AGUIRRE UNZUETA	Director of Personnel and Media
MS SUSANA ANDRÉS GORGOJO	Director of the Mendabaldea Commercial Division
MR JAVIER CORTAJARENA GOÑI	Director of the Ekia Commercial Division
MR JOSEBA MIKEL MARURI HERNAEZ	Director Technology and Analytics Division
MR PABLO MONGELOS GARCIA	Seguros Lagun Aro, S.A. Manager
Total senior management payments (in thousands of Euros)	
	1,311

C.1.8 Indicate whether the board's articles of association or regulations establish a limited mandate for the members of the board/administrative body:

- Yes  
 No

Maximum number of mandate years	5
---------------------------------	---

C.1.9 Indicate whether the individual and consolidated annual accounts that are presented for preparation to the board/administrative body have been previously certified:

- Yes  
 No

Identify, when appropriate, the person or persons that have certified the individual and consolidated annual accounts for the entity, for their formulation by the board or administrative body:

Name	Position
No data	

C.1.10 Explain, if they exist, the mechanisms established by the board or administrative body to prevent the individual and consolidated accounts they have formulated being presented at the general council or equivalent body with exceptions in the audit report.

The regulations of the Governing Board regulate an Audit and Regulatory Compliance Committee which is assigned, among its other functions, the supervision of the preparation and presentation of the regulated financial information and the supervision of the effectiveness of the internal control systems.

C.1.11 Is the secretary of the board or administrative body also a member of the board?

Yes  
 No

C.1.12 Indicate, if they exist, the mechanisms established to maintain the independence of the external auditor, the financial analysts, the investment banks and the classification agencies, including how legal provisions have been implemented in practice:

The regulations of the Governing Board regulate an Audit and Regulatory Compliance Committee which is assigned, among its other functions, the task of establishing the suitable relationships with the account auditors or audit companies in order to receive information regarding matters which may present a risk to their independence, requiring annual written confirmation of this independence. In this regard, the Audit and Regulatory Compliance Committee has issued a report in which it expresses an opinion confirming the independence of the external auditor, prior to the accounts audit report being issued.

## C.2. Committees of the board or administrative body

C.2.1 List the committees of the board or administrative body:

Name of the committee	No. of members
AUDIT AND REGULATORY COMPLIANCE COMMITTEE	4
APPOINTMENTS COMMITTEE	3
REMUNERATION COMMITTEE	3
RISKS COMMITTEE	4

C.2.2 Describe all the committees of the board or administrative body, their members and the proportion of executive, shareholding, independent and other external board members of which they are comprised (the entities which do not have the legal form of a limited company will not fill in the category of the board member in the corresponding fields and will explain the category of each board member in the text section according to its legal regime and the way in which they meet the constitution requirements of the audit committee and of the appointments and remunerations committee):

Audit and Regulatory Compliance Committee		
Name	Positio	Category
MS NAGORE LARRABEITI LIBANO	CHAIR	INDEPENDENT
MR RICARDO PÉREZ AGUADO	MEMBER	NON-EXECUTIVE
MR XABIER SAGARNA ARRIZABALAGA	MEMBER	INDEPENDENT
MR JUAN JOSÉ ÁLVAREZ RUBIO	MEMBER	INDEPENDENT

% of executive board members	0.00
% of shareholding board members	0.00
% of independent board members	75%
% of other external members	0.00
Number of meetings	13

Explain the functions, including, where appropriate, those additional to the functions stipulated by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions performed during the year and how each of the functions attributed to it has been exercised in practice, whether in law or in the Articles of Association or other corporate resolutions.

The specific duties of the Audit and Regulatory Compliance Committee are those set out in the Governing Board's regulations (art. 10), i.e.:

- a) To inform the General Meeting about the issues raised there on matters within their competence.
- b) To propose to the Governing Board, for submission to the General Assembly, the appointment of the auditors or audit firms, in accordance with the regulations applicable to the entity.
- c) To supervise the effectiveness of the company's internal control, internal audit, which depends functionally on the Committee, and risk management systems, as well as discuss with the auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit.
- (d) To oversee the process of preparation and presentation of regulated financial information.
- e) To establish appropriate relations with the auditors or audit firms in order to receive information on those matters that may jeopardise their independence, for examination by the Committee, and any other matters related to the process of auditing the accounts, as well as any other communications provided for in legislation on auditing the accounts and in auditing standards. In any case, they must receive annually from the auditors or audit firms written confirmation of their independence from the entity or entities directly or indirectly related to it, as well as information on additional services of any kind provided to these entities by the aforementioned auditors or firms, or by persons or entities related to them in accordance with the provisions of Law 22/2015 of 20 July on the Audit of Accounts and Regulation (EU) No. 537/2014.
- f) To issue an annual report, prior to the publication of the accounts audit report, expressing an opinion on the independence of the account auditors or audit companies. This report shall, in all events, give an opinion on the provision of the additional services, referred to in the previous paragraph.
- g) To supervise compliance with codes of conduct and corporate governance rules.
- h) To inform, in advance, the Governing Board on all matters within its competence, in the field of regulatory compliance, provided for in the regulations, the Articles of Association and the Governing Board Regulation.
- i) To support and advise the Governing Board in defining and evaluating the Policies linked to the Regulatory Compliance function that affect the Entity as part of the control framework established to manage the risks that arise in relation to these.
- j) To supervise the Regulatory Compliance function, without prejudice to its direct access to the Governing Board.
- k) To approve operational documents in the area of Regulatory Compliance in which the Governing Board's involvement is not required (procedures and other operational Manuals), as well as non-significant changes in Policies in said area. In relation to Policies and other internal regulations in said area that must be approved by the Governing Board, the Committee will analyse these prior to their presentation to the Governing Board to ensure they are aligned with the culture of compliance and regulation.
- l) To regularly evaluate the operation of the annual Regulatory Compliance programmes, putting forward any necessary proposals to improve them.
- m) Any other functions entrusted or authorised by the Governing Board, within the scope of the entrusted Internal Audit and/or Regulatory Compliance functions.

The Regulations of the Governing Board establish that the Audit and Regulatory Compliance Committee will meet whenever it is considered appropriate when called by its Chair, by his/her own accord or at the request of any of its members. Attendance at meetings shall be in person, with no room for representation. The Committee shall be validly constituted when more than half of its members attend the meeting. Each member of the Committee has one vote and motions are adopted by simple majority of issued votes and the vote of the Chair resolves ties.

With regard to the category of directors on the Committee, Nagore Larrabeiti (Committee Chairperson), Xabier Sagarna and Juan José Álvarez are independent directors (75% of the total) and Ricardo Pérez is a non-executive director (25% of the total). There are no shareholding or executive directors on the Committee.

Below are some of the most significant actions of the Audit and Regulatory Compliance Committee in 2022:

- It has supervised and assessed the internal control of the financial information system (FIICS) established in the entity, as well as the process of preparing and presenting the financial information that is published, based on the disclosures of the Internal Audit Department, with the following verifications being of particular note:
  - Review of the individual and consolidated financial accounts prepared by the entity and the corresponding management reports.
  - Review of the consolidated public financial statements submitted to the Bank of Spain
  - Review of the information on market transparency published twice a year by the entity
  - Six-monthly review of the statement of equity submitted to the Bank of Spain
  - Supervision of the Financial Information Internal Control System (FIICS) through the review procedure established by the Internal Audit Department.
  - Review of key financial reporting processes, including the review of the calculation of the estimate of impairment losses for credit risk.

- It has supervised the progress of the preparation of the Non-Financial Information Statement (NFIS).
- It has supervised and assessed the entity's risk control and management system, as well as the associated policies, methods and procedures, through the disclosures of the Internal Audit Department, with the following verifications being of particular note:
  - Review of the Capital and Liquidity Self-Assessment Process
  - Review of the Prudential Information published by the entity
  - Review of the process of drafting and submitting the Recovery Plan
  - Review procedure required by Annex 9 of the Bank of Spain Circular 4/2017
  - Supervision of the audit procedure *in situ* of commercial networks
  - Review in the field of prevention of money laundering and financing of terrorism
  - Oversight of governance, systems and processes related to ICT and information security risks
- It has supervised and evaluated the internal audit function, ensuring its independence and effectiveness, receiving regular information on the activities carried out by the Internal Audit Department. It has approved and monitored the annual Internal Audit Plan.
- It has adopted the resolution to propose to the Governing Board, for submission to the General Meeting, the extension of the contract with PricewaterhouseCoopers Auditores S.L. as the Account Auditor, after evaluating the performance of the accounts auditor.
- It has monitored the result of the external audit, holding joint meetings with the external auditor, analysing and reviewing the aspects considered to be especially relevant.
- It has issued an opinion confirming the independence of the external auditors, prior to issuing the reports on the audit of the accounts.
- It has evaluated and approved, where appropriate, those services additional to the audit services that the group entity or entities proposed to outsource to the external auditor.
- It has supervised the process of appointing the accounts auditor for the years 2024, 2025 and 2026, proposing the recommendation regarding the appointment of the accounts auditor, addressed to the Governing Board for submission to the General Meeting. The recommendation offered two alternatives, and indicates a preference for one of these.

Identify the board members of the audit committee who have been appointed, taking into account their knowledge and experience in accounting and/or auditing, and provide the date on which the Chair of this committee was appointed to the post.

Name of the board members with experience	MR RICARDO PÉREZ AGUADO
Date the Chair was appointed to the post	04/01/2019

Appointments Committee		
Name	Positio	Category
MS ITZIAR ELGARRESTA IBARRONDO	CHAIR	INDEPENDENT
MR IÑIGO LÓPEZ-CANO FERNANDEZ DE BETOÑO	MEMBER	NON-EXECUTIVE
MR XABIER SAGARNA ARRIZABALAGA	MEMBER	INDEPENDENT

% of executive board members	0.00
% of shareholding board members	0.00
% of independent board members	67%
% of other external members	0.00
Number of meetings	8

Explain the functions, including, where appropriate, those additional to the functions stipulated by law, attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions performed during the year and how each of the functions attributed to it has been exercised in practice, whether in law or in the Articles of Association or other corporate resolutions.

The Governing Board agreed, on 29 April 2016, to formally establish the Appointments Committee and the Remuneration Committee as separate Committees, modifying Article 11 of the Governing Board Regulations.

The specific duties of the Appointments Committee are those set out in the Governing Board's regulations (art. 11.b), updated in September 2022, i.e.:

- To identify and recommend, with a view to their approval by the Governing Board or the General Meeting, candidates to fill vacancies on the Governing Board.
- To evaluate the balance of expertise, ability, diversity and experience of the Governing Board and to develop a description of the duties and aptitudes required for a specific appointment, evaluating the expected time commitment for the post.
- To regularly evaluate, at least once a year, the structure, size, composition and performance of the Governing Board, making recommendations to it regarding potential changes.
- To regularly evaluate, at least once a year, the suitability of the various members of the Governing Board and of the latter as a whole, and to report to the Governing Board accordingly.
- To regularly review the Governing Board's policy on the selection and appointment of Senior Management members and make recommendations.
- The functions assigned in the Selection and Suitability Assessment Procedure Manual for Board Members and Key Staff.
- To establish a target for the representation of the least represented sex in the Governing Board and develop guidance on how to increase the number of people of the least represented sex with a view to achieving this target.
- To perform the other duties established by current legislation, the Articles of Association, as well as those assigned by the decision of the Governing Board.

The Regulations establish that the Appointments Committee shall meet as many times as it is deemed appropriate at the call of its Chair, on his/her own initiative or at the request of any of its members. Each of them has one vote and motions are adopted by simple majority and the vote of the Chair resolves ties.

The composition of the Appointments Committee has remained the same during the course of 2022.

As regards the category of the directors on the Committee as at 31/12/2022, Itziar Elgarresta (Committee Chairperson) and Xabier Sagarna are independent directors (67% of the total), Iñigo López-Cano is a non-executive director (33% of the total) There are no shareholder or executive directors on the Committee. The Chair of the Governing Board is no longer a member of the Appointments Committee.

With respect to the most important actions in 2022 of the Appointments Committee, the following are noteworthy:

- Continued evaluation of the suitability of the members of the Governing Board, General Management and Key function holders and assessment of the balance of knowledge, ability, diversity and experience on the Governing Board.
- Review of the Governing Board's policy on the selection, appointment and succession of members of senior management.
- Proposal of appointments with their respective suitability analyses where appropriate.
- Update of the policy for selection, appointment, reappointment and diversity of the Governing Board.
- Coordinating the electoral process for the appointment of new board members.
- Evaluation and analysis of the suitability of candidates for the Governing Board and drafting of a report with recommendations for the Governing Board.
- Evaluation of the performance of directors standing for re-election.
- Approval of different appointments, together with the new organisational structures.
- Proposing training initiatives for the Governing Board.

Remuneration Committee		
Name	Positio	Category
MS MARIA ESTHER KORTA ERRAZKIN	CHAIR	INDEPENDENT
MS BEATRIZ MAULEON SAINZ DE VICUÑA	MEMBER	INDEPENDENT
MS AINHOA GALLASTEGUI MARTÍNEZ	MEMBER	NON-EXECUTIVE

% of executive board members	0.00
% of shareholding board members	0.00
% of independent board members	67%
% of other external members	0.00
Number of meetings	7

Explain the functions attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions performed during the year and how each of the functions attributed to it has been exercised in practice, whether in law or in the Articles of Association or other corporate resolutions.

The Governing Board agreed, on 29 April 2016, to formally establish the Appointments Committee and the Remuneration Committee as separate Committees, modifying Article 11 of the Governing Board Regulations.

The specific duties of the Remuneration Committee are those set out in the Governing Board's regulations (art. 11.c), updated in September 2022, i.e.:

- It will be responsible for preparing the decisions on remuneration that must be taken by the Governing Board and the General Meeting, particularly with respect to the remuneration of the members of the Governing Board and the Board of Directors, as well as other identified staff members.
- It will provide support and advise the Governing Board on the definition of the entity's remuneration policy, also so that said remuneration policy is impartial in terms of gender and supports the equal treatment of staff members of different genders.
- It will support the Governing Board in monitoring remuneration policies, practices and processes and compliance with the remuneration policy.
- It will check whether the current remuneration policy is up to date and propose any necessary changes.
- It will review the appointment of external remuneration consultants that the Governing Board may decide to hire to receive advice or support.
- It will guarantee the adequacy of the information provided to shareholder on remuneration policies and practices, in particular, the proposal for an increase in the ratio between fixed and variable remuneration.
- It will evaluate the mechanisms and systems adopted to guarantee that the remuneration system duly takes into account all types of risks, liquidity and capital levels, and that the general remuneration policy promotes and is consistent with adequate and effective risk management. and is in line with the business strategy, objectives, corporate culture and values, risk culture and long-term interests of the entity.
- It will evaluate the achievement of objectives of these results and the need for ex post risk adjustments, including the application of clauses for the reduction of remuneration and recovery of remunerations already paid.
- It will review various what-if scenarios to analyse how remuneration policies and practices react to internal and external events, and will backtest the criteria used to determine the award and ex-ante risk adjustment based on actual risk outcomes.

The Regulations establish that the Remuneration Committee shall meet as many times as it is deemed appropriate at the call of its Chair, on their own initiative or at the request of any of its members. Each of them has one vote and motions are adopted by simple majority and the vote of the Chair resolves ties.

The composition of the Appointments Committee has remained the same during the course of 2022.

As regards the category of the directors on the Committee as at 31/12/2022, Eshter Korta (Committee Chair) and Beatriz Mauleón Sainz de Vicuña are independent directors (67% of the total) and Ainhoa Gallastegui is a non-executive director (33% of the total). There are no shareholding or executive directors on the Committee. The Chair of the Governing Board is no longer a member of the Remunerations Committee.



With respect to the most important actions in 2022 of the Remuneration Committee, the following are noteworthy:

- Reporting to the Governing Board on the various remuneration proposals.
- Proposed application of the Individual Variable Remuneration for the 2021 financial year for the members of the Identified Collective.
- Proposed formulation of IVR 2022 objectives for the members of the Identified Collective.
- Regulatory proposal for Individual Variable Remuneration for the 2022 financial year.
- Determining the composition of the Identified Collective and presentation of Annex VIII.
- Preparation of the annual report on the remuneration policy for approval by the Governing Board.

Risks Committee		
Name	Positio	Category
MS ELENA ZARRAGA BILBAO	CHAIR	INDEPENDENT
MS NAGORE LARRABEITI LIBANO	MEMBER	INDEPENDENT
MR EDORTA GIL SAGARDUY	MEMBER	NON-EXECUTIVE
MS MARÍA LAURA RODRÍGUEZ GONZÁLEZ	MEMBER	INDEPENDENT

% of executive board members	0.00
% of shareholding board members	0.00
% of independent board members	75%
% of other external members	0.00
Number of meetings	9

Explain the functions attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these functions, indicate the most important actions performed during the year and how each of the functions attributed to it has been exercised in practice, whether in law or in the Articles of Association or other corporate resolutions.

The Risks Committee has the specific duties described in the Governing Board's regulations (art 11 bis) i.e.:

- To advise the Governing Board with regard to global risk propensity, current and future, of the entity and its strategy on this matter, assisting it in the monitoring of the application of this strategy and the specific policies of management, supervision and reduction of risks to which the entity is or may be exposed.
- To ensure that the assets and liabilities pricing policy offered to clients takes into account the business model and the risk strategy of the entity. Otherwise, to present the governing board with a plan to resolve this.
- To advise the Governing Board on the management and supervision of all the relevant risks of the entity.
- To advise the Governing Board regarding stress tests and capital planning in relation to risks.
- To ensure that suitable resources are assigned to risk management and the efficiency of the internal organisation.
- To ensure that there are efficient channels of information in terms of risks from the Governing Board to the organisation and vice versa, defining, together with the Governing Board, the nature, quantity, format and frequency of the information on risks which must be received by the committee and the Governing Board.
- To supervise the valuation of assets, the use of external credit classifications and the internal models regarding risks.
- To help establish rational remuneration practices and policies. To examine whether the incentives policy planned in the remuneration system takes into account the risk, capital, liquidity and probability and opportunity for profit.

The Regulations establish that the Risks Committee shall meet as many times as it is deemed appropriate at the call of its Chair, on their own initiative or at the request of any of its members. Each of them has one vote and motions are adopted by simple majority and the vote of the Chair resolves ties.

As for the category of directors on the committee, Elena Zárraga (Committee Chair), Nagore Larrabeiti and María Laura Rodríguez are independent directors (75% of the total) and Edorta Gil is a non-executive director (25% of the total). There are no executive board members on the committee.

In relation to the work carried out in 2022, the Risk Committee in the performance of its duties has carried out:

- The monitoring and control of all risks through quarterly ALCO releases.
- It has analysed and validated the modifications of the various risk policies and manuals.
- It has analysed and validated the update of limitations and competences for the various types of risks, including Seguros Lagun Aro.
- It has analysed and validated the 2021 IAC.
- It has analysed and validated the Recovery Plan.
- It has analysed and validated the risk appetite framework (RAF), the annual risk appetite statement (RAS) and performed its monitoring, and the stress testing methodology and scenario.
- It has analysed and validated the control of the fact that the prices of the formalised transactions exceed the cost of the transaction, in accordance with Annex IX.
- It has analysed and validated the proposed remuneration policy.
- It has analysed and validated the Strategic Plan with regard to the various risks.
- It has analysed and validated the sequential Plan for the implementation of IRB models (Roll-out plan).

## D. LINKED OPERATIONS AND INTERGROUP OPERATIONS

D.1. Give details of the operations performed between the entity or entities in your group, and the shareholders, cooperative members, holders of property rights or any other of an equivalent nature in the entity:

Name or company name of the significant shareholder/member	Name or company name of the group company or entity	Nature of the relationship	Type of transaction	Amount (000 Euros)
No data				

D.2. Give details of the operations performed between the entity or entities in your group, and the entity's administrators or members of the administrative body or directors.

Name or company name of the administrators or directors	Name or company name of the linked party	Link	Nature of the transaction	Amount (000 Euros)
No data				

D.3. Give details of the intergroup operations.

Name or company name of the group entity	Brief description of the operation	Amount (000 Euros)
No data		

D.4. Give details of the mechanisms established to detect, determine and resolve possible conflicts of interest between the entity or its group, and its board/administrative body members or directors.

In addition to the legally established possibility of challenging the motions agreed by the General Meeting and the Governing Board that harm the interests of Caja Laboral, to the benefit of one or more shareholders or third parties, the following specific regulations can be applied, regarding any possible conflicts of interest:

a) In compliance with article 8 of the Risks Policy Manual, and as a general criterion, all the risk operations proposed by the members of the Governing Board, General Manager, their family members up to second degree consanguinity and related companies will require centralised approval and must be submitted for the approval or ratification of the Governing Board, requesting authorisation from the Bank of Spain when exceeding the limits and terms established in standard 35 of the Bank of Spain Circular No. 2/2016 regarding supervision and solvency (modified by Circular 3/2022) or otherwise being the object of immediate notification.

b) The need to meet the requirements, which are indicated below, for agreements of the Main Operations Committee and the Governing Board regarding risk operations specified in letter a) above. The requirements are as follows:

- The agreement must be adopted by secret ballot, with prior inclusion of the matter on the agenda with due clarity.
- The motion must be adopted by a majority of at least two-thirds of the total number of board members. If the beneficiary of the operation or service is a board member or a member of their family as indicated above, they will be considered as having a conflict of interest and will not be able to take part in the voting.
- Once the secret ballot has been held and the result announced, it will be appropriate to officially record any reservations or discrepancies with respect to the motion adopted.

These same requirements must be met when it comes to establishing, suspending, modifying, renewing or terminating obligations or rights of Caja Laboral with entities in which those persons or their aforementioned relatives are employers, directors, administrators, senior managers, advisers or basic members with a stake in the capital equal to or greater than 5%.

The appointment of board members is subject to a suitability manual which requires a signed declaration stating the absence of continued or structural conflicts with the interests of Caja Laboral as a necessary requirement to prove the suitability of the board member. Similarly, this situation is verified on an annual basis, without prejudice to the fact that the Board Member is responsible for immediately notifying Caja Laboral of any circumstances that could affect his or her suitability and is responsible for any damage that may be caused to the company as a result of the absence or delay of such notification.

## E. RISK MANAGEMENT AND CONTROL SYSTEMS

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### E.1. Explain the scope of the entity's Risk Management and Control System:

The financial risk management system operates comprehensively, with responsibility for the admission, monitoring and recovery of traditional credit risk and the measurement and control of interest rate, liquidity, market and operational risks being centralised in the Risk Department.

All financial risks are managed centrally, with the Assets and Liabilities Committee meeting monthly and, in the case of operational risk, the Operational Risk Committee meeting quarterly. Except for the treasury and capital market risks, which are expressly delegated to the Treasury Department, and the credit risk for that related to attributions corresponding to branches or the Risk Division.

At least quarterly, the ORC reports on the control of all risks to the Risk Committee and the Governing Board.

### E.2. Identify the bodies within the entity responsible for the development and execution of the Control System and Risk Management:

**Governing Board:** highest administrative body. It has the ultimate responsibility for monitoring and supervising the risks incurred by the entity. To carry out its functions, it relies on the Risk Committee, made up of members of the Board of Directors, and on its direct presence on the Main Risk Committee. It requires a rigorous risk control and systematic risk disclosure from the ORC.

**General Management:** responsible for the implementation of risk policies, through delegation by the Governing Board. It has organised the risk function on the premise of separation of roles between sales management and assumption of risks.

**The Global Risk Control Director, ORC,** reports quarterly on the monitoring and control of all material risks to the Risks Committee and the Governing Board, specifying the level of compliance with the different limits and procedures established.

**Assets And Liabilities Committee:** the body responsible for managing interest rate, liquidity, market and credit risks, within the limits established by the Governing Board. The ORC reports monthly on risk monitoring, and this committee makes the relevant management decisions in relation to liquidity, interest rate and market risks.

**Operational Risk Committee:** operational risk control body. The ORC submits a quarterly report on the monitoring of operational risk.

**Reputational Risk Committee:** reputational risk control body. The ORC submits a quarterly report on the summary indicator used to monitor reputational risk.

**Risk Division:** centralises responsibility for the admission, monitoring and recovery of individual and company credit risk and for the construction and maintenance of credit risk internal models, as well as the measurement and control of liquidity, interest rate, market and operational risks.

**Global Risk Control Department:** reports to the Risk Committee. It provides an overview of all the financial and operational risks by measuring and controlling all the risks. As such, it is responsible for the preparation of credit risk monitoring and internal admissions models, as well as the measurement and control of liquidity, interest rate, market and operational risks. Reports to the COAP, the Risk Committee and the Governing Board.

**Risk Management Department:** answerable to the Risk Division. It is responsible for managing both domestic and commercial credit risk, both in terms of acceptance and the monitoring and recovery of irregular situations in its friendly and pre-litigation phase. It intervenes in the penalisation of defaults and has powers up to a certain level.

**Legal Advice Department:** answerable to the Risk Division. It provides legal documentary cover and support for risk operations as well as for the management of disputes within the business network.

**Treasury and MC Dept:** It manages the credit risk with financial institutions and private fixed income, market risks, short-term liquidity risk and positions arising from the decisions made in the COAP.

**Regulatory Compliance Department:** internal control organisation and monitoring of the various areas of regulatory compliance. It coordinates the different divisions and departments of the entity.

**Branch office network:** first phase in the individuals and companies credit risk acceptance process, up to the limit of their scope in which they have delegated functions due to scoring/rating levels, alerts and competences which make up the entity's risk policy. If the risk admission exceeds the powers of the retail network, the approval is raised to the Risk Area.

**Internal Audit:** independent and objective role of assurance and advice, providing a systematic and disciplined approach to assess and improve the efficiency of risk management, control and governance processes.

**E.3. Indicate the main risks which could affect the attainment of the business goals:**

The credit risk of the traditional business with individuals and companies (including concentration risk), structural interest rate risk, liquidity risk, treasury and capital market risks (sovereign, counterpart, country, concentration and market risks), operational risk, reputational risk, ESG (environmental, social and governance) risks, technological risk and business risk.

**E.4. Identify whether the entity has risk tolerance levels:**

The Risk Appetite Framework (RAF) is the main tool used by the Governing Board to establish, manage and control the types and levels of risk that it is prepared to assume in order to achieve its strategic objectives. The RAF allows the people who determine the Entity's strategy to consciously accept the risks that correspond to such a strategy.

In relation to Governance, the Global Risk Control Department is responsible for managing all issues related to the RAF, identifying needs, coordinating all the areas involved and presenting the different proposals to the ALCO/Risks Committee/Governing Board. The COAP and the Risk Committee have a leading role in the analysis and supervision of the proposals, prior to their submission to the Governing Board for approval.

In order to establish the risk appetite, the Entity takes into account its capacity to assume risks, mainly by taking into account:

- The financial capacity (capital and liquidity) of the Entity to assume risks
- The business environment: macroeconomic situation, regulatory risks...
- The risk culture in the Entity
- The inherent risk in each type of risk
- The degree of preparation and ability to take on each type of risk

The RAF incorporates a structure of metrics relating to the profitability, solvency, liquidity and different types of risk that the Entity manages. There is a first level, with the core indicators, and a second level with indicators that develop or complement those of the first level. The profitability, solvency and liquidity are considered to be priority dimensions, being established within the first level of CORE indicators related to these dimensions. All of the above metrics are assigned objectives and observation and tolerance thresholds, which allow us to specify the level of risk that the Entity is willing to assume, i.e. its level of risk aversion.

To achieve its strategic objectives, the Entity wishes to maintain a medium-low risk profile, which is specified in its Risk Appetite Statement (RAS). The RAS establishes observation and tolerance thresholds consistent with a prudent risk policy aimed at keeping the Entity within comfortable levels of capitalisation and liquidity, even in stress scenarios. The Entity monitors these indicators, having established an action procedure if the thresholds are exceeded.

**E.5. Indicate which risks have materialised during the financial year:**

Regarding the interest rate risk, the limit set by the governing body and controlled by the ALCO has never been exceeded.

For market risks, the excesses are supervised, i.e. motivated by the reduction of limits and not by increases of the position. In these cases, the control systems have worked properly, with the ALCO having been informed of the mentioned excesses and having decided whether or not to maintain the position.

As regards liquidity risk, there has not been any stress situation. The systematic monitoring of the entity's liquidity and the analysis of its deviations from the forecasts and the finance plans updated monthly allow sufficient time to anticipate possible unfavourable mid-term impacts, generating the necessary corrective actions in enough time.

Relating to the credit risk and regarding operations with the individuals and company segments, when the risk with a creditor exceeds the attributions in an organisation, the ruling is implemented in the organisation with the next higher level of attributions. In operations with financial institutions and large corporations, the activity has been carried out within the Entity's risk management framework, which sets limits significantly lower than the levels set by the regulations for large risks.

As for operational risk, the operational losses that inevitably occur as a result of the activity of the entity are reduced as a result of the controls established in the qualitative section. The entity identifies non-recurring losses, establishing action plans to prevent their reoccurrence and, if necessary, setting up provisions in anticipation of future needs.

As regards reputational risk, no new situations have arisen that have generated significant negative publicity.

**E.6. Explain the response and supervision plans for the entity's main risks, as well as the procedures followed by the company to ensure that the board of directors responds to new and emerging challenges:**

On a quarterly basis, the ORC reports to the Risk Committee and the Governing Board on the changes in the various risks, and in particular on the RAS indicators. If any of these indicators enters an amber or red zone, the procedure set out in the Risk Appetite Framework is activated, which includes informing the Risk Committee and the Governing Board as soon as possible, which will depend on the criticality and severity of the threshold being exceeded.

Also, internal supervision of the risks of the entity is determined by the activities of Internal Audit, which are aimed at assessing and improving the efficiency of the risk control and management processes.

## **F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS RELATED TO THE PROCESS OF FINANCIAL INFORMATION (FIICS)**

Describe the mechanisms which form the risk control and management systems related to the process of issuing the financial information (FIICS) of the entity.

### **F.1. Entity control environment.**

Give details, highlighting the main characteristics of, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of a suitable and effective FIICS; (ii) its implementation; and (iii) its supervision.

Caja Laboral has implemented internal control mechanisms in order to guarantee that the financial information published in the markets, concerning both the entity and the group, is complete, reliable and appropriate. This process has been reinforced with the completion during 2014 of the Financial Information Internal Control System (hereinafter, FIICS).

In section 3.6. - Reliability of the information- of the Code of Ethics and Professional Conduct of Caja Laboral defines both the governing bodies and the roles assigned to each of them, in relation to FIICS:

-The Caja Laboral Governing Board is the body ultimately responsible for establishing, maintaining and guaranteeing a suitable and efficient FIICS, which controls and ensures that the financial information published in the markets, concerning both the Entity itself and the Group, is complete, reliable and suitable.

-The Board of Directors is responsible for designing and implementing effective control procedures to permanently guarantee the reliability of the financial information supplied to the market. To this end, it will supply the entity with sufficient human and material resources, providing the people involved in the preparation of the financial information with the necessary training for them to perform their tasks.

The functions of the Audit and Regulatory Compliance Committee include the following:

- Supervise the effectiveness of the company's internal control, internal audit, which depends functionally on the Committee, and risk management systems, as well as discuss with the auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit.
- Oversee the process of preparation and presentation of regulated financial information.

Internal Audit has an annual plan that includes the supervision of the activities carried out within the scope of the Financial Information Internal Control System (FIICS), according to which it issues a report which evaluates said activities and which, where appropriate, details the findings that it considers relevant, as well as the corresponding recommendations in order to mitigate the weaknesses identified in its review.

Lastly, the Planning Department, under the direction of the Finance Division, cooperates in the design and implementation of risk control and management systems, especially regarding the process of preparation, presentation and integrity of financial information which is disseminated in the markets.

F.1.2 If they exist, especially regarding the process of preparing financial information, the following elements:

- Departments and/or mechanisms responsible: (i) for the design and review of the organisational structure; (ii) for clearly defining the lines of responsibility and authority, with appropriate distribution of tasks and roles; and (iii) for there being sufficient procedures for their correct dissemination within the company:

Design and review of the organisational structure is the responsibility of the Organisation Department, which analyses and reviews the need for resources of each Division so that it can be met. This review, which is carried out at the divisions and departments level of central services when the need arises to adapt their organisational structure, not only decides the staffing required but also validates the organisational structure of each unit.

Thus, within the scope of the commercial branch network, using a computer application designed for the purpose, the work load of each branch is measured each month. This information is transferred to General Management, People Management (HR) and Commercial Management to apply the adjustments that need to be made to resources.

The Organisation Department is also responsible for defining the lines of responsibility and authority in each area of activity, and for the duties and tasks carried out therein, publishing them in the directory of each division.

In 2015, the Organisation Manual was approved, a single repository for the tasks performed in the organisation, and in 2016 it was published on the corporate Intranet to which all staff have access, together with the entity's general organisational chart.

- Code of conduct, approving body, level of dissemination and instruction, principles and values included (indicating whether there are specific mentions in the register of operations and preparation of financial information), body responsible for analysing non-compliance and for proposing corrective actions and disciplinary measures:

The entity has a Code of Ethics and Professional Conduct, the last update of which was approved by its Governing Body in November 2019.

The Code of Ethics and Professional Conduct establishes, in section 3.6, aspects to be taken into account regarding reliability of financial information, of which the following are noteworthy:

-Caja Laboral is responsible for providing reliable, accurate, complete and timely information on its financial statements and on events which may have a significant impact on these.

-In addition to the procedures established in the Group to ensure that the financial information is prepared in compliance with the valuation regulations and principles in force, all the work associates and employees have the obligation to diligently comply with their tasks regarding the recording and treatment of the information, which constitutes the basis of the Group's public financial information preparation process.

-The business partners and employees are responsible for the reliability, accuracy, completeness and timeliness, irrespective of the responsibilities specifically attributed to certain areas of the Group for the integrity and availability of information, of the data contained in the various types of records used and of the information they produce in the course of their duties.

-The application of this responsibility is especially important with regard to the data and reports which are required for preparing the Group's financial statements, as its adequate recording and interpretation are essential in order to ensure a correct application of the relevant valuation criteria for each accounting balance, transaction or contingency.

In June 2015 a Manual on Prevention and Response to crime and the corresponding Policy of Criminal Compliance was approved, the latest updates of which date from January and November 2022, respectively, thereby ratifying the firm stance of Caja Laboral to maintain conduct that respects both the regulations and ethical standards and establishing its framework of principles of compliance in criminal matters. By virtue of this manual, the ethics committee assumes the role of ensuring compliance with the principles of the Code of Ethics and Professional Conduct, in general, and the monitoring of potentially illicit conduct from a criminal perspective.

Furthermore, Caja Laboral also has an Internal Code of Conduct in the area of the securities market, the last update being approved by the Governing Board in May 2018, and which applies to the members of the Governing Board of Caja Laboral, members of the Boards of Directors of the group's companies and to all those people, whether or not they are managers, whose work is directly or mainly related to the activities and services of the entity in the securities market area or who frequently or usually have access to relevant information about Caja Laboral.

- Complaints procedure, which allows the Audit Committee to be notified of any financial or accounting irregularities, as well as any breaches of the code of conduct and any irregular activities in the organisation, indicating where applicable if it is of a confidential nature.

As a result of the approval of the Manual on Prevention and Response to Crimes, the complaints channel is managed by the Ethics Committee.

This complaints channel is available to all partners, employees and administrators of the different companies which are part of the group. Its operating system is part of the entity's Manual on Prevention and Response to Crimes. Through this channel, the Ethics Committee is informed of any potential non-compliance with the Code of Ethics and Professional Conduct, with the Policy of Criminal Compliance, of operations and behaviour contrary to the legislation in force and the internal regulations and any potentially significant irregularities, especially financial and accounting irregularities.

The entity's Manual on Prevention and Response to Crimes describes the scope, content and use of the channel, ensuring the confidentiality of the complaint.

- Regular training and refresher programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the FIICS, to cover at least accounting standards, audit, internal control and risk management:

The entity has a training plan which ensures that the personnel directly involved in the drafting and preparation of the financial information, and in its review, have the training and professional skills necessary to carry out their duties. In this respect, these members of staff are permanently informed about the regulatory requirements in force.

The training programmes and activities are managed by the training section of the entity, which also keeps an up-to-date record of all the courses carried out and their characteristics. The departments involved in the process of preparing and reviewing financial information have received training in accounting standards, auditing and financial risk management and control, and are updated on an ongoing basis in line with relevant regulatory changes.

The training sessions are in person and on-line through internal and external trainers.

## F.2. Financial information risk assessment.

Give details of at least:

F.2.1 The main characteristics of the risk identification process, including those of error or fraud, in terms of:

- Whether the process exists and is documented:

The FIICS has been developed by the entity management in accordance with the international standards established by the “Committee of Sponsoring Organizations of the Treadway Commission” (hereinafter, “COSO”); which establishes five components on which to base the efficiency of the internal control systems:

- To establish a suitable control environment for monitoring all these activities.
- To evaluate all the risks which an entity could incur during the preparation of its financial information.
- To design the controls required to mitigate the most critical risks.
- To establish the appropriate information circuits in order to detect and communicate the weaknesses or inefficiencies of the system.
- To monitor these controls to ensure its effectiveness and the validity of its efficiency over time.

Thus, the process for identifying risks with a potential impact on the financial statements is significant, focusing on identifying the critical management processes related to the generation of financial information and the areas or headings of the financial statements where the mentioned risks materialise. In the process of analysing processes and areas, both quantitative (balance and granularity) and qualitative factors (degree of automation of the processes, operation standardisation, level of accounting complexity, changes with regard to the previous financial year, identified weaknesses in control, etc.) are considered.

The financial information internal control risks evaluation and identification is dynamic, it continuously evolves over time, reflecting the reality of the business of the group, the risks which affect it and the controls which mitigate it, at each moment in time. The evaluation of the effectiveness of the FCIS controls is performed based on the indicated risks identification process, taking into account the changes in the organisation and business of the group and considering the level of materiality, probability of occurrence or possible financial impact of the risk which include the mentioned controls.

- Whether the process covers all objectives of the financial information (existence and occurrence; integrity; valuation; presentation; breakdown and comparability; and rights and obligations), and whether it is updated and with what frequency.

The process has been designed taking into account all objectives of the financial information considered in the Internal Control Document on financial information in the listed entities issued by the CNMV (existence and occurrence, integrity, valuation, presentation, breakdown and comparability, and rights and obligations).

As indicated above, the criteria to be followed for all types of identifiable risks and which are included in the design of the FIICS are both quantitative and qualitative, as well as considering the identification of error and fraud risks related to published financial information.

The foreseen frequency of the identification process of the relevant material areas and processes is at least annually, using the most recent financial information. Furthermore, this evaluation will also be performed whenever circumstances arise which have not been previously identified and which show possible errors in the financial information or when substantial changes are made in the operations which may lead to the identification of new risks, including situations which entail changes in the structure of the Group, such as: modifications to the scope of consolidation or in the business lines, or other relevant events, among other aspects.

- The existence of a process for identifying the scope of consolidation, taking into account, amongst other aspects, the possible existence of complex company structures, instrumental or special purpose entities:

The entity has a procedure for identifying and updating the scope of consolidation, which is the responsibility of the Financial Department. Every quarter, the inventory of investee companies is reviewed in order to detect any variation that may be included in the systems to obtain the consolidated financial information.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax related, reputational, environmental, etc.), insofar as they affect the financial statements:

As mentioned above, and due to the control standards and methodology implemented, the effects of other types of risks (market, credit, operational, technological, financial, legal, reputational, of any other nature) are taken into account insofar as they may affect the financial statements.



· Which governing body of the entity supervises the process:

The execution of the risk identification and controls procedure is the responsibility of the Planning Department, which reports to the management of the Financial Division.

The supervision of risk identification and control processes is entrusted to the Audit and Regulatory Compliance Committee.

### F.3. Control activities.

State, highlighting the main characteristics, whether you have at least:

F.3.1 Procedures for the review and authorisation of financial information and the description of the FIICS, to be published in the securities markets, listing those responsible for them and the documentation describing the flow of activities and controls (including those related to fraud risk) of the different types of transactions that could materially affect the financial statements, including the book closing procedure and the specific review of the relevant opinions, estimates, appraisals and forecasts.

The procedures for the review and authorisation of financial information of the Group which is published in the markets begins with the review by the Finance Division management.

Supervision of the processes for preparing and presenting regulated financial information is the responsibility of the Audit and Regulatory Compliance Committee, with the aim of ensuring the correct application of current accounting standards and the reliability of financial information and as a step prior to its formulation by the Governing Board.

Regarding activities and controls directly related to transactions that could materially affect the financial statements, the entity has procedure manuals specific to the divisions and departments and to the financial information control divisions. These manuals are drafted by the divisions and approved by the Governing Board.

The procedures include the organisation chart and the functions involved in the process, the systems involved and the description of the process. Additionally, the risk and control matrices include, among others, the following fields:

- Description of the risk.
- Control activities.
- Control classification: key/standard.
- Control category: preventive/detective.
- Method: manual/mixed/automatic.
- System which supports the control.
- Control manager and executor.
- Control frequency.
- Control evidence.

The significant processes (distinguishing between transversal and business processes) associated with the entity's Finance Divisions for which the aforementioned documentation is available are listed below:

Transversal processes:

- Accounting closure.
- Consolidation.
- Legal and tax management.
- General computer controls.
- Judgements and estimations. Business processes:
  - Lending
    - concession.
    - monitoring and recovery.
  - Financial instruments.
  - Real estate assets received as payment of debt.

The descriptive documentation described above includes:

- A description of the divisions and departments involved in each of the identified processes.
- The description focused on the preparation of financial information of the procedures, controls and verifications of the activities related to the process from the beginning.
- The identification of the computer systems involved in each process.
- The identification of relevant risks with a material impact on the entity's financial statements.
- The identification of the controls and their description, as well as their association with the previously identified risks.

The Caja Laboral accounting closure procedure is automated and the accounting takes place automatically through the entity's various applications. After this initial process has taken place, the Finance Division reviews the information, comparing it to both the data from the previous month and the forecast figures, in order to validate the closure of the balance sheet and profit and loss account for the month.

Accounting closure of the subsidiaries is carried out by their corresponding entity, except in the case of the real estate promotion companies, which are sub-contracted to a third party. Once the information has been received from the subsidiaries, a review is performed by the Caja Laboral Finance Division in order to carry out the consolidation process.

As mentioned in the annual accounts, estimations have been used, as appropriate, for the valuation of certain assets, liabilities, income, expenditure and commitments performed by the Senior Management of the Parent Entity and of the Investee Entities and ratified by their Administrators. In these financial accounts, the entity reports on the most relevant areas in which there are judgement or estimation parameters, as well as the key assumptions included by the group with respect to them. In this respect, the main estimations made make reference to:

- Impairment losses on certain financial assets.
- The useful life, applied to the elements of tangible assets and intangible assets.
- The valuation of the impairment of consolidated goodwill.
- The fair value of certain unlisted financial assets.
- The expected cost and evolution of contingent liabilities and provisions.
- Hypotheses used for calculating insurance liabilities.
- The actuarial hypotheses used for calculating the post-employment remuneration liabilities and commitments.
- The recoverability evaluation of activated tax credits.
- The estimated calculation of Corporate Income Tax.

In addition, Caja Laboral has, within the FIICS, a general policy for giving judgements and estimations, covering all the aspects to be considered and the responsibilities in its preparations and review.

### F.3.2 Policies and procedures for internal control over the information systems (amongst others, secure access, monitoring of changes, their implementation, operational continuity and separation of roles) that support the relevant company processes in relation to the preparation and publication of financial information.

Caja Laboral uses information systems to keep adequate records and control of its operations. It is therefore highly dependent on its proper functioning in terms of confidentiality, availability and integrity.

For this reason, the Entity has internal control policies and procedures over its information systems, aligned with the main security standards in the market, which directly or indirectly related to the financial statements, ensure the correct preparation and publication of financial information at all times.

In particular, the following aspects of the Entity's internal control model are particularly relevant:

1. Security Committee, the body responsible for defining and supervising the Entity's security activities.
2. Crisis Management Committee, the body in charge of coordinating and supervising the implementation and actions related to Business Continuity in the event of a Crisis situation.
3. Security Standards Body (Cuerpo Normativo de Seguridad - CNS), a documentary body containing the mandatory corporate security requirements. The CNS has been approved by the Management and is applicable throughout the Entity. It is made up of four levels, from the policies that provide high-level details of the objective in each security domain, the standards that define the specific controls to be implemented for each of the security areas, the definition of security functions, as well as those responsible for executing them, to the security procedures of the information systems. Said procedures define the technical and organisational guidelines necessary to prevent the alteration, loss, unavailability, unauthorised access and unauthorised processing of the Entity's resources and data. This includes, among others, requirements to ensure proper access control and segregation of duties, as developed in the following points.
4. Internal policies and procedures related to systems security and access to IT applications and systems, based on roles and in accordance with the functions and authorisations assigned to each unit/position in order to ensure an appropriate segregation of duties.
5. Centrally managed corporate password and access security policy, in which security controls for access to systems are tailored to the level of risk of the activity and the level of criticality of the asset.
6. Policies and guidelines for the use of physical security perimeters to prevent unauthorised access, damage and interference relating to the organisation's information and information processing resources.

7. Policies for the use of cryptographic controls to ensure proper and effective use of information and to protect the confidentiality, authenticity and/or integrity of information.
8. Procedures implemented to ensure the security of information on networks and the protection of connected services from unauthorised access.
9. Detailed procedures relating to the steps to be followed for recording and managing the changes implemented, as well as methodologies for testing new developments and maintaining existing ones, so as to ensure that the development of new applications and the modification of existing ones go through a definition, development and testing circuit that ensures the reliable processing of financial information. New developments and improvements to the Entity's information systems must include requirements related to information security in order to procure the availability, confidentiality and integrity of the information contained therein.
10. Business continuity and disaster response and recovery plan, aimed at ensuring the safety of people and the continuity of operations in the event of a critical incident. To this end, back-up systems are in place for all critical services, including redundant communication lines and alternating suppliers, as well as specific recovery strategies for the risk scenarios defined therein. This Plan is communicated to the Entity's staff and is regularly tested and monitored to ensure its correct functioning and operation and, therefore, its regular updating.
11. General IT Controls Procedure that establishes the bases of internal control over the information systems that support the Entity's processes in relation to the preparation and publication of financial information.
12. Training and awareness programmes, the aim of which is to provide the Entity with personnel who are qualified and trained in security matters in accordance with their function and need for access to information. The Annual Training Plan drawn up for the whole entity includes training actions related to security. The plan also addresses awareness-raising matters through practical and simulation activities to train workers, including senior management.
13. Controls over privileged accounts that apply to persons requiring a high level of privilege over information systems, in order to allow for the safekeeping of passwords of privileged users of the systems and maintain the level of auditing of actions performed up to the level of session recording.
14. Centralisation and centralised custody in accordance with the periods established by the applicable rules of the records of activity in the systems, guaranteeing knowledge of the authorship and traceability of operations.
15. Policies and procedures for monitoring, detecting, analysing and reporting information security events and incidents, recording incident management activities, ensuring evidence handling and preparing for incident response, including scaling-up operations, controlled recovery and communication to internal, external or third party organisations.
16. Controls over the information and the assets associated with it, by means of the relevant inventory, the definition of protection responsibilities and the classification and assignment of owners to these.
17. Identification and ongoing monitoring of legal, regulatory, statutory or contractual obligations relating to information security or security requirements, including those in respect of which intellectual property rights may exist and on the use of proprietary software products.
18. Controls in the design, contracting and management processes of cloud-based services, applications or infrastructures in order to guarantee adequate protection of the Entity's information assets and compliance with all applicable laws and regulations.
19. Procedures to guarantee the relationships with suppliers and third parties in terms of Physical Security and Cybersecurity in projects and initiatives carried out by any division or department of the Entity throughout their entire life cycle.
20. Annual security assessment programme for the active identification of potential security breaches in information systems.

**F.3.3 Internal control policies and procedures intended for supervising the management of activities sub-contracted to third parties, as well as aspects of assessment, calculation or valuation assigned to independent experts, which could materially affect the financial statements.**

Caja Laboral has a Service Delegation Policy, the latest update of which was approved by the Governing Board on 30 November 2021.

This policy establishes the methodological framework, the definition of principles and criteria for categorisation and the procedures to be followed in relation to the services or functions that are delegated to third parties, throughout the different phases of their life cycle. In this way, the risks associated with the delegation (operational, reputational, information security, etc.) can be identified, assessed, controlled and managed appropriately and appropriate measures can be adopted to avoid or mitigate exposure to such risks.

The Third Party Management section is entrusted with the efficient coordination of activities throughout the entire life cycle, ensuring the participation of the various specialist areas of Security, Continuity, Legal Advice, Personal Data Protection, etc.

The Internal Audit Department performs internal control activities, independently reviewing that the outsourcing framework is implemented correctly and effectively, in line with the policy and the applicable regulations.

The entity periodically reviews which activities performed by third parties are relevant to the financial reporting process or could indirectly affect its reliability. To date, the entity has not outsourced processes that have a significant impact on financial reporting. Nevertheless, the entity uses independent expert valuation reports for operational valuations that could potentially materially affect the financial statements.

In 2022, the activities entrusted to third parties relating to valuations and calculations by independent experts were those concerning updates of appraisals of foreclosed properties and properties used as collateral for Caja Laboral's loan portfolio operations.

The entity has controls in place to mitigate the risks associated with the activity carried out by valuation companies, which are implemented by the departments responsible for the operation, aimed at guaranteeing the independence of the valuers and the quality of the valuations. It is also supported by the Internal Audit Department for checking the effectiveness of the established procedures.

**F.4. Information and communication.**

State, highlighting the main characteristics, whether you have at least:

- F.4.1** A specific role responsible for defining and reviewing accounting policies (accounting policies area or department) and resolving any queries or conflicts derived from their interpretation, maintaining smooth communication with those responsible for the organisation's operations, as well as an accounting policy manual that is updated and sent to all units through which the company operates.

The Finance Division is responsible for identifying, defining and communicating accounting policies to the Entity, including to the subsidiaries, and for answering any accounting queries that may be presented by the subsidiary companies or business units of the Entity.

Specifically, it is the Inspection Department which determines and explains the regulations for preparing the financial information and how these regulations should be applied to the operations specific to the Entity, such as, for example, consolidation packages for the subsidiary companies.

The consolidation packages are prepared by each affiliated company of the Financial Group and it is the Financial Division that supervises the compliance of these investee companies with the accounting policies established by the Group. This Financial Division analyses and reviews the information from the subsidiaries and makes any corrections that may be necessary.

If there are no regulatory changes concerning the financial information that have an impact on the financial statements, the Financial Division is responsible for revising, analysing and updating the accounting standards. This division is also responsible for communicating changes or updates to the entity's business units and subsidiaries.

The financial accounting information framework applied by the entity and its group includes: (i) the international financial reporting standards adopted by the European Union, and (ii) Bank of Spain Circular 4/2017 dated 27 November.

**F.4.2 Mechanisms for capturing and preparing the financial information with standard formats for application and use by all units of the institution or group, which support the main financial statements and the notes, as well as the information detailed about the FIICS.**

There are control measures in place to ensure that the back-up data for the financial information is collected in full, and in an accurate and timely manner, being also notified in a timely manner. The process of consolidation and preparation of the financial information is centralised and carried out by the Entity.

This process uses as input the consolidation packages from the financial statements reported by the subsidiaries, following the guidelines and formats in place, as well as the rest of the financial information required, both in the account standardisation process and to cover the information requirements in place. The Financial Division is responsible for reviewing the financial information reported by the subsidiary companies.

The Financial Division performs a series of controls to ensure the reliability and correct processing of the financial information received from the subsidiaries and the business units, among which are checks on the correct implementation of the various consolidation entries, variations in the results obtained on the budget and the checks specific to Banco de España, where the various balance sheet and profit and loss account entries are interlinked.

**F.5. Supervising the operation of the system.**

Give details, highlighting the main characteristics, of at least:

- F.5.1** Activities for supervising the FIICS carried out by the Audit Committee, and whether the institution has an internal audit system whose responsibilities include supporting the committee in its task of supervising the internal control system, including the FIICS. Furthermore, information shall be provided about the scope of the evaluation of the FIICS made during the financial year and the procedure used by the person responsible for carrying out the evaluation to report their findings, whether the institution has an action plan containing details of any corrective measures and whether their impact on the financial information has been considered.

Among the competences assigned to the Audit and Regulatory Compliance Committee, are those regarding the supervision of the process of development and presentation of regulated financial information and the internal control systems of the company and delegating the development of these activities to the internal audit department.

The Internal Audit Function (IAF) acts independently, as the third line of defence in the entity's risk management and control framework and reports hierarchically to the Chairman of the Board of Directors of Laboral Kutxa and functionally to the Audit and Regulatory Compliance Committee.

The mission of the Internal Audit Function is to monitor the adequacy and effectiveness of the Entity's internal control, risk management (current and emerging) and governance processes and systems.

Furthermore, the entity's Code of Ethics and Professional Conduct establishes that the Board of Directors is responsible for designing and implementing effective control procedures to permanently guarantee the reliability of the financial information supplied to the market.

The Internal Audit Department includes in its annual action plan, within the scope of FIICS, reviews of the processes considered to be important, with the aim of reviewing all of them over a period of three years, with the exception of certain areas or processes considered to be of special importance, among which are the accounting closing procedure, the review of judgements and estimates, and general controls over information systems, which are assessed on an annual basis.

The scope of the monitoring and evaluation of FIICS carried out during the 2022 financial year included the following reviews:

- Review of the transversal accounting closure and consolidation process. In addition, the process of preparing and presenting the financial information published by Caja Laboral was supervised.
- Review of the judgements and estimates used in the calculation of the relevant contingent liabilities and provisions.
- Review of the transversal process of general computer controls.
- Review of the Credit Investment business process.

In addition, compliance with the recommendations for improvement issued in the review processes carried out in previous years has been monitored.

The result of the FIICS review and evaluation conducted in 2022 has been presented periodically to the Audit and Regulatory Compliance Committee, as well as to the Board of Directors, by the Director of the Internal Audit Department.

F.5.2 Whether there is a procedure for discussion through which the account auditor (in accordance with what is stated in the Technical Auditing Standards), the internal audit team and other experts can report to senior management and to the Audit Committee or the entity's directors any significant control weaknesses detected during the annual account review processes or any others assigned to them. Furthermore, whether there is an action plan to correct or mitigate any weaknesses observed.

The Audit and Regulatory Compliance Committee meets the External Auditor at least twice during the financial year:

- The first meeting is held at the end of the preliminary work for the interim visit that forms part of the annual audit, where the external auditor presents the preliminary findings obtained from the work carried out to date.
- The second meeting takes place prior to the formulation of the annual accounts. At this meeting the external auditor presents the final conclusions of the audit.

Moreover, the account auditor has direct access to senior management and to the Internal Audit Division, holding regular meetings with them both to obtain the information necessary for this work and also to discuss any weaknesses detected.

The Memorandum on internal control and administrative accounting procedures issued by the external auditor, which makes suggestions for improvements to the internal control system and associated risks, is presented to the Board of Directors and the Audit and Regulatory Compliance Committee, and subsequently submitted to the Entity's Governing Board. This document contains comments from the General Management for each recommendation and, where applicable, the action plans or measures adopted to resolve any weaknesses.

With regard to the result of the work carried out by internal audit, the reports issued are presented by the manager of the department to the Audit and Regulatory Compliance Committee and, depending on their relevance, to the Board of Directors, contrasted beforehand with the audited division, and the degree of implementation of the plans of action approved to respond to the recommendations issued by the IAF. Specifically, the IAF manager is responsible for following up on the status of recommendations suggested and action plans established by the audited areas or units. In particular, findings of High importance requiring immediate action are continuously monitored until full implementation. Findings of medium importance will be monitored on a quarterly basis and those of low importance on a six-monthly basis.

The head of the Audit Department reports at least half-yearly to the Audit and Regulatory Compliance Committee on the status of the recommendations associated with findings classified as being of high and medium importance.

Furthermore, at least quarterly, the Audit and Regulatory Compliance Committee meets at the request of the management of the Internal Audit Department, in order to receive information on the main work carried out by it, thereby fulfilling one of the responsibilities entrusted to the committee.

#### **F.6. Other relevant information.**

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#### **F.7. External auditor's report.**

Give details of:

F.7.1 Whether the FIICS information sent to the markets has been subject to review by the external auditor, in which case the entity should include the corresponding report as an Appendix. Otherwise, explain the reasons for this.

The entity has not considered it necessary to submit the FIICS information sent to the markets for review by the external auditor.

## G. OTHER INFORMATION OF INTEREST

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If there is any relevant aspect of corporate governance in the entity or in the group companies that has not been included in the other sections of this Report, but that it is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the entity or its group, describe it briefly.

Any other information, clarification or nuance relating to the previous sections of the report can also be included in this section as long as it is relevant and does not repeat what has already been stated.

Specifically, indicate whether the entity is subject to any legislation other than Spanish law on matters of corporate governance and, if so, include any information that you are obliged to provide that is not included in this report.

The entity may also indicate whether it has voluntarily adhered to other codes of ethics or good practices, either international, sectoral or of another scope. When applicable, the entity will identify the code in question and the date of adhesion.

1.- This information complements section A. Property structure:

The majority of the cooperatives and their trading companies which are partners of Caja Laboral, in turn form part of Mondragón Corporación Cooperativa. This corporation, which Caja Laboral is part of, is a group of freely associated cooperatives which share a set of cooperative values and which seek to achieve competitive advantages from their joint cooperative action.

2.- This information complements section C.1.6. on the remuneration of directors:

The 2022 General Meeting approved the resolution to remunerate members of the Governing Board when they carry out direct management tasks and/or pay them attendance fees based on their dedication and responsibilities. These fees will be distributed among the members of the Governing Board in accordance with its own internal agreements, within an annual remuneration limit for the directors as a whole which will be set by the General Meeting.

3.- Adherence to codes of ethics or good practices:

In 2012, the Government published Royal Decree Law 6/2012 concerning urgent measures for protecting mortgage debtors without resources, which implemented a Code of Good Practices (CBP'12), to which financial entities adhered voluntarily. The CBP'12 included the so-called eligible group, that is, those mortgage loan operations that could benefit from it, and the relief measures that the borrowers would be entitled to. Said CBP'12 has been extended annually by successive governments and some modifications have been made to it.

The Entity currently adheres to this code.

On 23 November, Royal Decree Law 19/2022 was published in the Official State Gazette, whereby:

- The CBP'12 is modified
- The eligible group of said CBP'12 is expanded
- A New Code of Good Practices (CBP22) is created to which the Entity has adhered

Moreover, the Entity is a founding signatory of the United Nations Principles for Responsible Banking, signed in September 2019. This initiative seeks to define the commitment and responsibilities of the financial system to contribute to a sustainable future, in line with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. The Principles provide the framework for the sustainable banking system of the future and help demonstrate how it contributes positively to society. A Progress Report is prepared annually and is available on the website.

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This annual corporate governance report has been approved by the company's Board of Directors at its meeting held on:

28/02/2023

Indicate the directors or members of the administrative body who voted against or abstained in relation to the approval of this report.

This report has been approved unanimously.

## CAJA LABORAL POPULAR COOP. DE CRÉDITO AND SUBSIDIARIES

### PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR 2022

The Members of the Parent Entity's Governing Board declare that to the best of their knowledge the attached financial statements have been prepared in accordance with applicable accounting principles and provide a true and fair view of the consolidated equity and consolidated results of the Parent Entity and its investee companies, and that the attached Directors' report includes an accurate analysis of the development and results obtained by the Group during the year ended 31 December 2022.

As a result, the members of the Governing Board of Caja Laboral Popular Coop. de Crédito (Parent Entity) hereby prepare the Consolidated Directors' Report and consolidated financial statements on 28 February 2023 including the notes to the consolidated annual accounts, Consolidated balance sheet, Consolidated income statement, Consolidated statement of recognised income and expenses, Consolidated statement of total changes in equity and Consolidated cash flows statement for the year ended 31 December 2022. All members have signed this page in witness of their agreement and the Secretary to the Governing Board has signed each page of the documents mentioned above for the purposes of their identification.

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Mr Txomin García Hernández  
(Chairman)

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Ms. Elena Zárraga Bilbao  
(Vice-Chairman)

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Mr. Ricardo Pérez Aguado  
(Secretary)

---

Ms. Beatriz Mauleon Sainz De Vicuña  
(Member)

---

Ms Ainhoa Gallastegui  
Martínez  
(Member)

---

Mr. Xabier Sagarna Arrizabalaga  
(Member)

---

Mr. Iñigo López-Cano Fernández de  
Betoño  
(Member)

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Ms Nagore Larrabeiti Libano  
(Member)

---

Ms María Esther Korta Errazkin  
(Member)

---

Mr. Juan José Álvarez Rubio  
(Member)

---

Ms Itziar Elgarresta Ibarrondo  
(Member)

---

Ms. María Laura Rodríguez  
González  
(Member)

---

Mr. Edorta Gil Sagarduy  
(Member)

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Mr. Aitor Soria Alonso  
(Member)