

ANNUAL REPORT 2019

Grupo iberCaja

iberCaja

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EL BANCO DEL vamos

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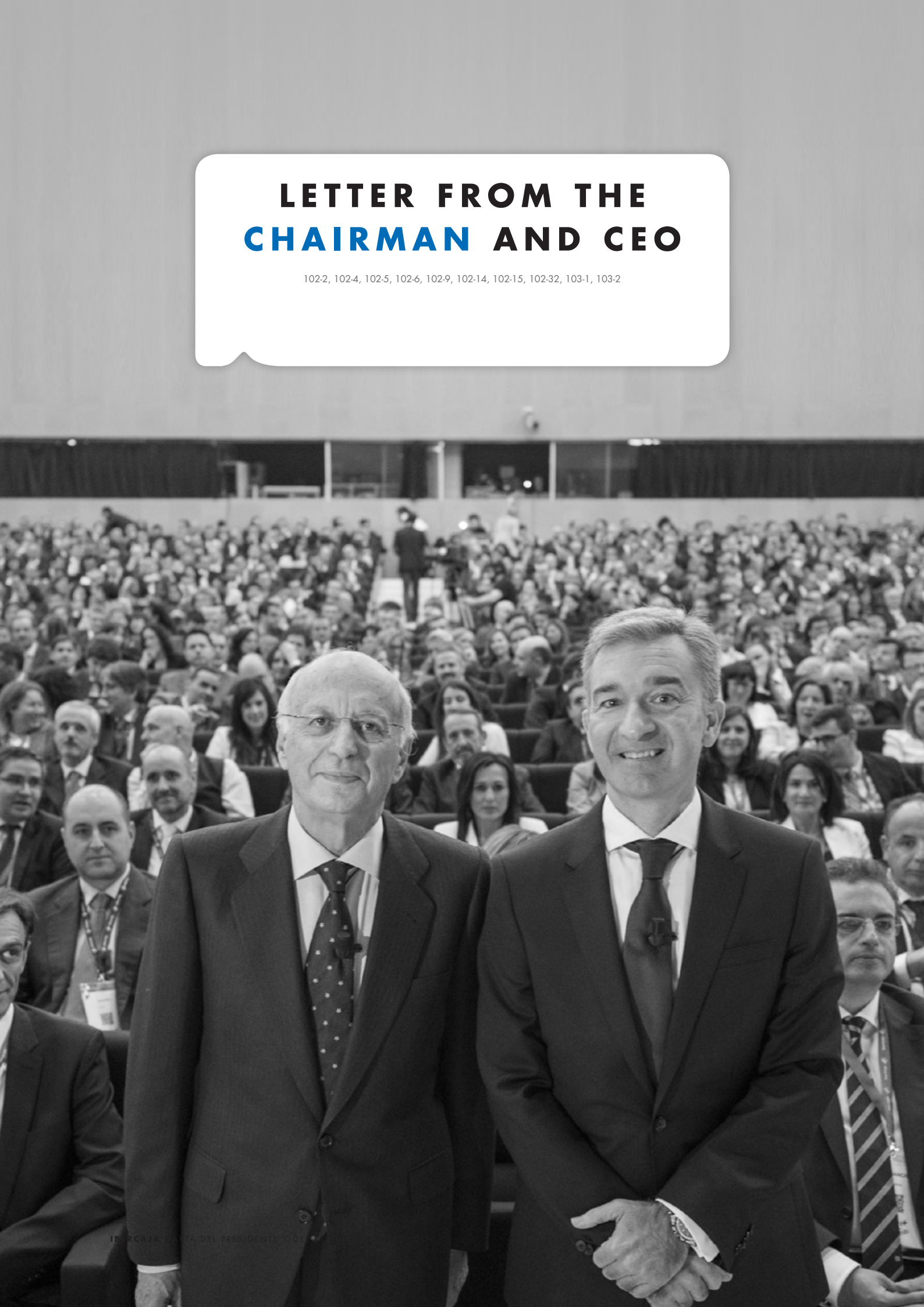
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LETTER FROM THE CHAIRMAN AND CEO

102-2, 102-4, 102-5, 102-6, 102-9, 102-14, 102-15, 102-32, 103-1, 103-2



LETTER FROM THE CHAIRMAN AND CEO

In 2019, the **Spanish economy** saw a certain **slowdown** in growth, with the **rate of GDP growth** at approximately **2%**, thus marking the sixth consecutive year of recovery from the crisis. The impact on external demand of global uncertainties and the loss of momentum in domestic demand (consumer spending and investment) account for this diminished strength of the Spanish economy, which is expected to continue in the coming years.

The **international situation** has been marked this year by **different geopolitical risks**, mainly the trade war between the United States and China and the departure of Great Britain from the European Union (Brexit). The effect of these phenomena on international trade has sapped the growth capacity of both the countries directly involved and of the rest of the world economy.

For their part, **central banks** have responded to this scenario by renewing their commitment to sustaining the economy and bolstering confidence in the financial markets through an **accommodative monetary policy**. The Federal Reserve cut its key interest rates three times in 2019, the first downward movement in the price of money in the United States since 2008. Meanwhile, the European Central Bank has kept its key interest rates at 0%, thus putting off the start of gradual rate hikes in the euro zone.

The **Spanish banking sector** has dealt with this scenario of economic slowdown and zero interest rates by activating the same levers as in recent years: reduction in operating expenses, search for new sources of income and reduction in non-performing assets on the balance sheet. The sector also continues to strengthen its capitalisation in order to comply with the recommendations of regulators and supervisors. Similarly, the digitalisation of customer relations and internal processes was another of the institutions' outstanding strategic priorities in 2019.

The **activity of Ibercaja**, in the framework of the 2018-2020 Strategic Plan, the focus has been on boosting the profitability of the retail business, while simultaneously transforming the business model.

In the **short term**, the interest rate framework has required the utmost effort to achieve the growth objectives terms of the volumes of activity managed, the defence of margins, the diversification of income sources, the improvement of operational efficiency and the reduction of the cost of risk.

With a **medium and long-term** perspective, the company has continued to launch its projects and investments in digitalisation, both in customer relations channels and in internal systems and processes, and has made a commitment to constantly updating and strengthening the qualifications of its employees.

On the **commercial front**, the launch of the Cuenta Vamos enabled us to attract nearly almost 90,000 new individual customers, and a similar product for businesses will also be launched in November 2019. In the course of the year, the marketing of three new investment funds also got under way: *Sustainable and Solidarity Fund* (with ESG investment criteria), *Best Ideas* and *Mega Trends*. In addition, *Ibercaja Pensiones Dividendo Europa* was recognised as the best pension plan in its category, quantitative equity, in the Expansión AllFunds 2019 Awards.

The Institution's historic specialisation in the management of long-term savings has reached a new and outstanding milestone this year, with Ibercaja Gestión exceeding its 5% share of the national market in investment funds. This achievement is especially noteworthy in a zero-interest environment like the one we are experiencing today.

In terms of business activity, loans for productive activities accounted for around two-thirds of the total financing granted by the Bank in 2019, thus further increasing the relative weight of this type of lending in the total.

On the **financial front**, in June a book of doubtful loans, known as Ordesa, was transferred, containing a volume of €534 million of credit transactions to companies in irregular situations. This transaction considerably reduced the balance of non-performing assets on the balance sheet, with the resulting positive impact on the Bank's capital and future profitability profile.

In the **itinerary of technological** and people transformation that Ibercaja is carrying out, 2019 was also a year with numerous advances. First, new functionalities and improvements have been incorporated into the mobile banking app, including the financial aggregator; the Bank has joined the *ApplePay*, *Google Pay* and *Samsung Pay* payment platforms; and the ATMs have been renewed with devices equipped with cutting-edge technology that is more feature-filled and faster.

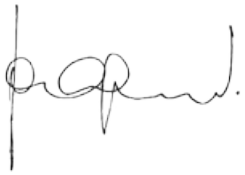
As a result of all this, to cite some significant figures, more than 100,000 customers have become users of the Bizum mobile payment platform and, in total, the Bank now has more than 766,000 digital customers who frequently operate through electronic banking and/or the mobile banking app.

For its part, Ibercaja has extended its leadership model to all its offices, with all the directors participating in the training programme designed for this purpose, and has set up a new commercial and management system, with both projects laying the foundations for the organisation's operations for the coming years. The employees, the people, are the foundation of both strategic projects, since they constitute the critical differentiating factor of the Institution's service to customers.

Faithful to the founding principles and values that inspired its creation more than 140 years ago, Ibercaja has carried out its activity with a **triple management approach**: economic, social and environmental; thus preserving its sensitivity and firm commitment to the territorial and social environment in which it operates.

As an example of this, in 2019, the Institution signed the **United Nations Principles for Responsible Banking** and promoted the **Sustainable Development Goals (SDGs)** of its Agenda 2030; it has obtained the certification as a Family Responsible Company (EFR) granted by Fundación Más Familia; it has joined the alliance "#CEO's Initiative for Diversity" promoted by the Adecco Foundation and the CEOE Foundation; it has renewed the environmental certification of the Bank's headquarters; and it has convened and participated in dozens of initiatives to transmit knowledge to individuals and companies through, for example, the Ecosystem+ Company platform and multiple alliances with business organisations, public entities and the media.

In short, although the framework for action was complex, **Ibercaja continued to boost its commercial dynamism and transformation throughout 2019**. The company is guided by the Strategic Plan 2018 - 2020, thus reinforcing its solid foundations with a view to winning the future and continuing to helping people and companies build the story of their lives.



José Luis Aguirre Loaso
Chairman



Víctor Iglesias Ruiz
CEO

iberCaja

SOCIAL IMPACT
IBERCAJA 2019

WE CONTRIBUTE TO SOCIETY AND OUR ENVIRONMENT



+17 million INVESTMENT
in social action by Fundación Ibercaja

+1 million BENEFICIARIES
of social action

132 TOWNS
attended by Ibercaja as the only entity present



WE ACCOMPANY OUR CUSTOMERS, FAMILIES AND BUSINESSES



1,084 BRANCHES
provide service in national territory

↳ **1 out of 4**
in municipalities with less than 1,000 inhabitants

CREDITS AND LOANS 52.43%
granted to companies (excl. real estate)

223 MANAGERS
specialised in companies

↳ **9.23/10 rating**
by customers

SMEs AND SELF-EMPLOYED
+350 thousand
clients who trust Ibercaja

WE ARE COMMITTED TO SUSTAINABILITY





MANAGEMENT €4,738.8 million
under socially responsible investment

Pacto Mundial de Empresas
Signatories to the Global Business Compact

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING
Signatories to the United Nations Princples for Responsible Banking

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

Committed to the SDGs of the 2030 Agenda

SDGs

EL BANCO DEL vamos

WE ARE A FAMILY RESPONSIBLE COMPANY

5,053 EMPLOYEES

681 VOLUNTEERS

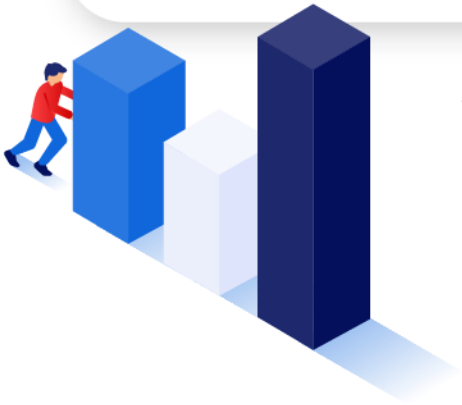
MUJERES 30%
managerial positions held by women

YOUTHS 238
university students did internships at Ibercaja Banco centers



Certification efr

WE CONTRIBUTE TO THE ECONOMY WITH OUR ACTIVITY

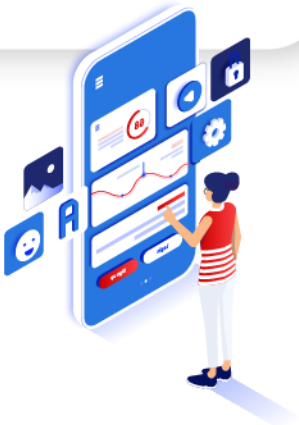


WORK 20,313
direct and indirect positions in investee companies



WE ARE ADVANCING IN INNOVATION AND DIGITISATION

ONLINE BANKING 766 thousand
in our services



WE CARE FOR THE ENVIRONMENT

100% GREEN ENERGY
at headquarters
CO_2 avoided 3,271 Tn

CO_2 2,917.85 Tn
offset with our sustainable products



Target:
CARBON NEUTRALS IN 2030

ISO 14001 certification
in environmental management

AENOR Gestión Ambiental

iberCaja

1 PRESENTATION OF THE GROUP AND ITS CONTEXT



DESCRIPTION AND HISTORY

PURPOSE, MISSION, VISION AND VALUES

SHAREHOLDER AND FUNCTIONAL STRUCTURE

POSITION IN THE SPANISH FINANCIAL SYSTEM

ECONOMIC AND FINANCIAL ENVIRONMENT


EL BANCO
DEL
vamos

DESCRIPTION AND HISTORY

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

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

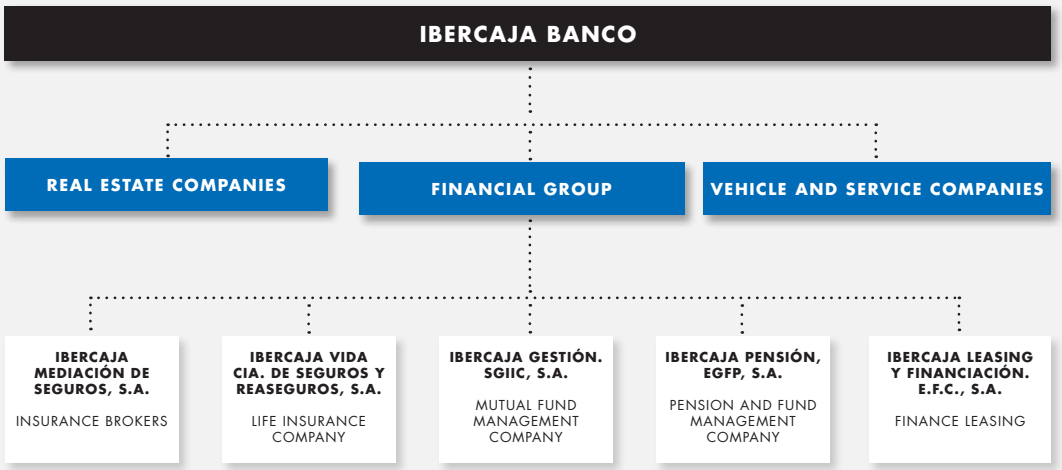


THE IBERCAJA BANCO GROUP PRIMARILY ENGAGES IN **RETAIL BANKING** AND CARRIES OUT ALL OF ITS **BUSINESS IN SPAIN**.

Its corporate purpose extends to all manner of general banking activities, transactions, business, contracts and services permitted under prevailing law and regulations, including the provision of investment and auxiliary services.

The Bank is the parent of a group of subsidiaries. The companies that form part of the consolidated group carry out a variety of activities. Those in the **Financial Group**, which consists of companies specialising in investment funds, savings and pension plans, bancassurance and leasing-renting, are notable due to their importance from the standpoint of banking product diversification and profitability.

THE MOST RELEVANT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION ARE AS FOLLOWS:



HISTORY

Main milestones in Ibercaja's ***more than 140-year*** *history*

ORIGIN

FOUNDATION OF THE SAVINGS BANK
1873

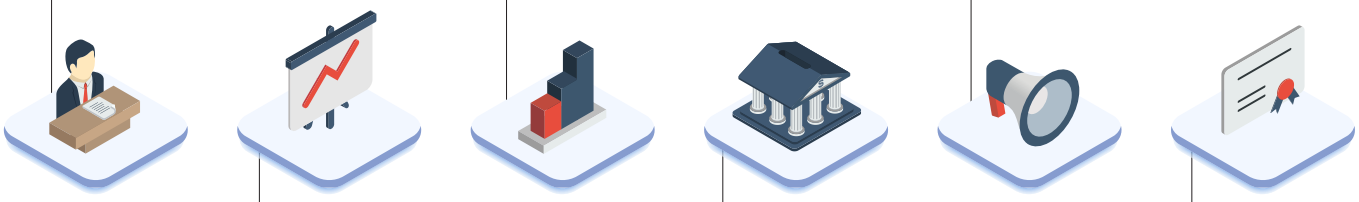
The current Ibercaja Bank was founded in 1873, when Real y Excma. Sociedad Económica Aragonesa de Amigos del País founded Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, which **began to operate as a credit entity** on **28 May 1876**.

FIRST EXPANSION PLAN WITH THE OPENING OF OFFICES IN ARAGON, LA RIOJA AND GUADALAJARA
1933 - 1964

NATIONAL DIMENSION

IBERCAJA GOES NATIONWIDE WITH A PRESENCE IN ALL SPANISH PROVINCES

Following a long process of expansion in which it achieved a solid implantation in Aragón, La Rioja and Guadalajara, in **2001**, the Entity attained a **national dimension** after entering into all Spanish provinces.



1873

1876

CAJA DE AHORROS Y MONTE DE PIEDAD DE ZARAGOZA, ARAGÓN Y RIOJA COMMENCED ITS FINANCIAL ACTIVITY
MAY 1876

1933-1964

1980-1999

CREATION OF THE FINANCIAL GROUP
1988

EXPANSION BY MEDITERRANEAN BASIN AND MADRID
1989

ACQUISITION OF CAJA RURAL DE CATALUNYA (LÉRIDA)
1991

2001

2007

OBTAINMENT OF THE 500+ EUROPEAN SEAL OF EXCELLENCE (EFQM MODEL)
2007

Ibercaja Banco was established under the provisions of Royal Decree 1245/1995, of 14 July, on the creation of banks, cross-border activity and other issues related to the legal system for credit institutions, exercising the financial function developed until 2011 by Caja de Ahorros and Monte de Piedad of Zaragoza, Aragón and Rioja. The Company was filed at the Mercantile Registry of Zaragoza, Volume 3865, Book 0, Folio 1, Page Z-52186, Entry 1, and in the Special Register of the Bank of Spain with number 2085. Its registered office is in Zaragoza, Plaza Basilio Paraíso, number 2.

HISTORY

Main milestones in Ibercaja's ***more than 140-year*** *history*

IBERCAJA BANK

IBERCAJA BANK FOUNDATION

JULY 2011

In the framework of the restructuring of the Spanish financial system, at its extraordinary meeting held on 26 **July 2011**, the Savings Bank's General Meeting approved the **creation of a bank**, which would deal with legal and economic affairs, named Ibercaja Banco, to which all the assets and liabilities earmarked to its financial activity were transferred.



2011

THE BANK PASSES STRESS TEST REQUIREMENTS WITHOUT PUBLIC AID

SEPTEMBER 2012



2012

The **goal** *is for the Entity to* **occupy a leading position within the Spanish banking system**, *boosting its profitability and solvency to attract capital and to successfully support its listing on the stock market.*

INTEGRATION

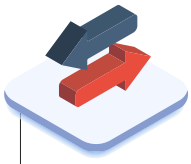
ACQUISITION OF 100% OF THE CAPITAL OF BANCO GRUPO CAJA3

JULY 2013

On 25 **July 2013**, **Ibercaja Banco acquired Banco Grupo Caja3**. The integration process culminated in October 2014 with the merger by absorption of the acquired entity.



2013



2014

BANK FOUNDATION

TRANSFORMATION FROM SAVINGS BANK TO FOUNDATION

OCTOBER 2014

Pursuant to Law 26/2013, of 27 December, La Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, Ibercaja's main shareholder, **became the Iberia Banking Foundation**, and was filed in the Foundations Register on 13 **October 2014.**

LEGAL AND TECHNOLOGICAL MERGER WITH CAJA3

AQR AND STRESS TEST: OVERCOMING THE ECB'S COMPREHENSIVE ASSESSMENT

PLAN+

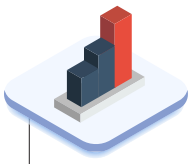
LAUNCH OF THE 2015-2018 STRATEGIC PLAN

2015

Ibercaja launched in 2015 the **2015-2017 Strategic Plan**. The Plan comprised **significant milestones** such as: business growth in the strategic segments, improved solvency with a Tier II issue, the launch of the digital transformation project and agreements with specialised operators to reduce non-performing assets on the balance sheet.



2015



2018

2020 PLAN+

LAUNCH OF THE 2018-2020 STRATEGIC PLAN

2018

In **2018**, the Bank presented a **new Strategic Plan with a horizon in 2020** and with **the customer as the cornerstone**. It pursues the transformation of the business model to prepare to compete in a rapidly changing scenario affecting consumer habits, technology, the economic and business context as well as the regulatory framework.

PURPOSE, MISSION, VISION AND VALUES

102-2, 102-16, 102-40, 102-42, 103-1

IBERCAJA'S SENSE OF PURPOSE AS AN ORGANISATION IS EXPRESSED IN ITS PURPOSE, MISSION, VISION AND VALUES, WHICH DEFINE THE VALUE PROPOSAL FOR EACH STAKEHOLDER AND ALIGN THE EFFORTS OF THE ENTITY'S STRATEGY.

PURPOSE

The **corporate purpose** *is summed up by "***Helping people to build the story of their lives, because it will be our story"***, that is, working by and for people, helping and supporting them in all their decisions throughout their life, building their lives and walking together, with a mutual commitment.*

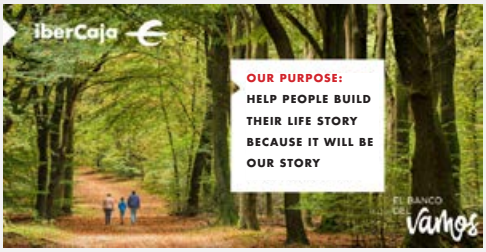
Ibercaja's corporate purpose is the cornerstone for the 2018-2020 Strategic Plan: it is **the raison d'être of the Entity**, the guide of the organisation, that which gives meaning to the daily work of its employees and aligns the strategy. For the Purpose to fulfil its function of mobilising action, it needs **to be known, shared and internalised** by the entire organisation, that is, it must be "activated".

THEREFORE, IN 2019 THE ENTITY DEVELOPED A CORPORATE PURPOSE ACTIVATION PLAN, WHICH CONSISTS OF SEVERAL PHASES:

- Internal and external communication
- Internal transformation: daily conduct
- Processes and decision making
- Indicators and monitoring

In 2019 the **internal communication** phase was completed, using all the channels available in the entity. The focus has also been on **external communication** through the corporate website, and with exposure to various stakeholders at conferences specialising in intangibles.

The **Purpose** *is completed with the Bank's* **mission** *and* **vision***, which are based on the corporate* **values** *that have set the entity's course since its foundation. They set the axes of its strategy and business model and define a corporate culture that has enabled it to establish a strong relationship with customers, employees, investors and society in general.*



MISSION

The mission of the Ibercaja Group *reflects* **how the Entity should act to achieve its Purpose**: *to improve the life of families and businesses, helping them manage their finances with the aim of giving the customer efficient service and a personalised and quality advice, which will help the bank achieve its own objectives.*

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

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

MISSION

CONTRIBUTE TO **IMPROVE THE LIFE** OF FAMILIES AND COMPANIES, **HELPING THEM TO MANAGE** THEIR FINANCES BY OFFERING A **PERSONALISED GLOBAL FINANCIAL SERVICE**, WHICH HELPS THEM TO A TTAIN THEIR OWN OBJECTIVES.

VISION

The vision *focuses on the steps the organisation is taking towards the future, making explicit what we want to be:* **our goal**.

Our **commitment with our stakeholders** (customers, people, shareholders and society) is the centre of the daily work of Ibercaja, while also making our contribution to obtain a more **sustainable** world, one that is better for future generations.

CUSTOMERS

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

SHAREHOLDERS

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

ENVIRONMENT

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

TO BE AN EXCELLENT BANK AND IMPROVE EACH DAY, ANTICIPATING THE NEEDS OF OUR STAKEHOLDERS

PEOPLE

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

COMMUNITY

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

VALUES

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



THE ENTITY HAS AN "ETHICS MODEL" CONSISTING OF

- Ibercaja's **Code of Ethics** reflects the **behaviour and conduct** that is expected of all members of the entity and that **promote the integrity** of the organisation. It contains **the rules that must guide the integral and professional conduct** of all the people who are a part of Ibercaja, beyond compliance with the legislation in force, which is crucial and indispensable.
- The **ethical management handbook** establishes the **internal functions and processes** necessary to ensure the implementation of the Code.
- The **whistle-blowing channel** is a **specific, independent and autonomous channel** for reporting of possible violations of the Code and for queries about its interpretation.

CODE OF ETHICS



CODE | **HANDBOOK** | **WHISTLE-BLOWING CHANNEL**

SHAREHOLDER AND FUNCTIONAL STRUCTURE

102-5

THE IBERCAJA BANKING FOUNDATION IS THE BANK'S REFERENCE SHAREHOLDER.

THE MAJORITY SHAREHOLDER OF IBERCAJA BANCO IS **FUNDACIÓN BANCARIA IBERCAJA**, WHICH OWNS 87.80% OF ITS CAPITAL.

Following the acquisition in June 2013 of Banco Grupo Caja3, the following companies are also shareholders of Ibercaja: **Fundación Caja Inmaculada** (4.85%), **Fundación Caja Badajoz** (3.90%) and **Fundación Bancaria Caja Círculo** (3.45%).

OWNERSHIP STRUCTURE OF THE IBERCAJA GROUP



The Entity's **functional flow chart**, arranged through eleven Area Management Units (ten reporting to the CEO and one –Internal Audit Management- to the Audit and Compliance Committee– is compliant with the recommendations of the Basel Banking Committee and is in line industry best practices in internal governance).



FURTHERMORE, THERE ARE NINE EXECUTIVE COMMITTEES:





POSITION IN THE SPANISH FINANCIAL SYSTEM

102-4, 102-6, 103-1, 103-2, 103-3

THE BANK MEETS THE FINANCING NEEDS OF COMPANIES AND INDIVIDUALS, CENTRING ITS ATTENTION ON THE RETAIL BUSINESS, WITH A SIGNIFICANT DEGREE OF SPECIALISATION IN ASSET MANAGEMENT AND INSURANCE.

Ibercaja has historically been characterised by the **territorial leadership** that it holds in its traditional markets; its business profile, highly focused on retail banking; its positioning in the insurance and asset management industry, with a higher market share than that corresponding by size; prudent risk management and a comfortable liquidity position, with limited dependence on wholesale markets.

Solvency, **solidity** and **balanced growth**, together with **prudent risk management**, have traditionally formed part of the Bank's objectives and **form the foundations to maintain sound financial fundamentals**.

THE GROUP, **THE TENTH LARGEST IN THE SPANISH BANKING** SYSTEM, HAS **ASSETS OF €55,422 MILLION**.

It primarily engages in **retail banking**, focusing on the financing of households, particularly first home mortgages, and SMEs, savings management and other financial services. The eminently retail nature of the business is reflected in the structure of the balance sheet, where loans to individuals and small and medium-size enterprises account for almost 90% of loans and advances to customers, and retail deposits 77% of borrowings. On a national scale, the Group has a market share of 2.6% household and non-financial enterprise loans, and of 3.9% in the segment of residential property purchases by individuals. (Source: Bank of Spain), and 3.5% in customer funds (2.8% in retail deposits and 4.8% in asset management and life insurance) (Source: Bank of Spain, INVERCO and ICEA).



MARKET SHARE
NATIONAL SCALE

2.6%
Loans to households and non-financial corporations

2.8%
Deposits of households and non-financial corporations

3.5%
Customer Funds

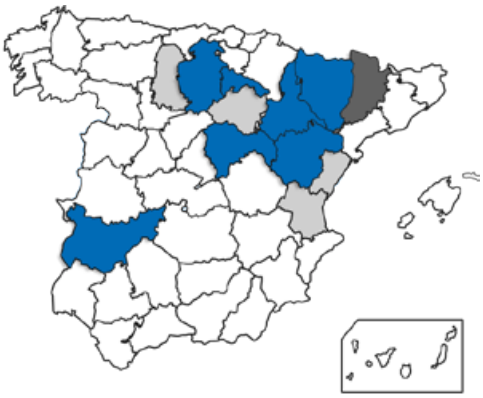
7
Provinces with loan + customer deposits market share > 10%

3.1%
Loans + Customer Funds

LOANS AND DEPOSITS MARKET SHARE

Ibercaja is **well positioned in its traditional area of operation** (Aragon, La Rioja, Guadalajara, Burgos and Badajoz), where 61% of customers are concentrated and where it obtains 61% of retail business volume. The market share in this territory, 31% in private sector deposits and 24% in credit, is 43% and 33%, respectively, in Aragon. It also has a **significant presence in other areas** of major economic significance such as **Madrid and the Mediterranean coast (Catalonia and Valencia)**, which account for 18% and 12% of customers and 18% and 12% of the business volume.

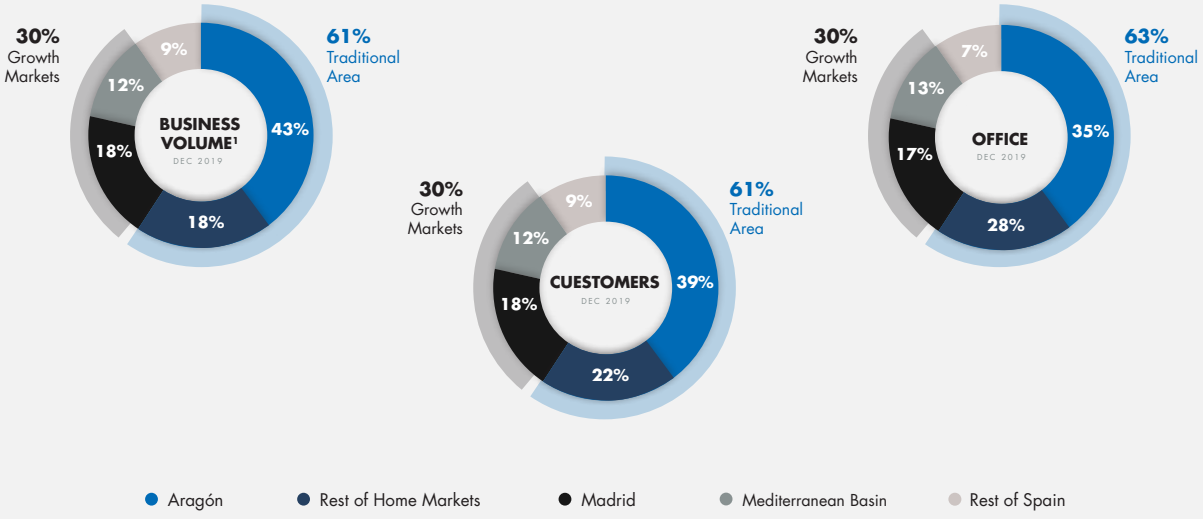
At December 2019, the network comprised **1,084 branches**, which is 4.4% of the national total, **eight of which are special company business centres.** The Group has a total of **5,304 employees** (5,053 in the parent).



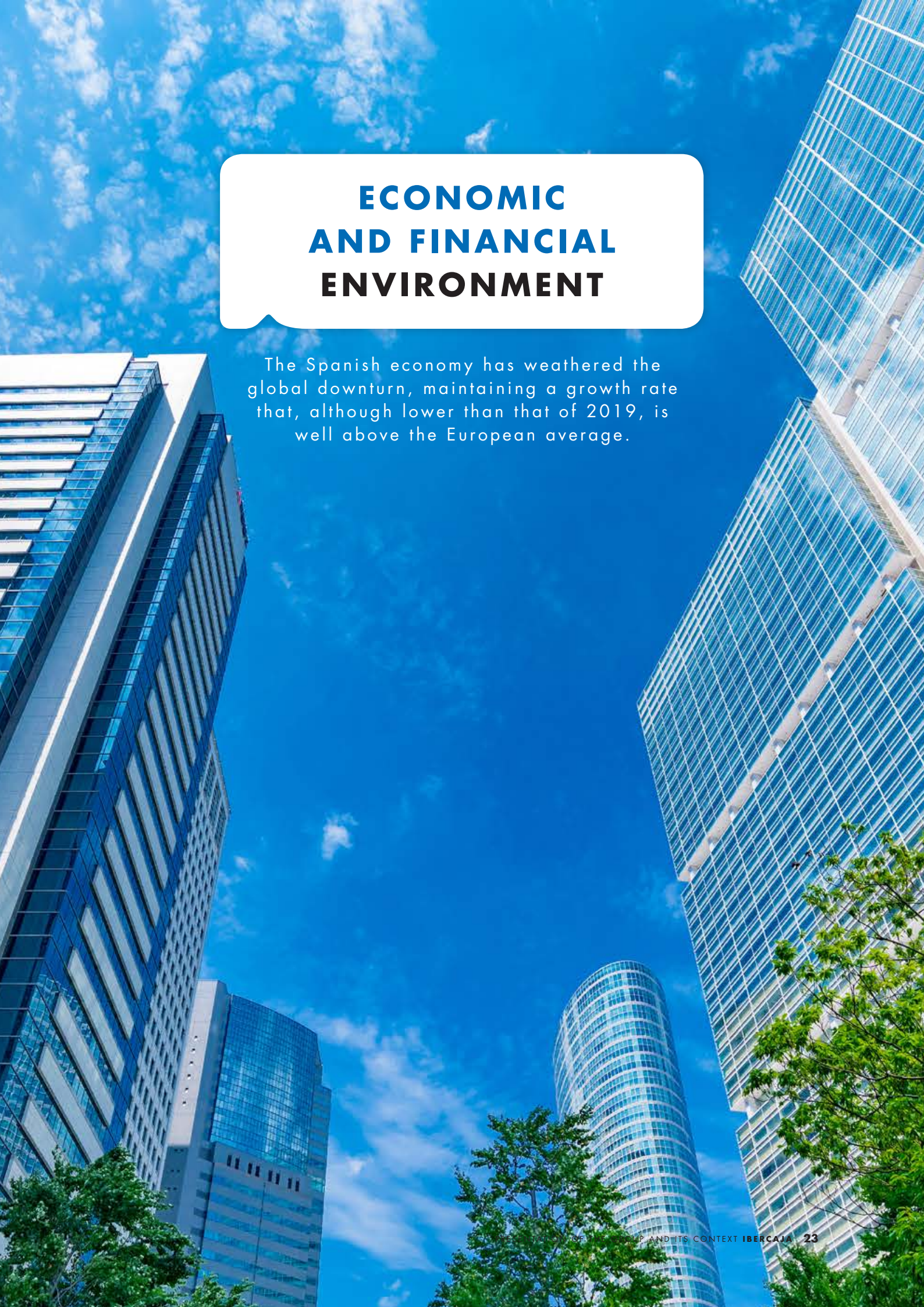


5,304	1,084	8
EMPLOYEES	BRANCHES	CBC

DISTRIBUTION OF TURNOVER, NETWORK AND CUSTOMERS BY AREA OF OPERATION



¹ RETAIL BUSINESS VOLUME IN NORMAL COURSE OF BUSINESS: LOANS AND ADVANCES TO CUSTOMERS EX REVERSE REPOS OF ASSETS AND DOUBTFUL ASSETS + RETAIL DEPOSITS + ASSET MANAGEMENT AND INSURANCE



ECONOMIC AND FINANCIAL ENVIRONMENT

The Spanish economy has weathered the global downturn, maintaining a growth rate that, although lower than that of 2019, is well above the European average.

WORLD ECONOMY

THE **SPANISH ECONOMY HAS WEATHERED THE GLOBAL DOWNTURN**, MAINTAINING A GROWTH RATE THAT, ALTHOUGH LOWER THAN THAT OF 2019, IS WELL ABOVE THE EUROPEAN AVERAGE.

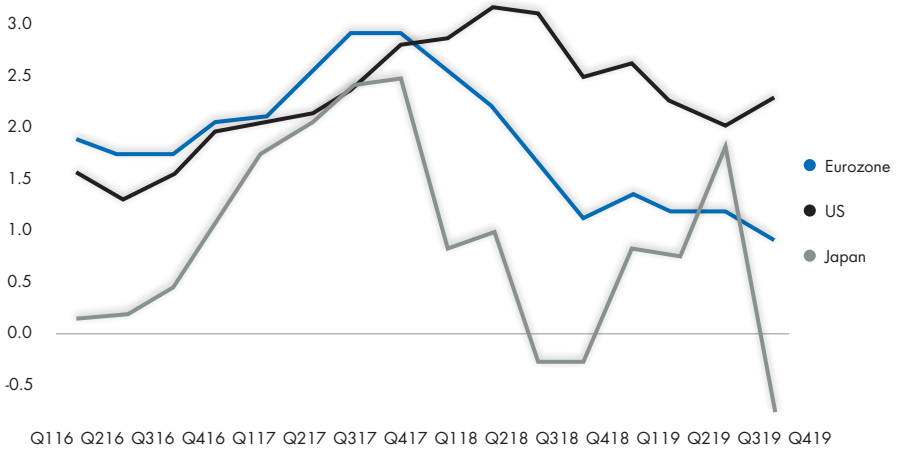
The **world economy slowed** in 2019, with estimated growth of less than 3%, below the average achieved over the past ten years. The slowdown is due to a number of factors, including: the trade war between the United States and China, uncertainty about the outcome of Brexit, the crisis in the automotive sector due to increased environmental pressures, the adverse effects on emerging countries of the rate hike in the United States in 2018, the appreciation of the dollar and the social conflicts that spread through some Latin American countries.

China's GDP growth of around 6% **is losing momentum, influenced by disputes with the United States** and government control to prevent excessive indebtedness. On the other hand, the transition towards a model based more on domestic demand and less dependent on exports in itself leads to slower growth in the Asian giant than seen in recent years.

The change in **Japanese GDP** for the year as a whole is estimated at close to 0.9%. **Public spending** emerged as an **engine of growth** after the government rolled out an ambitious infrastructure plan and implemented fiscal stimulus measures. **Private consumption** was boosted by the **increase in VAT**, as purchasing decisions were brought forward, and by the **boom in the labour market**, where the unemployment rate is less than 2.5%. Exports were hurt by the struggle between China and the United States, Japan's two main customers.

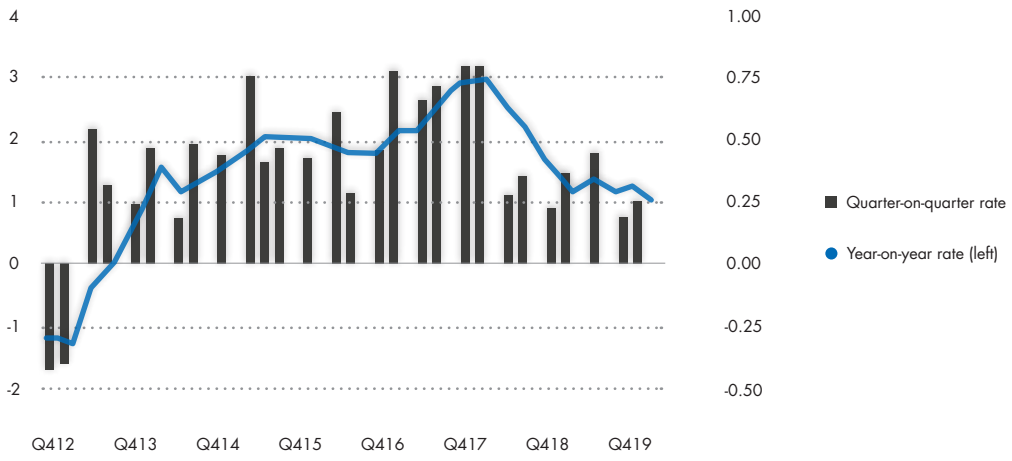
The **US economy,** despite slowing down, maintains an estimated rate of growth of close to 2.3% year-on-year. **Consumption** displays **great strength**, supported by an unemployment rate at historic lows and a vigorous increase, above 3%, in wages. Investment weakened after the strong push of 2018, while **exports are suffering from the global economic slowdown**, the climate of trade uncertainty and the appreciation of the dollar. Leading and confidence indicators suggest that the economic expansion will continue in 2020.

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



The **growth of the Eurozone** was **modest**. The year-on-year change in GDP, pending final data, could stand at 1.2%. **The international environment and the weakening of world trade are taking their toll on a very open economy** such as the European one, slowing down exports and hurting sales in the industrial sector. **The German economy was the hardest hit**, bordering even on recession, because of its greater dependence on manufacturing. Consumption behaved well and became the main driver of growth. Strong employment data - the unemployment rate has fallen to 7.5% - together with higher wages and financial tailwinds stimulated household spending. **Inflation** stood at 1.3% in December, **well short from the ECB's target of close to 2%** and at a similar level to underlying inflation.

GDP TRENDS OF THE EUROZONE

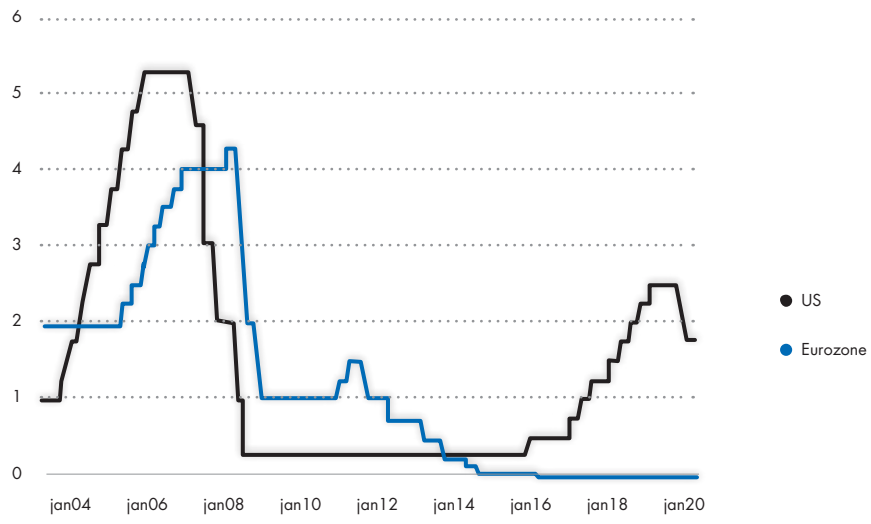


Central banks turned around their monetary policies, as fears of a weakening of activity were confirmed, and adopted **expansionary measures** to revive the economy.

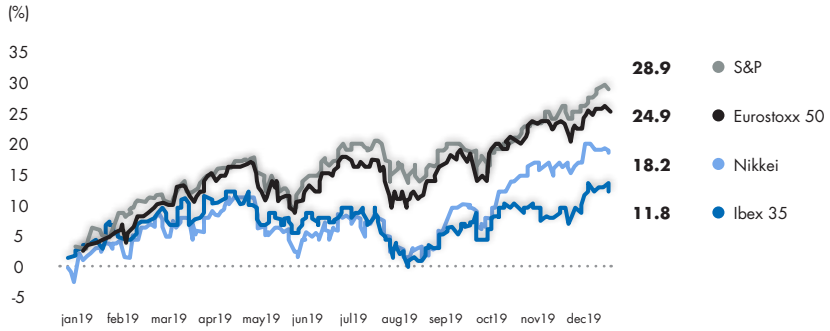
The **Fed** **cut the benchmark interest rate three times**, bringing it down to the 1.5%-1.75% range. However, according to the statement after the December meeting, the Fed believes that the risks have been mitigated and does not expect further cuts in the short term.

In September the ECB updated its monetary stimulus by linking any change in rates to inflation being close to 2%. The Bank **set the marginal deposit facility at -0.50%, improved the financing conditions** for targeted operations **(TLTRO III)** and in November resumed the asset purchase **programme at a rate** of €20 billion per month. It also decided to apply **a new remuneration system to the reserves deposited by banks with the ECB**, exempting the marginal deposit facility from payment in an amount equal to six times minimum reserves. At the meeting of the ECB's Governing Council on 12 December, the first to be held after the new President took office, no changes were made but the final communiqué stressed the need for governments to implement fiscal measures and structural reforms to support the Bank's monetary policy.

KEY INTEREST RATES



CUMULATIVE GAINS OF STOCK MARKET INDICES

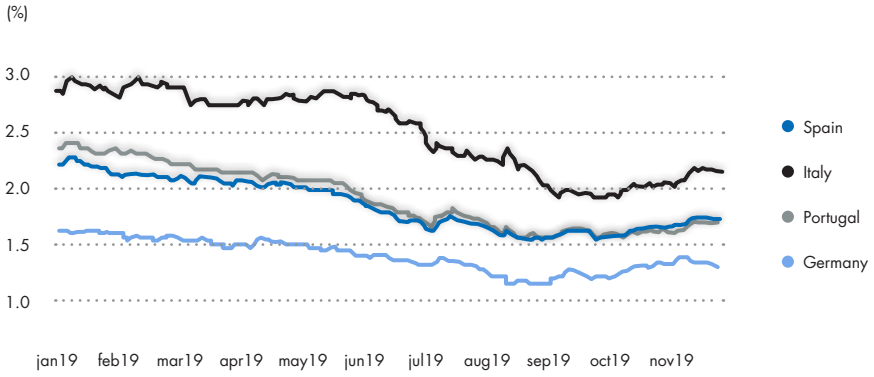


Equity markets had an **especially good year**. The main indices achieved **advances of over 20%**, driven by high available liquidity and a scarcity of profitable investment alternatives. In Europe, the Eurostoxx 50 was up 24.78%, the German Dax 25.48%, the French Cac 26.37% and the Italian FTSE 28.28%. In Spain, the increase of the Ibex 35, 11.82%, was dragged down by the high weight of the banking sector, which put in the worst relative performance.

US markets displayed excellent tone, **reaching levels close to historic highs**. The Dow Jones closed the year with a 22.34% appreciation, while the Nasdaq, which lists the main technology companies, rose 35.23%.

In fixed income markets, expectations of a global economic slowdown and the shift towards more expansionary central bank monetary policies **put pressure on sovereign and corporate debt rates**. However, in the latter part of the year, in parallel with a general sense of improvement in the financial markets, there was a rebound, with fewer falls. In the United States, the 10-year government bond yield was around 1.8%, falling by more than 80 basis points during the year, while in Europe the German bond closed in a negative range of 0.3% to 0.35%.

RETURN ON 10-YEAR SOVEREIGN BONDS



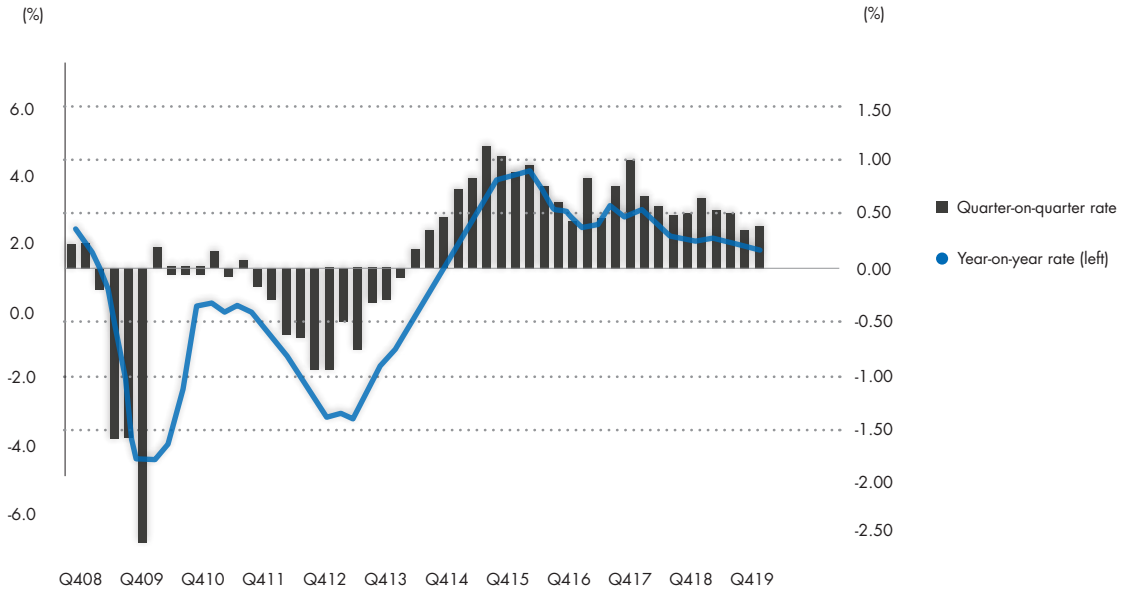
SPANISH ECONOMY

THE SPANISH ECONOMY CONTINUED ITS **EXPANSIONARY PHASE WITH A MORE MODERATE ADVANCE THAN IN PREVIOUS YEARS**. **GDP GROWTH, 2% YEAR-ON-YEAR**, SHOWED A CLEAR SLOWDOWN COMPARED TO 2018, BUT WAS **HIGHER THAN THE AVERAGE FOR THE EUROZONE AND THE MOST ADVANCED PEER COUNTRIES.**

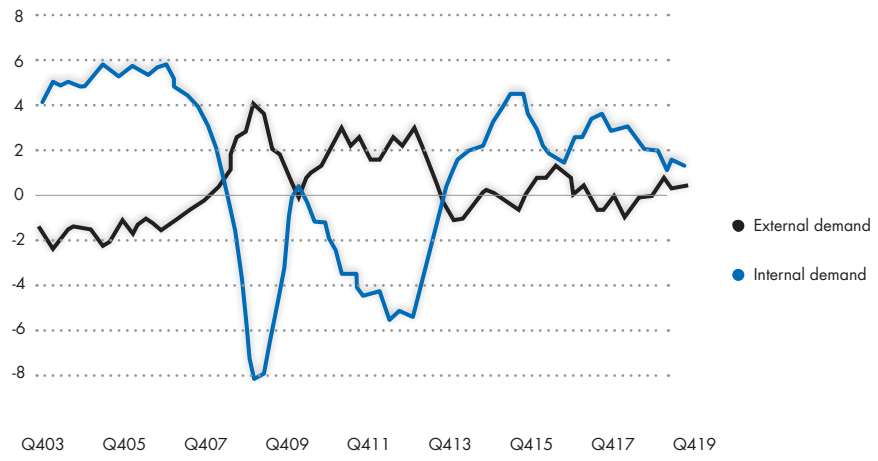
Domestic demand contributes **1.5 percentage points to growth**. Household consumption, although slowing down, was **the most important pillar of activity**, favoured by wage increases and financing tailwinds. The investment faltered due to symptoms of depletion in the construction sector, while capital goods investment retained more dynamism. The household savings rate, after falling to historical lows in 2018, is recovering in line with expectations of a less benign economic scenario.

The **external sector** contributes **0.4 percentage points to GDP growth**, in a scenario where exports of goods have revived in the latter part of the year and the contribution of tourism, with increases in expenditure and number of visitors, remains key.

GDP IN SPAIN



BREAKDOWN OF GDP IN SPAIN



The **decline in employment data** and the trend in unemployment suggest that the slowdown is beginning to be transferred to the labour market. The **number of unemployed**, 3.2 million people, is 3.4% lower than in December 2018. The Labour Force Survey shows an **unemployment rate** of 13.78%, 67 basis points lower than at the beginning of the year. The **number of Social Security members** reached 19.4 million, with an increase of almost 385,000 people, the lowest since 2013.

Inflation remains contained. The year-on-year rate of change in the CPI, after reaching lows in September and October, recovered slightly, due to the rise in fuel prices, to reach **0.8% in December, 20 basis points below that of a year earlier**. This figure, which compares favourably with the European average of 1.3%, enables the Spanish economy to become more competitive in foreign markets. **Core inflation**, without unprocessed food and energy, 1%, remains virtually unchanged.

Projections for 2020 point to slower growth after the **outstanding advances** of previous years. **Domestic demand** will **remain strong**, although slower, thanks to wage growth, which will compensate for worse employment data, and the improvement in the wealth of households and businesses. The **contribution of exports** will **be smaller**, due to the increase in imports, after slowing down in 2019, and the worse performance of exports in a framework in which the main international bodies have lowered the growth forecasts for the world and European economy, as a result of trade tensions, geopolitical risks in the Middle East, together with other factors that particularly affect Europe, such as the negotiations for the United Kingdom's exit from the European Union or the crisis in the car industry.

BANKING ENVIRONMENT

103-1

IN THE SPANISH BANKING SECTOR, THE INTEREST RATES CONTEXT CONTINUED TO ADVERSELY AFFECT PROFITABILITY.

The expansionary about-face in the ECB's policy, postponing once again the rate hike, adds pressure to a difficult situation and makes it necessary to continue to promote alternative sources of income and to influence the reduction of problem assets and cost containment through rationalisation of branch networks and extension of digitalisation.

Retail credit fell by 1.19%, **moderating its rate of decline** in line with the positive performance of the Spanish economy. Lending for productive activities recorded a fall of 2.25%, due to the excess liquidity amassed by companies and the use of alternative sources of financing. Household lending saw a slight contraction (-0.55%), explained by the decline in loans for home purchases (-0.78%), while consumption moderated its advance to 6.35% as a result of a more uncertain economic environment that encourages savings.

Retail customer funds increased by 5.64% year-on-year. Deposits from households and companies are up more than 5%, while mutual funds are up 7.56%, thanks to the gains obtained from the good performance of the markets.

The **volume of problem assets** **was significantly reduced**. The NPL ratio for credit to the private sector for all deposit institutions, 4.99% at November, fell by 86 basis points since December 2018. However, there was a slower pace of net recoveries, in line with the weakening of the economic cycle.



In the **regulatory sphere,** *on 1 January 2019* **IFRS 16** *came into force, which establishes the principles for the recognition, measurement, presentation and breakdown of* **leases** *in order to ensure that the accounting information presents a true and fair view of these transactions.*

Law 5/2019 of 15 March regulating Real Estate Credit Contracts (LCCI) has been in force since 16 June. This Law transposes Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 into Spanish law with the aim of establishing certain rules for the protection of natural persons who are debtors or guarantors of the loans to which it refers. The law regulates the legal regime of lenders and intermediaries and contains rules of transparency and conduct that are binding upon them.

In August the ECB published a **review of its supervisory expectations on prudential provisions for new bad loans** as a result of the enactment of Regulation 2019/630 of the European Parliament and of the Council amending minimum loss coverage for non-performing exposures.

On 7 November the European Banking Authority (EBA) released the **methodology and draft templates for the 2020 European banking stress test**. This exercise, to be carried out in the first half of 2020, will assess the resilience of banks to a hypothetical adverse economic shock and will serve as the basis for the determination of SREP capital requirements in 2020.



iberCaja

2 ACTIVITY AND RESULTS OF THE GROUP



RELEVANT FACTS AND BASIC AGGREGATES

CUSTOMER FUNDS

LOANS TO CUSTOMERS

ASSET QUALITY

FINANCING AND LIQUIDITY

SECURITIES PORTFOLIO

ANALYSIS OF THE INCOME STATEMENT

SOLVENCY

ECONOMIC IMPACT
IBERCAJA 2019

KEY FIGURES
RESULTS OF THE ENTITY



10TH POSITION
LARGEST BANK IN SPAIN

€84 million
NET PROFIT

€55,422 million
TOTAL ASSETS

3.97%
NPL RATIO

49.82%
NPL COVERAGE RATIO

5.78%
RATIO PROBLEMATIC ASSETS

20.69%
AVAILABLE LIQUIDITY / TOTAL ASSETS

11.35%
CET1 FULLY LOADED

15.45%
TOTAL CAPITAL FULLY LOADED

51.63%
COVERAGE PROBLEMATIC ASSETS



NATIONAL COVERAGE

BRANCHES 1,084
share 4.4%

EMPLOYEES 5,304
5,053 in the matrix

ATMs 1,317
share 2.6%

POS 29,640
share 1.5%

CARDS 1.6 million
↘ **84 million of operations**

72% OPERATIONS THROUGH ONLINE BANKING

2.6% LOANS TO HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS MARKET SHARE

3.5% CUSTOMER FUNDS MARKET SHARE
↘ **2.8% deposits**

OFF BALANCE SHEET RETAIL CUSTOMER FUNDS MARKET SHARES

1TH **5.06%** MUTUAL FUNDS

5TH **5.84%** TOTAL PENSION PLANS

8TH **3.79%** LIFE INSURANCE PROVISIONS

10TH **2.84%** OUTSTANDING INVESTMENT LEASING



RELEVANT FACTS AND BASIC AGGREGATES

102-7, 102-10, 102-15, 103-1, 103-2, 103-3

Against a backdrop of low interest rates, the **Ibercaja Group's activity** was aimed at **protecting the profitability of the business** by defending margins and diversifying sources of income, boosting the most profitable segments of lending, in addition to the asset management business and insurance. In addition, we highlight the reduction in recurring operating costs, the dynamic management of non-productive assets on the balance sheet and the significant increase in the Group's solvency ratios.

HIGHLIGHTS IN THE PERIOD WERE ESSENTIALLY AS FOLLOWS:

Ibercaja earned a net profit of €84 million, double that obtained a year earlier, due to the stabilisation of recurring revenue, a decrease in operating expenses and gradual normalisation of the cost of risk.

NET INTEREST INCOME. The decline in net interest income, mainly due to the effect of interest rates on wholesale activity, **is almost entirely offset by the increase in non-banking fees**. The good performance of retail business was reflected in the increase in the return on loans and the lower cost of liabilities, which meant that the **customer spread, 1.44%, rose by 5 basis points** in the year.

FEE INCOME. Fee income accounted for 42% of recurring revenue, after growing **5.13%**, due to the 13.55% increase in fees linked to asset management.

RECURRING OPERATING EXPENSES. Recurring operating expenses, excluding those associated with the workforce adjustment of 2018, **decreased by 2.12%**. Cost control led to a 99 bp improvement in the recurring cost-to-income of 63.70% in the last twelve months.

RECURRING INCOME. Recurring income before write-downs (net interest and fee income less ordinary operating expenses) came to **€342 million**, with a year-on-year change of **2.21%**.

COST OF RISK. The reduction in non-performing assets translates into lower provisioning requirements, so that the cost of risk, **40 basis points**, fell 14 basis points compared to December 2018.

The good commercial dynamics are reflected in the progressive stabilisation of performing lending, the growth of retail funds, especially those associated with asset management and insurance, and the successful launch of new products and the improvement of digital channels for customer relations

PERFORMING LENDING. Performing lending is progressively stabilising owing to the contracting of new transactions, such that the year-on-year **decrease is down to 0.31%**, compared to 0.53% a year ago. The generalised decline throughout the Spanish banking system in financing for home purchases is the main obstacle to achieving positive rates of change.

RETAIL FUNDS. The growth in retail funds of **6.56%** is due to the good performance of the balance sheet (3.91%) and especially to asset management and insurance, the volume of which increased by 9.86%. Ibercaja Gestión and Ibercaja Pensión gained market shares of 5.06% (+27 bp vs. December 2018) and 5.84% (+4 bp vs. December 2018), respectively.

NEW ASSETS. Ibercaja launched new asset and liability products linked to the "Banco del Vamos" communication concept. They feature attractive conditions that are helping attract new customers. Over the year, more than 52,000 **"Vamos" accounts** were opened, reaching a balance of **€390 million**.

DIGITAL TRANSFORMATION. In the area of digital transformation, customer relations channels have continued to improve and their use has been encouraged. The number of transactions carried out through distance banking is close to 72% of the total. **Active users of digital banking** now number almost **766,000** and those of **mobile banking** are up to **432,200**.

Solid funding structure and significant improvement in the Bank's risk profile due to the reduction of non-performing assets and the strengthening of solvency ratios

NON-PERFORMING ASSETS. Non-performing assets **fell by more than 40%** in the year, with the NPA ratio falling 277 basis points to below 4%. The balance of foreclosed properties contracted by 18.52% and their net proportion of the balance sheet barely surpasses 0.50%.

PROBLEM ASSETS. The aggregate of problem exposure, doubtful and foreclosed assets **was reduced by €1,124 million** in twelve months. The **problem asset ratio, 5.78%, fell by more than 3 percentage points**, exceeding the target for this year of 6%. The coverage ratio of these assets was 51.63%.

SOLVENCY. The generation of income and the cleaning up of the balance sheet led to an improvement in solvency indicators. The **CET1 fully loaded ratio, 11.35%**, **rose 82 basis points**, while the total capital ratio rose to 15.45% (+95 bp vs. December 2018), comfortably exceeding, in both cases, the SREP 2020 requirements.

FINANCING AND LIQUIDITY. The Group has a sound **funding structure** based on the **deposits of retail customers** who account for **77% of outside funding**, so the loan-to-deposit ratio (LTD) ratio is below 100%. The Group's **liquid assets** account for **20.69% of the balance** sheet and comfortably cover all wholesale debt maturities.

BASIC AGGREGATES

IBERCAJA BANCO GROUP

103-3

FIGURES ROUNDED TO MILLION EUROS AND %		31/12/2019	31/12/2018	CHANGE %
BALANCE SHEET	Total assets	**55,422**	52,706	5.15
	Gross loans and advances to customers	**32,563**	33,724	(3.44)
	Performing loan portfolio exc. reverse repurchase agreements	**29,654**	29,746	(0.31)
	Total retail funds	**60,643**	56,907	6.56
	Equity	**3,241**	3,160	2.56
	Retail business volume	**90,297**	86,653	4.21
RESULTS	Net interest income	**547**	572	(4.35)
	Gross income	**927**	967	(4.14)
	Profit/(loss) before write-downs	**326**	298	9.65
	Profit/(loss) attributable to the Parent	**84**	41	105.84
EFFICIENCY AND PROFITABILITY	Recurring cost-to-income (ordinary expenses/recurring revenues)	**63.70**	64.69	(0.99) p.p.
	ROA (profit attributable to the parent company/total average assets)	**0.16**	0.08	0.08 p.p.
	RORWA (profit attributable to the parent company/RWA)	**0.41**	0.19	0.22 p.p.
	ROE (profit attributable to the parent company/average own funds)	**2.99**	1.47	1.52 p.p.
	ROTE (profit attributable to the parent company/average tangible own funds)	**3.22**	1.59	1.63 p.p.
RISK MANAGEMENT	Non-performing balances (loans and advances to customers)	**1,293**	2,275	(43.15)
	Non-performance rate of loans and advances to customers (%)	**3.97**	6.74	(2.77) p.p.
	Ratio of Problem assets (%)	**5.78**	8.82	(3.04) p.p.
	NPL coverage ratio	**644**	1,119	(42.42)
	Coverage of non-performing exposures (%)	**49.82**	49.19	0.63 p.p.
	Coverage of exposure to distressed assets (%)	**51.63**	51.48	0.15 p.p.
LIQUIDITY	Available liquidity / total assets	**20.69**	20.71	(0.02) p.p.
	Loan-to-deposit ratio (LtD)	**92.47**	97.98	(5.51) p.p.
	LCR ratio (%)	**307.07**	306.78	0.29 p.p.
	NSFR ratio (%)	**131.42**	130.45	0.97 p.p.
SOLVENCY	CET1, phase-in (%)	**12.27**	11.67	0.60 p.p.
	Solvency ratio, phase-in (%)	**13.99**	13.31	0.68 p.p.
	Leverage ratio, phase-in (%)	**5.85**	6.04	(0.19) p.p.
	CET1 - fully loaded (%)	**11.35**	10.53	0.82 p.p.
	Total capital, fully loaded (%)	**15.45**	14.50	0.95 p.p.
	Leverage ratio, fully loaded (%)	**5.48**	5.48	0.00 p.p.
ADDITIONAL INFORMATION	No. Group employees	**5,304**	5,302	(0.04)
	No. of offices	**1,084**	1,115	(2.78)

CUSTOMER FUNDS

The growth of retail funds is centred on asset management and insurance.



Retail **customer funds**, **€60,643 million**, increased by **6.56%**. The personal banking segment generated 60% of that growth, which, by geographical market, was particularly intense, almost 11%, in Madrid and Mediterranean Basin.

BREAKDOWN OF CUSTOMER RETAIL FUNDS

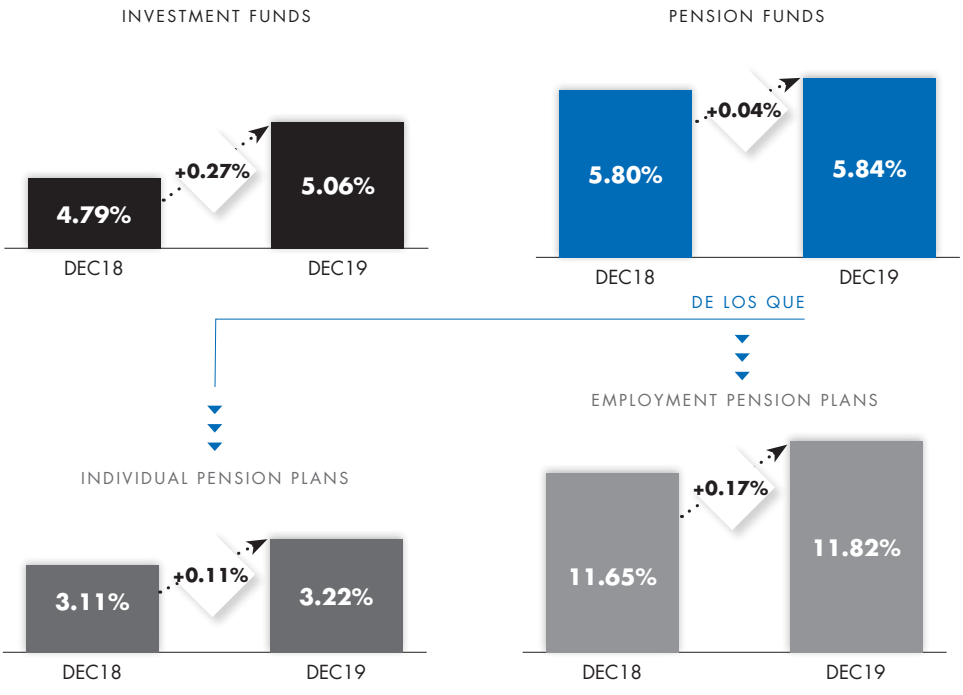
FIGURES ROUNDED TO MILLION EUROS	31/12/2019	31/12/2018	CHANGE	CHANGE %
Retail customer deposits	32,772	31,540	1,233	3.91
Demand deposits	28,509	26,316	2,193	8.33
Term deposits (exc. covered bonds)	4,263	5,223	(960)	(18.38)
Asset management and insurance	27,870	25,638	2,502	9.86
Total retail customer funds	**60,643**	**56,907**	**3,735**	**6.56**

Retail deposits, demand savings and traditional time deposits without mortgage-backed covered bonds or repurchase agreements grew by **3.91%**. In the breakdown, the most liquid deposits, demand accounts, increased by 8.33%, including, together with investment funds, the transfer of traditional time deposits, which fell by 18.38%, due to low profitability in line with the performance of market interest rates.

The **balance of asset management and insurance**, which accounted for 46% of the total, grew **9.86%**, driven by the bank's policy of directing savings towards products with greater expectations of returns for the customer and by the capital gains accumulated during the year.

The Group's market share in assets under management (excluding products marketed by third parties) and insurance, **4.80%, rose by 10 basis points over the year.** (Source: INVERCO and ICEA).

TREND IN MARKET SHARE IN OFF-BALANCE SHEET PRODUCTS





LOANS TO CUSTOMERS

PERFORMING LENDING IS GRADUALLY STABILISING OWING TO THE CONTRACTING OF NEW TRANSACTIONS.

Loans and advances to customers recognised as financial assets at amortised cost and financial assets not held for trading which must be measured at fair value through profit or loss came to **€31,919 million**, 2.10% less than at year-end 2018.

In gross terms, i.e., without value adjustments for impairment of assets and other impairments, the loan portfolio amounted to €32,563 million. The 3.44% drop during the year is mainly due to the decrease in doubtful credit (-43.15%), which explains more than 80% of the drop. **Sound investment**, excluding non-performing assets and the temporary acquisition of assets, at **€29,654 million**, **fell by only 0.31%**, consolidating the trend towards stabilisation.

Loan and credit formalisations **total €5,434 million**. Of new production, 52.43% related to non-property production activities, in line with the growth target in this credit segment. 21.11% was allocated to housing financing for individuals, with the granting of fixed-rate mortgages accounting for 41% of the total. Property development accounted for 13.69% of loans and the rest was directed to consumer credit and other purposes. By geographical markets, the Home Markets and Madrid accounted for 37.49% and 30.61%, respectively, of lending in the year, while 17.16% was for the Mediterranean Basin.

Additionally, **working capital loans for businesses**, **€7,643 million**, increased by 8.46%.

DISTRIBUTION OF LOANS AND ADVANCES TO CUSTOMERS BY PURPOSE

FIGURES ROUNDED TO MILLION EUROS	31/12/2019	31/12/2018	CHANGE	CHANGE %
Loans to households	20,434	20,999	(564)	(2.69)
Housing	18,932	19,492	(560)	(2.87)
Consumer loans and other	1,502	1,507	(5)	(0.32)
Loans to companies	7,807	7,745	62	0.80
Real estate development	1,058	959	99	10.28
Non-real estate productive activities	6,750	6,786	(36)	(0.53)
Public sector and other	1,412	1,002	411	41.01
Gross loans, ex impairments and reverse repos	**29,654**	**29,746**	**(91)**	**(0.31)**
Reverse repurchase agreement	1,616	1,704	(88)	(5.16)
Impaired assets	1,293	2,275	(981)	(43.15)
Gross loans and advances to customers	**32,563**	**33,724**	**(1,160)**	**(3.44)**
Impairment losses and others	(644)	(1,119)	475	42.42
Loans and advances to customers	**31,919**	**32,605**	**(686)**	**(2.10)**

Performing credit allocated to productive activities reached €7,807 million, showing growth of 0.80%.

Within this segment, financing to non-residential production activities fell slightly, while financing to real estate development rose by 10.28%, reflecting the incipient recovery of this sector.

The **balance of loans for home acquisition and renovation** fell by 2.87% as a result of the deleveraging still being seen in the mortgage segment and the brake brought about by the entry into force of the new Ley de Crédito Inmobiliario (Real Estate Credit Act) in mid-year.

Consumer credit and other household financing remained virtually flat, limited by the prudent policy for exposure expansion in the consumer business and the loss of pace in household spending. **Financing to the public sector and others** increased by 41.01%, although its weight in the portfolio, 4.76%, is limited.

On the subject of **loan security**, lending secured by collateral (i.e. secured by real property) - mainly first home mortgages granted to individuals - was down 2.99%.

Originations are insufficient to offset natural portfolio maturities and early redemptions. The strong growth in lending to productive activities can be seen in commercial lending (+0.88%), other term loans (+10.28%) and finance leases (+5.24%).

DISTRIBUTION OF LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF COLLATERAL

FIGURES ROUNDED TO MILLION EUROS	31/12/2019	31/12/2018	CHANGE	CHANGE %
Commercial loans	578	573	5	0.88
Loans secured with collateral	21,398	22,056	(659)	(2.99)
Other term loans	5,895	5,346	550	10.28
Finance leases	525	499	26	5.24
Receivables on demand and other	543	491	52	10.49
Valuation adjustments	66	40	26	64.29
Other financial assets	649	740	(91)	(12.28)
Gross loans, ex impairments and reverse repos	**29,654**	**29,746**	**(91)**	**(0.31)**
Reverse repurchase agreement	1,616	1,704	(88)	(5.16)
Impaired assets	1,293	2,275	(981)	(43.15)
Gross loans and advances to customers	**32,563**	**33,724**	**(1,161)**	**(3.44)**
Impairment losses and others	(644)	(1,119)	475	42.42
Loans and advances to customers	**31,919**	**32,605**	**(686)**	**(2.10)**

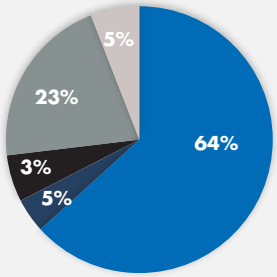
ASSET QUALITY

Problematic assets fell significantly, while hedges reached high levels in relation to the risk profile and related guarantees.



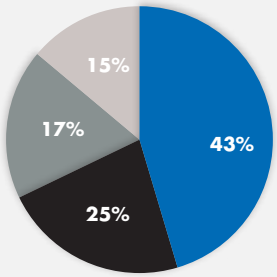
THE **PROFILE OF THE GROUP'S PORTFOLIO** IS LOW RISK, WITH A HIGH WEIGHT OF **MORTGAGE FINANCING** FOR INDIVIDUALS TO ACQUIRE HOMES. WITHOUT COMPROMISING THIS SPECIALISATION, THE BANK IS INCREASING THE SHARE OF **BUSINESS AND SME LOANS** TARGETED UNDER THE STRATEGIC PLAN.

DISTRIBUTION OF HEALTHY LOANS BY TRANSACTION PURPOSE (%)



- Home loans
- Consumer loans and others
- Development
- Production activities
- Public sector and other

GEOGRAPHICAL DISTRIBUTION OF HEALTHY LENDING EX REVERSE REPOS (%)



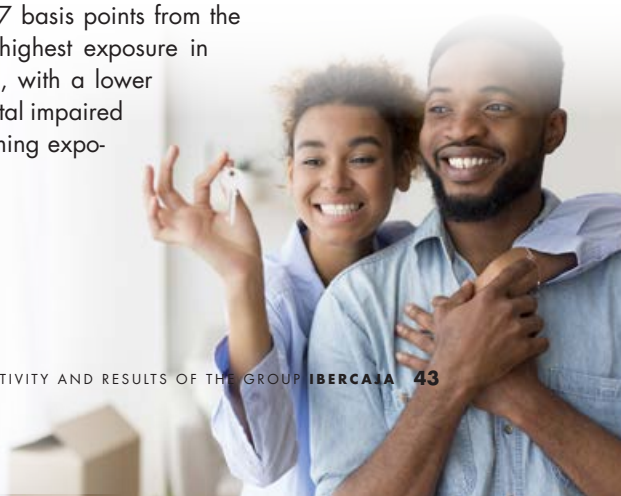
- Home market
- Madrid
- Mediterranean Basin
- Rest of Spain

Loans are geographically diversified, even though the implantation of Ibercaja in its home territory means that 68% of lending is concentrated in this area and Madrid.

93% of **household financing**, which account for 69% of healthy customer loans, is aimed at **acquiring a home**. Almost all of these related to loans for first homes secured by mortgage. 94% of the mortgage portfolio for home purchases had an LTV of less than 80%.

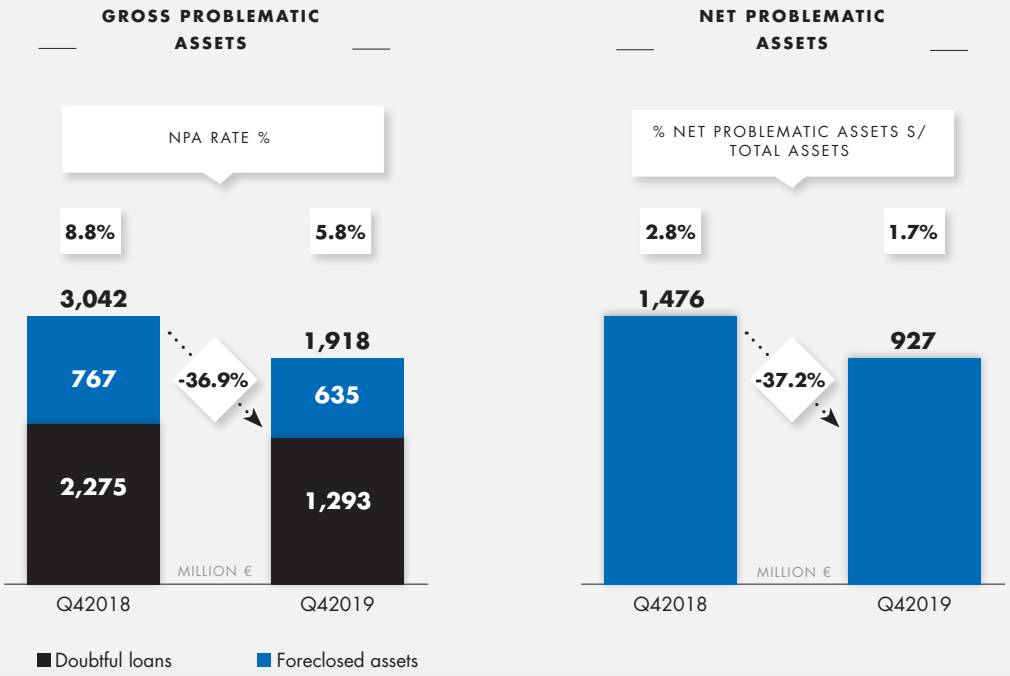
Business loans represented 26% of the total. The loans and credit facilities associated with real estate development accounted for 4%. Financing for productive activities other than real estate development, preferably granted to SMEs in highly diversified sectors, had a weight of 23%.

Asset quality indicators **performed favourably**, and doubtful loans accelerated the pace of reduction they experienced in 2018 due to lower entries into default (-24%), increased recoveries (+5%) and sales of doubtful loan portfolios, with a nominal value of €607 million, carried out during the year. As a result, impaired loans and advances to customers, at €1,293 million, fell by 43.15% during the year. The NPA rate, 3.97%, fell 277 basis points from the previous December. The housing acquisition rate, the highest exposure in the Group's portfolio, is 3.18%, and its doubtful assets, with a lower expected loss from related collateral, represent 48% of total impaired assets vs. 30% sector. The coverage ratio of non-performing exposures rose 63 basis points to 49.82%.



The **portfolio of foreclosed properties**, recorded under the balance sheet captions "investment property", "inventories" and "non-current assets held for sale", totals **€625 million** gross, **18.52% less than at the end of 2018**, as a result of the 30% drop in new entries. The coverage of these real estate assets is 55.38%, or 59.83% for unbuilt land. The net value of foreclosed properties stood at €279 million, representing just 0.50% of the balance sheet.

Problem assets, amounting to **€1,918 million**, the sum of non-performing loans and advances to customers and foreclosed properties, **fell €1,124 million or 36.94% in relative terms**. After deducting coverage, they account for 1.67% of assets. The problem asset ratio, 5.78%, fell by 3.04 percentage points in the last year and the coverage ratio was 51.63%. The Texas ratio, which relates non-performing assets to equity and coverage, decreased to 50.32%, thus improving by more than 20 percentage points.



The main aim of the Group's refinancing and debt restructuring policy is to help borrowers experiencing temporary financial difficulties meet their obligations and also, where possible, to improve risk quality by securing additional collateral. **Refinanced loans** amounted to **€988 million**, **down 47.40% on year-end 2018** and accounting for 3.03% of gross loans and advances to customers. 69.43% of refinanced loans are classified as non-performing and their coverage is 32.25%.



FINANCING AND LIQUIDITY

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RETAIL DEPOSITS ARE THE GROUP'S MAIN SOURCE OF OUTSIDE FUNDING.

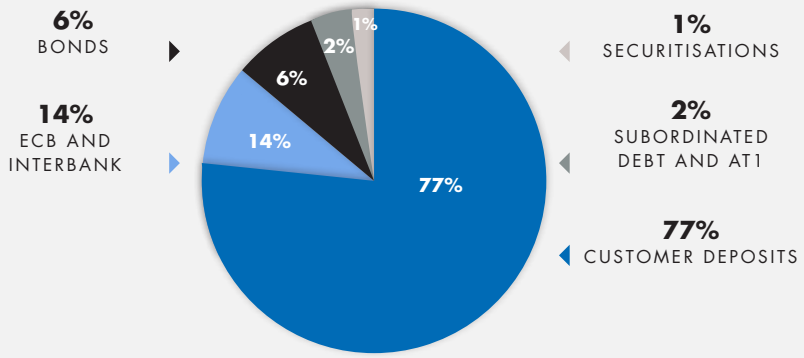
IBERCAJA HAS TRADITIONALLY EMPLOYED A **CONSERVATIVE LIQUIDITY POLICY** AS IT SEEKS TO **FINANCE ITS LENDING ACTIVITY WITH RETAIL CUSTOMER FUNDS. THE BANK PRUDENTLY MANAGES ITS LIQUIDITY AND ENSURES THAT ITS SOURCES OF FINANCING** ARE BALANCED AND WELL-DIVERSIFIED, ANTICIPATING NEEDS SO AS TO HONOUR ITS OBLIGATIONS AS THESE FALL DUE WITHOUT COMPROMISING ITS INVESTMENT ACTIVITY.

Retail customer deposits are the main **source of outside funding, accounting for 77% of the total**. Nearly 80% of the total is classified as stable, based on Bank of Spain regulations, which illustrates the engagement and trust our customers place in the Bank. The loan to deposit ratio (LTD) stands at 92.47%.

92.47%
RATIO LTD

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

BREAKDOWN OF FINANCING STRUCTURE



Available liquidity, **€11,468 million**, increased by 5.05% to **20.69% of assets**. Virtually all of these assets are eligible as collateral with the ECB. Meanwhile, the Bank's capacity to issue mortgage covered bonds and public sector covered bonds was €7,307 million, bringing total fund availability to €18,775 million.

€11,468 million
AVAILABLE LIQUIDITY

The liquidity coverage ratio (**LCR**), which measures the level of high-quality liquid assets free of charges needed to overcome a liquidity stress scenario at 30 days, stands at **307.07%**, well clear of the 100% regulatory requirement. The **NSFR** ratio is **131.42%**. This indicator shows the proportion of funding for one year covered by stable liabilities, the aim being to ensure an even balance sheet structure that limits excessive reliance on short-term wholesale funding.

Available funds under the ECB facility amounted to €4,983 million. Almost all of the Bank's other eligible assets not pledged under ECB facilities are Spanish public debt and would allow the Bank to obtain further liquidity immediately if needed.

The Bank's **maturities of wholesale market issuances** present a staggered redemption schedule through to 2027. In 2020 and 2021, redemptions, net of treasury shares, will total €927 million and €525 million, respectively, jointly representing 2.6% of the Bank's assets. All these maturities can be met comfortably using available liquidity.



SECURITIES PORTFOLIO

THE GROUP'S SECURITIES PORTFOLIO IS MANAGED WITH PRUDENCE CRITERIA, ENDEAVOURING TO OBTAIN ADEQUATE FINANCIAL RETURN THAT STRENGTHENS NET INTEREST INCOME AND, AT THE SAME TIME, HELPS TO MAINTAIN COMFORTABLE LEVELS OF LIQUIDITY.

THE PORTFOLIOS EXPOSED TO MARKET RISK ARE CHARACTERISED BY THEIR DIVERSIFICATION, SECTORIAL, GEOGRAPHICAL AND INVESTMENT PERIODS, HIGH LIQUIDITY AND SOLID CREDIT QUALITY, WITHOUT CARRYING OUT OWN TRADING ACTIVITIES, SO THE **MARKET RISK IS NOT SIGNIFICANT AS A WHOLE.**

The portfolio of **fixed income securities**, shares and other equity interests in companies totalled **€15,787 million**, of which €7,515 million relate to the insurance business. The increase, €231 million, was due mainly to the increase in equity, €287 million, owing to Ibercaja Vida's increased investment in units in investment funds that are managed jointly with liabilities under insurance contracts (unit-linked) measured at fair value. Fixed income declined by 57 million.

€15,787 million
FIXED INCOME

According to the accounting classification, financial assets at fair value through other comprehensive income had a weight of 51.22%, financial assets at amortised cost represented 45.72% and the rest were non-trading financial assets mandatorily at fair value through profit or loss, together with investments in joint ventures and associates.

By type, **fixed income, €14,995 million**, accounted for 94.98% of the total.

Stripping out the insurance business, the ALCO portfolio managed by the parent company, €7,725 million, is made up of low-risk bonds, mainly Spanish government debt and Sareb bonds, with an average duration of 4.07 years. The objective here is to soundly manage balance sheet interest rate risk, generate recurring earnings to strengthen net interest income and help maintain comfortable levels of liquidity. During the year, there was a decrease of €247 million, mainly in private fixed income and Spanish government debt. **Equities, €793 million**, mainly comprised listed shares of domestic and foreign companies, and interests in unlisted companies in strategic sectors for the Bank or intended for the territorial development of the regions in which the Bank operates.

BREAKDOWN OF THE SECURITIES PORTFOLIO

FIGURES ROUNDED TO MILLION EUROS	31/12/2019	31/12/2018	CHANGE	CHANGE %
Financial assets held for trading	0	0	0	–
Debt securities	0	0	0	–
Financial assets not held for trading mandatorily measured at fair value through profit or loss	**364**	**122**	**242**	**199.12**
Debt securities	79	83	(4)	(4.77)
Equity instruments	285	39	246	–
Financial assets at fair value through profit or loss	**9**	**10**	**(1)**	**(6.64)**
Debt securities	9	10	(1)	(6.64)
Financial assets at fair value through other comprehensive income	**8,086**	**8,755**	**(668)**	**(7.63)**
Debt securities	7,689	8,415	(726)	(8.63)
Equity instruments	398	340	58	17.01
Financial assets at amortised cost	**7,218**	**6,544**	**674**	**10.30**
Investments in joint ventures and associates	**110**	**126**	**(16)**	**(13.01)**
TOTAL SECURITIES PORTFOLIO	**15,787**	**15,556**	**231**	**1.48**
Fixed income	**14,995**	**15,051**	**(57)**	**(0.38)**
of which: ALCO portfolio	7,725	7,972	(247)	(3.10)
Equities	**793**	**505**	**287**	**56.91**
Investments in joint ventures and associates	110	126	(16)	(13.01)
Other equity instruments	683	379	304	80.21



ANALYSIS OF THE INCOME STATEMENT

103-3

IBERCAJA EARNED A NET PROFIT OF €84 MILLION, DOUBLE THAT OBTAINED A YEAR EARLIER, DUE TO THE STABILISATION OF RECURRING REVENUE, A DECREASE IN OPERATING EXPENSES AND GRADUAL NORMALISATION OF THE COST OF RISK.

MAIN HEADINGS OF THE CONSOLIDATED INCOME STATEMENT

FIGURES ROUNDED TO MILLION EUROS	31/12/2019	31/12/2018	CHANGE	CHANGE %	ATM* DEC 19	ATM* DEC 18
Net interest income	**547**	**572**	**(25)**	**(4.35)**	**1.04**	**1.09**
Net fees and commissions and exchange differences	395	376	19	5.13	0.75	0.72
Gains/(losses) on financial assets and liabilities	7	44	(37)	(83.78)	0.01	0.08
Other operating profit/(loss)	(23)	(25)	2	8.71	(0.04)	(0.05)
Other operating income/expense	(36)	(36)	0	0.23	(0.07)	(0.07)
Dividends	13	11	1	10.14	0.02	0.02
Earnings at equity-accounted entities	0	(1)	1	167.13	0.00	0.00
Gross income	**927**	**967**	**(40)**	**(4.14)**	**1.76**	**1.85**
Operating expenses	600	669	(69)	(10.28)	1.14	1.28
Of which: Recurring expenses	600	613	(13)	(2.12)	1.14	1.17
Profit before write-downs	**326**	**298**	**29**	**9.65**	**0.62**	**0.57**
Provisions, impairment and other write-downs	185	167	17	10.28	0.35	0.32
Other gains/(losses)	(13)	(50)	36	73.14	(0.03)	(0.09)
Profit/(loss) before tax	**129**	**81**	**48**	**59.15**	**0.24**	**0.15**
Taxes	45	40	5	11.55	0.08	0.08
Consolidated profit/(loss) for the year	**84**	**41**	**43**	**105.84**	**0.16**	**0.08**
Profit/(loss) attributable to the Parent	**84**	**41**	**43**	**105.84**	**0.16**	**0.08**
(*) AVERAGE TOTAL ASSETS	**52,780**	**52,303**	**477**	**0.91**		

NET INTEREST INCOME

Net interest income, at **€547 million**, fell by 4.35% year-on-year.

Mainly due to the lower contribution of the fixed-income portfolio, the excess liquidity remunerated at negative rates, the higher finance cost resulting from the application of IFRS 16 to leases, and the lower contribution of the Group's insurance business.

1.43%
CUSTOMER SPREAD
+4 b.p. vs. 2018

The **good performance of the retail business** was reflected in the increase in the yield on loans and the lower cost of liabilities. As a result, the **customer spread**, 1.43%, rose by 4 basis points in the year.

NET FEES

Net fees and exchange differences totalled **€395 million**, with year-on-year growth of 5.13%.

Fees from marketing and asset management increased 13.55%, due to the increase in fees linked to investment funds and portfolio management, thus offsetting the decrease (-6.02%) of fees linked to banking activity, under the impact of the decrease in fees related to claims for outstanding balances.

€395 million
NET FEES
+5.13% year-on-year

GAINS/(LOSSES) ON FINANCIAL TRANSACTIONS, OTHER OPERATING PROFIT/(LOSS) AND GROSS INCOME

Gains on financial transactions, **€7 million**, was 83.78% lower than in 2018.

The realisation of gains on fixed-income securities offset the €42 million in losses resulting from the sale of two loan portfolios and the €3.2 million impairment of the subordinated debt of Sareb.

The **net of other operating income and expenses** **detracts €36 million** from the gross margin, a figure very similar to that of 2018. This section caption, among others, income and expenses covered by insurance or reinsurance contracts, income and expenses from non-financial activities and contributions to the Deposit Guarantee Fund (€48.5 million), the National Resolution Fund (€10.4 million) and the expense (€3.2 million) of the provision for conversion of deferred tax assets into an account receivable from the Spanish tax authorities.

€927 million
GROSS INCOME

After adding the balance of €13 million of the remaining items (return on equity instruments and results of entities accounted for using the equity method), **gross income** totalled **€927 million**. The 4.14% decline is basically the result of the reduction in net trading income, as recurring revenue, the sum of net interest income and net fees and commissions, remained practically stable.

OPERATING EXPENSES

Operating expenses, **€600 million**, were down 10.28%.

-2.12%
RECURRING OPERATING EXPENSES

Excluding the impact of workforce adjustment costs in 2018, **the decline is 2.12%**, in line with the strategic objective of cost containment and improved efficiency. **Personnel expenses without extraordinary items fell by 0.77%**, due mainly to the decrease in salary costs and contributions to pension plans, as a result of staff layoffs. The implementation of IFRS 16 makes it advisable to examine as a whole the other general administrative expenses and amortisation, since it has resulted in a reduction in rental expenses and, simultaneously, a similar increase in amortisation. As a result, **other general administrative expenses and amortisation and depreciation fell 4.09%**. The increase in expenditure linked to systems maintenance, licences and IT development and software is offset by a reduction in contributions and taxes, advertising and publicity, together with communications.

The **efficiency ratio** or cost-to-income ratio, defined as the quotient of ordinary operating expenses and gross income, stood at **64.76%**. The **recurring cost-to-income ratio**, measured as ordinary expenses over recurring revenue, **63.70%**, improved by almost one percentage point from one year earlier.

PROFIT BEFORE WRITE-DOWNS, WRITE-DOWNS AND OTHER PROFIT AND LOSS

Recurring profit before provisions, defined as net interest and fee income less ordinary operating expenses, came to **€342 million**, 2.21% more than a year earlier.

€342 million
PROFIT BEFORE PROVISIONS
+2.21% vs 2018

Provisions and write-downs reported as losses on impairment of financial assets, non-financial assets, non-current assets held for sale and allowances for provisions totalled €185 million. **Write-downs on loans and foreclosed assets** amounted to **€134 million**, down 28.11%, due to a decrease in new NPLs, an increase in recoveries and a decrease in foreclosed assets and the lesser impact of revised appraisals than in 2018. **The cost of the Group's risk**, calculated as the percentage of impairments on loans and real estate in relation to average exposure, is **40 basis points**, which is 14 basis points less than at December 2018.

"Provisions", which includes provisions for pensions, litigation, pending tax disputes, commitments and guarantees granted and other provisions, gives a net expense of €37 million.

40 b.p.
COST OF THE RISK
-14 b.p. vs. 2018

"Other gains and losses" include the results of the sale of property, plant and equipment and business interests, as well as the payment of fees for the marketing of foreclosed properties. This caption detracts **€13 million** from results, compared to €50 million last year, when higher losses were recorded associated with the sale of a portfolio of foreclosed properties and other assets.

The **Group's pre-tax profit** amounted to **€129 million**. After deducting the **corporate income tax expense, profit attributable to the parent is €84 million**, almost double that of 2018.

The proposal to distribute dividends with a charge to the year's profits, which the Board of Directors will present for the approval of Shareholders at the General Meeting, totals €17.5 million.

€129 million
PRE-TAX PROFIT

SOLVENCY

IBERCAJA HAS STRENGTHENED ITS CAPITAL RATIOS, WHICH FAR EXCEED REGULATORY REQUIREMENTS.

THE **GROUP'S CAPITAL MANAGEMENT** IS DESIGNED TO **ENSURE THAT REGULATORY REQUIREMENTS ARE FULFILLED AT ALL TIMES AND TO MAINTAIN AN ADEQUATE RELATIONSHIP BETWEEN THE RISK PROFILE AND OWN FUNDS.**

Capital adequacy is self-assessed on a regular basis through processes to identify, measure and aggregate risks in order to determine the capital needed to cover them.

Above and beyond minimum regulatory capital requirements, the Group sets itself a capital target that exceeds actual needs and it forecasts capital sources and consumption on the basis of business performance and expected results in the mid term.



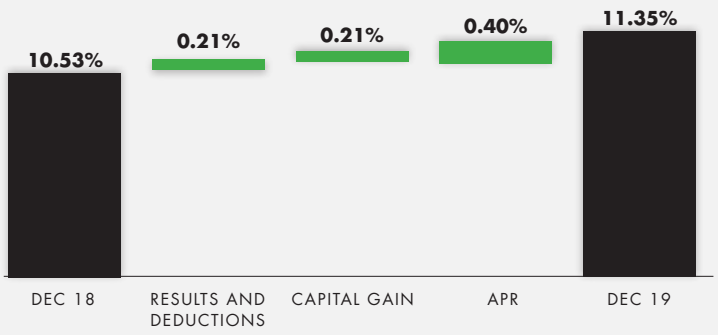
The ECB has notified its decision with respect to the **prudent minimum capital requirements for 2020** applicable to Ibercaja Banco, following the supervisory review and evaluation process (SREP). **The decision, which is unchanged with respect to 2019**, means that Ibercaja Banco must maintain a common equity tier 1 (CET1) ratio of 9.0% and a total capital ratio of 12.5%. This total capital requirement includes the minimum demanded for Pillar 1 (4.5% CET 1 and 8% of total capital), the Pillar 2 requirement (2.0%) and the capital conservation buffer (2.5%).

In addition, the Single Resolution Board has established that Ibercaja must achieve from 1 January 2023 a minimum volume of own funds and eligible liabilities (**MREL requirement**) of 20.54% in terms of risk-weighted assets calculated at the close of financial year 2017. As at December 2019, this ratio amounts to **16.40%.**

KEY SOLVENCY INDICATORS

(MILLIONS OF EUROS AND %)	PHASED IN		FULLY LOADED	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Tier 1 capital	2,848	2,846	2,656	2,570
Common Equity Tier 1	2,498	2,496	2,306	2,220
Additional Tier 1 capital	350	350	350	350
Tier 2 capital	483	488	483	488
Eligible own funds	3,331	3,333	3,138	3,057
Risk-weighted assets	20,363	21,379	20,312	21,084
RWA density (RWAs/total assets)	36.74	40.56	–	–
CET1 (%)	**12.27**	**11.67**	**11.35**	**10.53**
AT1 (%)	**1.72**	**1.64**	**1.72**	**1.66**
Tier I (%)	**13.99**	**13.31**	**13.07**	**12.19**
Tier 2 (%)	**2.37**	**2.28**	**2.38**	**2.31**
Solvency ratio (%)	**16.36**	**15.59**	**15.45**	**14.50**
Leverage ratio (%)	**5.85**	**6.04**	**5.48**	**5.48**
MREL ratio (%)	**16.40**	**15.81**		

BREAKDOWN OF CET1 FULLY LOADED RATIO



Total eligible own funds come to €3,331 million and represents a **solvency ratio** of **16.36%**, with an increase of 77 basis points in the year. The **phased-in CET1 ratio**, which measures the relationship between Tier 1 capital and risk-weighted assets, was **12.27%**, increasing 60 basis points in the year. These capital levels imply, based on the SREP requirements communicated by the Supervisor, an excess of CET1 and total Capital of 3.27 and 3.86 percentage points, respectively.

In fully loaded terms, **CET1** amounts to **11.35%**, representing a growth of 82 basis points in the year, while the **total capital ratio** adds 95 basis points, to **15.45%**. The Group strengthened its solvency through the organic generation of capital via earnings, the decline in doubtful assets which reduced the risk weighting and the healthy performance of latent capital gains in fixed-income and equity portfolios. The **leverage ratio**, **5.48%**, is well above the minimum requirements.

CREDIT AGENCY RATINGS

IN APRIL 2019, **STANDARD & POOR'S** RATIFIED THE RATING OF IBERCAJA BANCO AT "BB+/B", LOWERING THE OUTLOOK FROM POSITIVE TO STABLE.

The rating is based on **Ibercaja's stable retail franchise in its Home Markets, the Bank's conservative culture and management, its ample liquidity and its retail funding profile.** The stable outlook indicates that the agency does not expect the Bank's financial profile to change substantially in the next 12 to 18 months, in an environment where low interest rates and strong competition in the Spanish banking market put downward pressure on profitability, limiting the strengthening of capital via results.

MOODY'S AFFIRMED IN MARCH THE RATING OF LONG-TERM DEPOSITS AT "Ba3" AND IMPROVED THE OUTLOOK FROM STABLE TO POSITIVE.

This change reflects the agency's expectation that Ibercaja's credit profile will be strengthened over the next 12 to 18 months, mainly in terms of asset quality. Moody's positively assesses Ibercaja's franchise in Aragon, the favourable liquidity situation and the Bank's stable deposit base.

THE CREDIT RATING AGENCY **FITCH** RATIFIED IBERCAJA'S LONG-TERM RATING OF "BB+" IN MARCH 2019

Noting the **strength of its regional franchise, the adequate financing and liquidity position and the contribution of the insurance business** as a source of diversification and generation of recurring revenue, within a context of profitability under pressure due to the low interest rates and business volumes that are still in a recovery stage. The positive outlook reflects the favourable expectations regarding the performance of capital, the plans for going public and the reduction in non-performing assets.

RATING AGENCY RATINGS

	LONG-TERM	SHORT-TERM	OUTLOOK
STANDARD & POOR'S	**BB+**	**B**	**Stable**
MOODY'S (RATING FOR DEPOSITS)	**Ba3**	**NP**	**Positive**
FITCH	**BB+**	**B**	**Positive**


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PUBLIC CONSOLIDATED BALANCE SHEET

IBERCAJA BANCO GROUP

	BALANCE		INCREASE 19/18	
€ THOUSAND	2019	2018	THOUSAND €	%
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**3,929,202**	1,118,206	**2,810,996**	251.38
FINANCIAL ASSETS HELD FOR TRADING	**8,963**	7,411	**1,552**	20.94
FIN. ASSETS NOT DESIGNATED AS HELD FOR TRAINING	**375,885**	141,315	**234,570**	165.99
FIN. ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**8,939**	9,575	**-636**	-6.64
FIN. ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**8,086,430**	8,754,640	**-668,210**	-7.63
FIN. ASSETS AT AMORTISED COST	**39,768,768**	39,378,416	**390,352**	0.99
DERIVATIVES – HEDGE ACCOUNTING	**137,210**	161,371	**-24,161**	-14.97
INVESTMENTS IN JOINT VENTURES AND ASSOCIATES	**109,815**	126,235	**-16,420**	-13.01
TANGIBLE ASSETS	**983,710**	941,991	**41,719**	4.43
INTANGIBLE ASSETS	**212,673**	203,877	**8,796**	4.31
NON-CURRENT ASSETS HELD FOR SALE	**267,208**	288,590	**-21,382**	-7.41
OTHER ASSETS	**1,533,211**	1,574,112	**-40,901**	-2.60
TOTAL ASSETS	**55,422,015**	**52,705,739**	**2,716,276**	**5.15**
FINANCIAL LIABILITIES HELD FOR TRADING	**9,469**	8,691	**778**	8.95
FINANCIAL LIABILITIES AT AMORTISED COST	**43,448,320**	41,141,636	**2,306,684**	5.61
DEPOSITS	**40,857,849**	38,658,120	**2,199,729**	5.69
CENTRAL BANKS	**1,628,990**	3,341,085	**-1,712,095**	-51.24
CREDIT INSTITUTIONS	**4,304,232**	1,236,219	**3,068,013**	248.18
CUSTOMERS	**34,924,627**	34,080,816	**843,811**	2.48
DEBT SECURITIES ISSUED	**1,480,421**	1,640,432	**-160,011**	-9.75
OTHER FINANCIAL LIABILITIES	**1,110,050**	843,084	**266,966**	31.67
DERIVATIVES – HEDGE ACCOUNTING	**233,888**	155,200	**78,688**	50.70
LIABILITIES UNDER INSURANCE CONTRACTS	**7,784,537**	7,514,769	**269,768**	3.59
PROVISIONS	**315,695**	348,811	**-33,116**	-9.49
OTHER LIABILITIES	**389,009**	376,405	**12,604**	3.35
TOTAL LIABILITIES	**52,180,918**	**49,545,512**	**2,635,406**	**5.32**
SHAREHOLDERS' EQUITY	**3,139,017**	3,091,665	**47,352**	1.53
ACCUMULATED OTHER COMPREHENSIVE INCOME	**102,080**	68,562	**33,518**	48.89
NON-CONTROLLING INTERESTS			**0**	–
TOTAL EQUITY	**3,241,097**	**3,160,227**	**80,870**	**2.56**
TOTAL LIABILITIES AND EQUITY	**55,422,015**	**52,705,739**	**2,716,276**	**5.15**

PUBLIC CONSOLIDATED INCOME STATEMENT

IBERCAJA BANCO GROUP

	AMOUNT		INCREASE 19/18	
€ THOUSAND	2019	2018	€ THOUSAND	%
INTEREST INCOME	**663,561**	660,894	**2,667**	0.40
INTEREST EXPENSE	**116,315**	88,743	**27,572**	31.07
NET INTEREST INCOME	**547,246**	**572,151**	**-24,905**	**-4.35**
INCOME FROM DIVIDENDS	**12,652**	11,487	**1,165**	10.14
PROFIT/(LOSS) OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**431**	-642	**1,073**	-167.13
NET FEES AND COMMISSIONS AND EXCHANGE DIFFERENCES	**394,843**	375,561	**19,282**	5.13
GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	**7,077**	43,624	**-36,547**	-83.78
OTHER OPERATING PROFIT/(LOSS)	**-35,670**	-35,587	**-83**	0.23
GROSS INCOME	**926,579**	**966,594**	**-40,015**	**-4.14**
OPERATING EXPENSES	**600,087**	668,847	**-68,760**	-10.28
. STAFF EXPENSES	**360,944**	419,505	**-58,561**	-13.96
. OTHER GENERAL ADMINISTRATIVE EXPENSES	**171,915**	198,051	**-26,136**	-13.20
. AMORTISATION AND DEPRECIATION	**67,228**	51,291	**15,937**	31.07
PROFIT/(LOSS) BEFORE WRITE-DOWNS	**326,492**	**297,747**	**28,745**	**9.65**
ALLOWANCES FOR IMPAIRMENT LOSSES ASSETS AND OTHER WRITE-DOWNS	**184,536**	167,339	**17,197**	10.28
OTHER GAINS/(LOSSES)	**-13,319**	-49,578	**36,259**	-73.14
PROFIT/(LOSS) BEFORE TAX	**128,637**	**80,830**	**47,807**	**59.15**
INCOME TAX	**44,648**	40,026	**4,622**	-11.55
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**83,989**	**40,804**	**43,185**	**105.84**
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT	**83,989**	40,804	**43,185**	105.84
PROFIT/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**0**	0	**0**	–

iberCaja

3 CORPORATE GOVERNANCE AND RISK MANAGEMENT



CORPORATE GOVERNANCE

GOVERNING BODIES AND FUNCTIONS

SUITABILITY, REMUNERATION AND CONFLICT OF INTERESTS POLICY

INTERNAL RULES AND CONTROL BODIES

INTERNAL CONTROL SYSTEM

RISK MANAGEMENT


EL BANCO
DEL
vamos



CORPORATE GOVERNANCE

102-15, 102-16, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-28, 102-30, 102-31, 102-32, 103-1

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

ONE OF THE **PRIORITIES OF THE ENTITY** IS **TO GUARANTEE TRANSPARENCY AND GOOD GOVERNANCE OF THE GROUP**.

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

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

INFORMATION ON CORPORATE GOVERNANCE AND ON THE REMUNERATION POLICY

The information is available on the website http://www.ibercaja.com, in the "Shareholders and Investors" section, where various reports are published, including the Annual Corporate Governance Report, which is also published on the CNMV's web page (www.cnmv.es) as a Significant Event.

GOVERNING BODIES AND FUNCTIONS

102-16, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-28, 102-30, 102-31, 102-32, 103-1, 103-2, 405-1

IBERCAJA'S GOVERNING BODIES CONSIST OF THE GENERAL SHAREHOLDERS' MEETING AND THE BOARD OF DIRECTORS, WHICH IN TURN HAS SIX COMMITTEES.



GENERAL SHAREHOLDERS' MEETING

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



BOARD OF DIRECTORS

The Board of Directors has **the broadest powers to manage, administer and represent the Company** and, except for those matters reserved for the General Meeting, it is **the ultimate decision-making body at the Bank**. Both the Group's policy and Corporate Social Responsibility report are approved by the Board of Directors, which held 14 meetings during the year.

The composition of the Board of Directors at 31 December 2019 was as follows:

DIRECTOR	POSITION	CATEGORY
D. JOSÉ LUIS AGUIRRE LOASO	CHAIRMAN	PROPRIETARY
D. JESÚS MÁXIMO BUENO ARRESE	FIRST DEPUTY CHAIRMAN	PROPRIETARY
D. VÍCTOR MANUEL IGLESIAS RUIZ	CEO	EXECUTIVE
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
Dª. GABRIELA GONZÁLEZ-BUENO LILLO	DIRECTOR	INDEPENDENT
D. EMILIO JIMÉNEZ LABRADOR	MEMBER	PROPRIETARY
D. VICENTE CÓNDOR LÓPEZ	DIRECTOR	INDEPENDENT
D. JESÚS SOLCHAGA LOITEGUI	DIRECTOR	INDEPENDENT
D. JESÚS TEJEL GIMÉNEZ	DIRECTOR	INDEPENDENT
D. FÉLIX SANTIAGO LONGÁS LAFUENTE	DIRECTOR	INDEPENDENT
D. LUIS ENRIQUE ARRUFAT GUERRA	DIRECTOR	PROPRIETARY
Dª. MARÍA PILAR SEGURA BAS	DIRECTOR	OTHER EXTERNAL DIRECTORS

14 No of meetings held	**4** Proprietary Directors 36.37%	**1** Executive Directors 9.09%	**5** Independent Directors 45.45%	**1** Other external directors 9.09%

All appointments of members of the Board of Directors have been adopted with a favourable report from the Appointments Committee.

EXECUTIVE COMMITTEE

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

› Hear and adopt resolutions regarding proposals **to grant, modify, novate or cancel risk transactions which, under the Policies and Procedures Manual to manage lending risk** approved by the Board of Directors, fall within its competencies. It will also hear and adopt resolutions regarding proposals to acquire assets by the Entity in lieu of receivables that must be submitted to the Committee in accordance with the Asset Management Policies and Manuals.

› Shall hear and adopt **resolutions regarding personnel matters** (disciplinary cases, granting of leaves of absences, etc.) except in those cases in which the decision falls to the CEO or the full Board of Directors due to involving employees who directly report to the CEO.

› Shall hear and adopt resolutions regarding **matters relating to the Entity's assets** (properties, expenses, purchases, etc.) **and investments and divestments in investee companies** that must be submitted for its consideration in accordance with internal Policies and Manuals, except for those that must be decided by shareholders at a General Meeting in accordance with the law.

› When appropriate, shall grant the authority that is necessary or advisable to **execute the resolutions adopted**.

At 31 December 2019, the composition of the Executive Committee was as follows:

DIRECTOR	POSITION	CATEGORY
D. JOSÉ LUIS AGUIRRE LOASO	CHAIRMAN	PROPRIETARY
D. VÍCTOR MANUEL IGLESIAS RUIZ	CEO	EXECUTIVE
D. JESÚS MÁXIMO BUENO ARRESE	MEMBER	PROPRIETARY
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
Dª. GABRIELA GONZÁLEZ-BUENO LILLO	MEMBER	INDEPENDENT
D. VICENTE CÓNDOR LÓPEZ	MEMBER	INDEPENDENT
D. EMILIO JIMÉNEZ LABRADOR	DIRECTOR	PROPRIETARY

24 No of meetings held	**3** Proprietary Directors 50%	**1** Executive Directors 16.67%	**2** Independent Directors 33.33%

APPOINTMENTS COMMITTEE

The Appointments Committee is responsible for **proposing appointments to the Board of Directors**. It is specifically responsible for: evaluating the suitability of directors, establishing a target for the gender less represented on the Board, making, for the Shareholders' Meeting, proposals for the appointment, re-election or removal of independent directors, reporting on motions to appoint or remove senior executives and key office holders, in addition to the basic terms of their contracts, and examining and organising the succession of the Chairman and the CEO.

At 31 December 2019, the composition of the Appointments Committee was as follows:

DIRECTOR	POSITION	CATEGORY
D. JESÚS SOLCHAGA LOITEGUI	CHAIRMAN	INDEPENDENT
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
D. FÉLIX SANTIAGO LONGÁS LAFUENTE	MEMBER	INDEPENDENT
Dª. MARÍA PILAR SEGURA BAS	MEMBER	OTHER EXTERNAL DIRECTORS
D. JESÚS TEJEL GIMÉNEZ	DIRECTOR	INDEPENDENT

2 No of meetings held

3 Independent Directors 75%

1 Other external directors 25%

COMPENSATION COMMITTEE

102-35, 102-36

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

At 31 December 2019, the composition of the Remuneration Committee was as follows:

DIRECTOR	POSITION	CATEGORY
D. JESÚS SOLCHAGA LOITEGUI	CHAIRMAN	INDEPENDENT
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
D. FÉLIX SANTIAGO LONGÁS LAFUENTE	MEMBER	INDEPENDENT
Dª. MARÍA PILAR SEGURA BAS	MEMBER	OTHER EXTERNAL DIRECTORS
D. JESÚS TEJEL GIMÉNEZ	DIRECTOR	INDEPENDENT

1 No of meetings held

3 Independent Directors 75%

1 Other external directors 25%

AUDIT AND COMPLIANCE COMMITTEE

103-2, 103-3

The Committee's duties are stipulated in the **Regulation of the Board of Directors**. In particular: **to inform the general meeting regarding any matters raised by shareholders** with respect to areas under its authority; to supervise the effectiveness of the Bank's internal control, internal audit and risk management systems, including tax risks; to supervise the process of preparing and presenting regulated financial information; to propose the designation or re-election of the financial auditor; to establish appropriate relations with the external auditor and to receive information regarding its independence; to receive annual information from the external auditor confirming its independence with respect to the Bank or its Group; and to issue the relevant report.

At 31 December 2019, the composition of the Entity's Audit and Compliance Committee was as follows:

DIRECTOR	POSITION	CATEGORY
D. VICENTE CÓNDOR LÓPEZ	CHAIRMAN	INDEPENDENT
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
D. JESÚS MÁXIMO BUENO ARRESE	DIRECTOR	PROPRIETARY
Dª. GABRIELA GONZÁLEZ-BUENO LILLO	MEMBER	INDEPENDENT
D. EMILIO JIMÉNEZ LABRADOR	MEMBER	PROPRIETARY
D. JESÚS TEJEL GIMÉNEZ	MEMBER	INDEPENDENT

14 No of meetings held

2 Proprietary Directors
40%

3 Independent Directors
60%

LARGE RISK AND SOLVENCY COMMITTEE

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

At 31 December 2019, the composition of the Large Risk and Solvency Committee was as follows:

DIRECTOR	POSITION	CATEGORY
Dª. GABRIELA GONZÁLEZ-BUENO LILLO	CHAIRWOMAN	INDEPENDENT
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
D. JESÚS MÁXIMO BUENO ARRESE	MEMBER	PROPRIETARY
D. VICENTE CÓNDOR LÓPEZ	MEMBER	INDEPENDENT
D. JESÚS TEJEL GIMÉNEZ	MEMBER	INDEPENDENT
Dª. MARÍA PILAR SEGURA BAS	MEMBER	OTHER EXTERNAL DIRECTORS

10 No of meetings held | **1** Proprietary Directors 20% | **3** Independent Directors 60% | **1** Other external directors 20%

STRATEGY COMMITTEE

The Strategy Committee has the core function of **informing the Board of Directors of the Company's strategic policy**, ensuring that there is precise organisation for its implementation. The Committee regularly monitored the Strategic Plan approved by the Board of Directors during the year, which is of great importance for the proper management of the Bank in the medium and long term. It also implemented quarterly follow-up measures regarding the progress of the budget and the specific implementation of the mandates set out in the Strategic Plan, reporting the conclusions obtained to the Board of Directors.

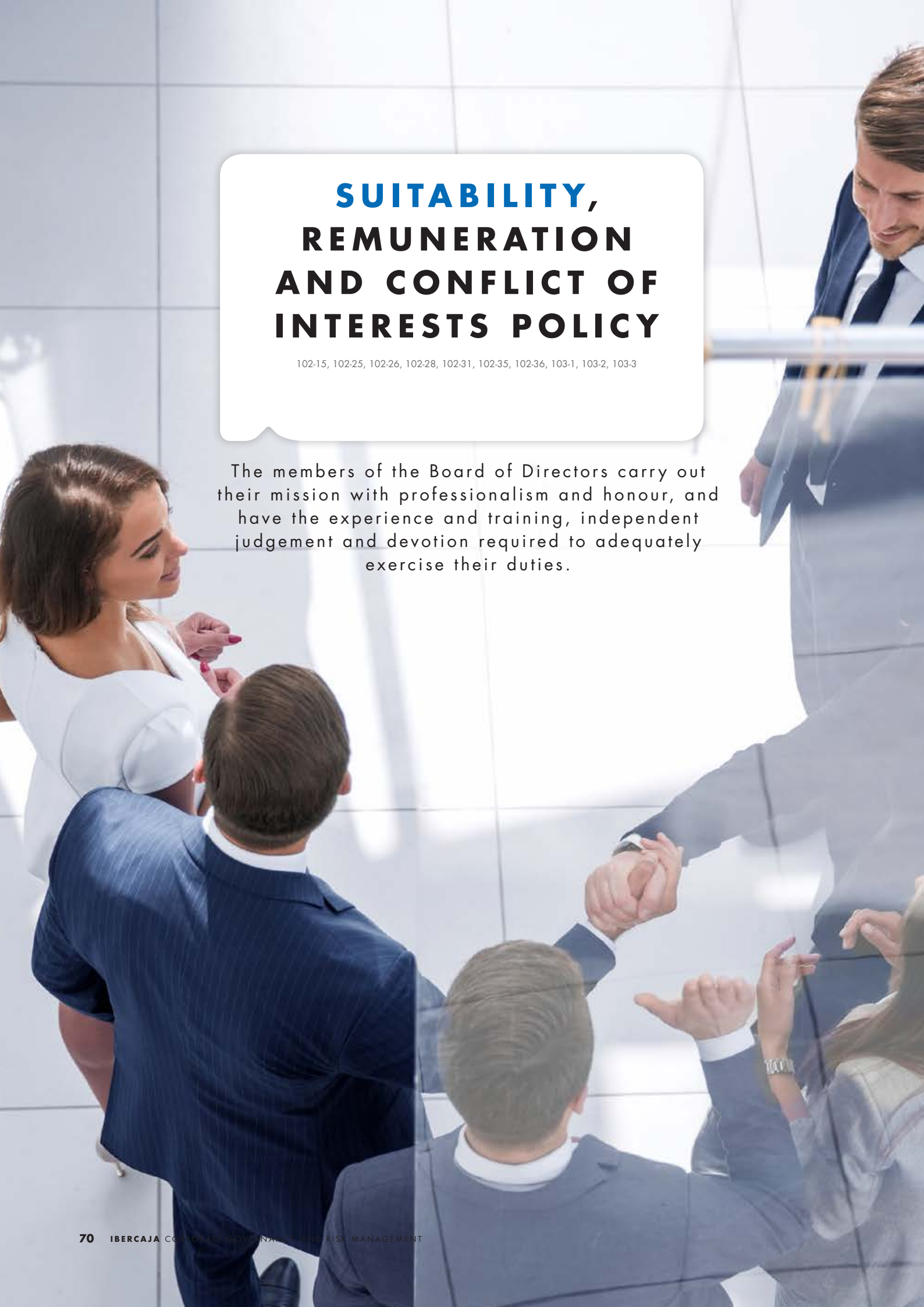
At 31 December 2019, the composition of the Strategy Committee was as follows:

DIRECTOR	POSITION	CATEGORY
D. JOSÉ LUIS AGUIRRE LOASO	CHAIRMAN	PROPRIETARY
D. JESÚS BARREIRO SANZ	SECRETARY	NON-MEMBER
D. FÉLIX SANTIAGO LONGÁS LAFUENTE	MEMBER	INDEPENDENT
D. EMILIO JIMÉNEZ LABRADOR	MEMBER	PROPRIETARY
D. LUIS ENRIQUE ARRUFAT GUERRA	MEMBER	PROPRIETARY
D. JESÚS SOLCHAGA LOITEGUI	MEMBER	INDEPENDENT

12 No of meetings held | **3** Proprietary Directors 60% | **2** Independent Directors 40%

LIKEWISE, IBERCAJA HAS A MANAGEMENT TEAM WHOSE MEMBERS ARE THE FOLLOWING:

CEO	**D. Víctor Iglesias**
GENERAL SECRETARY AND CONTROL AREA	**D. Francisco Serrano** ASSISTANT GENERAL MANAGER
REAL ESTATE AREA DIVISION	**D. Luis Miguel Carrasco** ASSISTANT GENERAL MANAGER
BRANCH NETWORK AREA DIVISION	**D. José Ignacio Oto** DEPUTY GENERAL MANAGER
FINANCE AREA DIVISION	**D. Antonio Martínez** DEPUTY GENERAL MANAGER
CREDIT RISK AREA DIVISION	**Dª. Raquel Martínez** DEPUTY GENERAL MANAGER
RESOURCES AREA DIVISION	**D. José Palma** DEPUTY GENERAL MANAGER
PEOPLE AREA DIVISION	**Dª. María Teresa Fernández** DEPUTY MANAGER
MARKETING AND DIGITAL STRATEGY AREA DIVISION	**D. Ignacio Torre**
FINANCE GROUP AREA DIVISION	**D. Rodrigo Galán** DEPUTY MANAGER
CORPORATE INFORMATION AND MANAGEMENT ANALYSIS AREA DIVISION	**Dª. Ana Jesús Sangrós**
INTERNAL AUDIT DIVISION (reports to the audit and compliance committee)	**D. Ángel Carlos Serrano** DEPUTY MANAGER



SUITABILITY, REMUNERATION AND CONFLICT OF INTERESTS POLICY

102-15, 102-25, 102-26, 102-28, 102-31, 102-35, 102-36, 103-1, 103-2, 103-3

The members of the Board of Directors carry out their mission with professionalism and honour, and have the experience and training, independent judgement and devotion required to adequately exercise their duties.

SUITABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

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

TO ASSESS THE SUITABILITY OF THE AFOREMENTIONED KEY POSTS AND POSITIONS WHICH, IN ANY CASE, MUST TAKE PLACE PRIOR TO THEIR APPOINTMENT, THE FOLLOWING WILL BE TAKEN INTO ACCOUNT:

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

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

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

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

PERFORMANCE ASSESSMENT

– SELF-ASSESSMENT OF THE BOARD AND COMMITTEES

Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions assigns to the Board of Directors responsibility for **oversight, control and periodic assessment of the effectiveness of the corporate governance system.**

The European Banking Authority (EBA) Guidelines on internal governance (EBA/GL/2017/11) and the Bank of Spain's guidelines on the internal capital adequacy assessment process at credit institutions provide for the management body to periodically assess the individual and collective efficiency and effectiveness of its corporate governance activities, practices and procedures, as well as the functioning of the delegated committees.

This obligation is also stipulated in the Corporate Enterprises Act for listed companies and in the CNMV's Code of Good Governance, approved in February 2015. These legal obligations and good practices have been included in the **Entity's Board of Directors' Regulations** which envisage, among the Board of Directors' competences, the yearly preparation of a **self-assessment report of its performance and that of its internal committees.**



REMUNERATION OF GOVERNING BODIES AND SENIOR MANAGEMENT

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

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

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

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

THE SETTING OF THE GLOBAL AND SPECIFIC OBJECTIVES OF THE VARIABLE REMUNERATION (WHICH, IN NO CASE, CAN EXCEED 40% OF THE FIXED REMUNERATION) IS LINKED TO PRUDENT RISK MANAGEMENT, WITH THE FOLLOWING BEING SOME OF ITS MAIN CHARACTERISTICS:

- **DEPENDS ON AND IS ADAPTED** to the individual performance of employees and the results of the Entity, considering the impact of the underlying economic cycle and the present and future risks.
- **FLEXIBILITY AND ALIGNMENT** with the Entity's strategic interests, without limiting its ability to reinforce its solvency.
- **SETTING OF CERTAIN UPPER AND LOWER LIMITS** that clearly mitigate risks associated with their potential impact on the income statement and on the Entity's own funds.



REMUNERATION DATA

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

CONFLICTS OF INTEREST OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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

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



INTERNAL RULES AND CONTROL BODIES

102-16, 102-30, 102-31, 103-1, 103-2, 103-3, 417-1

THE INTERNAL RULES AND CONTROL BODIES ESTABLISHED BY IBERCAJA GUARANTEE RIGOROUS COMPLIANCE WITH THE GOOD GOVERNANCE MEASURES ADOPTED BY THE ENTITY.

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

- **INTERNAL RULES OF CONDUCT** for security market operations, applicable to the Entity's governing bodies, management and employees that operate on capital markets.
- **BODY FOR REPORTING** suspicious activities involving market abuse.
- **IBERCAJA GROUP CUSTOMER PROTECTION RULES.**
- **MANDATORY RULES OF CONDUCT**, which include a memorandum of operation conduct and security that affects all the Bank's employees.
- **STYLE MANUAL FOR CUSTOMER SERVICE**, which contains general customer services criteria.
- **RETAIL SAVINGS PRODUCT MARKET MANUAL**, in accordance with MiFID regulations.
- **CONFLICTS OF INTEREST POLICY**, prepared in accordance with MiFID regulations, whose purpose is to objectively manage conflicts of interest that may arise between the Ibercaja Group and its customers.
- **INTERNAL CONTROL COMMITTEE** for the prevention of money laundering and financing of terrorism.
- **APPOINTMENT OF THE GROUP'S DATA PROCESSING OFFICER (DPO) AND SETTING UP OF PRIVACY OFFICE**, to ensure compliance with the personal data protection regulations
- **CONTROL BODY** for the criminal risk prevention system.

CORPORATE INTEGRITY

102-16, 102-17, 103-1, 103-2

IBERCAJA'S CODE OF ETHICS INCLUDES THE ETHICAL PRINCIPLES TO BE OBSERVED BY ALL MEMBERS OF THE ORGANISATION IN THE DAILY PERFORMANCE OF THEIR DUTIES.

The **Entity's Code of Ethics**, approved by the Board of Directors on 27 December 2018, contains the **ethical principles that govern the behaviour of Ibercaja's employees**, commitments that transfer corporate values to the daily exercise of their responsibilities. The Code compiles and is implemented through the **policies, manuals and procedures** in force at the Entity, within the Internal Regulations, and is applicable to members of the Board of Directors and employees of Ibercaja Banco, including senior management.

THIS CODE IS STRUCTURED AROUND
SEVEN FUNDAMENTAL PRINCIPLES:

WE ARE HONEST AND HAVE INTEGRITY

We are honest and we work with integrity. We do not accept bad practices in the relationship with third parties. We avoid incurring situations that may give rise to conflicts of interest that are harmful to customers or to the Entity itself, communicating their existence and applying the policies and procedures established for their prevention and management.

WE ARE EXAMPLES

We are an example of conduct to contribute to our ethical culture and to reinforce that of third parties. Ensuring the ethical culture of the Entity is the responsibility of each and every one of us.

WE ARE RIGOROUS: WE ARE FAMILIAR WITH AND COMPLY WITH THE RULES

Nobody at Ibercaja conceives the performance of their professional tasks without complying with the rules and procedures established, since they are of an internal or external nature. It is the way in which we exercise our professional activity.

WE TAKE CARE OF THE REPUTATION OF THE ENTITY AND WE PRESERVE THE INFORMATION

We take the utmost care to protect and strengthen the reputation and image of the Entity. We maintain due reserve regarding the information to which we have access as a result of our activity, avoiding it being used improperly.

FOR US, THE CUSTOMER IN IN THE CENTRE

We act honestly, transparently, helping our customers to make their decisions, always, in an informed manner. We want you to hire the products or services that best suit your needs.

WE ARE COMMITTED TO OUR ENVIRONMENT

It is part of our essence to develop a banking model with a high social sensitivity, committed to the advancement of our environment and to the preservation of the environment.

WE TAKE CARE IN THE USE OF THE ENTITY'S MEDIA

We use the Entity's media responsibly and we cooperate internally in the correct implementation of the policies, processes and controls regarding its use.



ALL THE MEMBERS OF THE ENTITY MUST COMPLY WITH THE PRINCIPLES OF CONDUCT AND ACT DILIGENTLY TO PREVENT AND, WHERE APPROPRIATE, DETECT AND ERADICATE PRACTICES THAT DO NOT CONFORM TO THEM. TO THIS END, A COMMUNICATION CHANNEL HAS BEEN ESTABLISHED IN WHICH ANY PERSON IN THE ORGANISATION CAN REPORT POSSIBLE BREACHES OF THE PROVISIONS OF THE CODE OR RAISE DOUBTS ABOUT IT.



INTERNAL CONTROL SYSTEM

103-2, 103-3, 417-1

THE CONTROL AND SUPERVISION MECHANISMS ENSURE COMPLIANCE WITH THE RULES THAT REGULATE BUSINESS RISKS.

IBERCAJA BANCO HAS ESTABLISHED CONTROL AND SUPERVISION MECHANISMS ON DIFFERENT REPORTING LEVELS PREPARED AND BASED BY THREE LINES OF DEFENCE, AS RECOMMENDED BY THE BASEL COMMITTEE ON BANKING SUPERVISION (BCBS):

A FIRST LINE
OF CONTROL IN THE BUSINESS, MANAGEMENT AND SUPPORT UNITS

Under the general principle that the primary party **responsible for control must be person responsible for each business area**, they must have effective risk management processes (identification, measurement or evaluation, vigilance, mitigation and communication of risks).

A SECOND LINE
CENTRALISED AND INDEPENDENT CONTROL LINE

In order to **supervise the exercising of the primary controls, and to exercise specialised financial operating and management controls**. That is, that there are systems that guarantee: effective and efficient operations, adequate risk control, prudent business conduct, the reliability of financial and non-financial information that is reported or disclosed (internally and externally), as well as compliance with laws, regulations, supervisory requirements and the entity's internal policies and procedures. These systems cover the entire organisation, including the activities of all business, support and control units. Regulatory Compliance and Risk Control form part of this second line.

A THIRD LINE
AN INTERNAL AUDIT FUNCTION

This third line of defence is responsible for performing an **independent review of the first two "lines of defence".**



RISK MANAGEMENT

102-15, 103-1, 103-2, 103-3

RISK MANAGEMENT, BOTH FINANCIAL AND NON-FINANCIAL, IS KEY IN IBERCAJA'S BUSINESS DEVELOPMENT STRATEGY.

INTRODUCTION AND REGULATORY FRAMEWORK

RISK CONTROL, IDENTIFICATION, MEASUREMENT AND MONITORING ARE KEY TO IBERCAJA'S BUSINESS.

Its strategic priorities include the development of systems, tools and structures that will allow for the permanent measurement, monitoring and control of risk exposure levels, while assuring an adequate relationship with the Bank's own funds and responding to the requirements of regulators, supervisors and markets.

The Group's risk management is organised through the "Risk Appetite Framework" (RAF). The RAF's main objective is to establish a set of principles, procedures, controls and systems used to define, communicate and monitor Ibercaja's risk appetite, understood to be the risk level or profile that the Group is willing to assume and maintain, in terms of both risk type and amount, and its level of tolerance. The Framework must be oriented towards achieving the objectives of the strategic plan, in accordance with the lines of action established therein. Ibercaja also has risk management policy and procedures manuals, which are reviewed and approved by the Board of Directors on an annual basis.

RAF
"RISK APPETITE FRAMEWORK"

SREP
"SUPERVISORY REVIEW AND EVALUATION PROCESS"

Following the entry into force of the Single Supervisory Mechanism (SSM) in November 2014, European financial institutions are obliged to adapt their risk policies and procedures as well as their control environment. **The "Supervisory Review and Evaluation Process" (SREP) is how the SSM performs continuous evaluations of entities.**

The **internal processes for evaluating the adequacy of capital and liquidity** under Pillar II (known as ICAAP & ILAAP) in addition to the stress tests organised by the European Banking Authority (EBA) and the ECB are key factor in the SREP.

Furthermore, the Ibercaja Group has a **Recovery Plan**, drawn up in line with the Directive for Bank Recovery and Resolution (Directive 2014/59, BRRD) and the guidelines and recommendations of the EBA that establishes the foundations for the process or restoring the Group's financial strength and viability, in the event of severe stress.

These management frameworks (RAF, ICAAP & ILAAP and the Recovery Plan) are consistent with one another, form part of the risk management processes in place and are revised and approved by the Bank's Board of Directors on an annual basis.



IBERCAJA HAS A ROBUST ORGANISATIONAL STRUCTURE THAT ALLOWS IT TO ENSURE EFFECTIVE RISK MANAGEMENT AND CONTROL. THE GOVERNING BODIES ARE STRUCTURED AS FOLLOWS:

- **THE BOARD OF DIRECTORS** is responsible for establishing and supervising the **risk reporting and control systems** and for approving the Risk Appetite Framework and the risk management policies, manuals and procedures.

- **AMONG OTHER RESPONSIBILITIES, THE LARGE RISK AND SOLVENCY COMMITTEE proposes the establishment of limits by type of risk and business**, reporting the Group's Risk Appetite Framework in a manner consistent with the Entity's other strategic policies and frameworks, evaluating the Group's risk management, reviewing the risk control systems and proposing measures to mitigate the impact of identified risks.

- **THE STRATEGY COMMITTEE** has the core function of informing the Board of Directors of the Company's **strategic policy**, ensuring that there is precise organisation for its implementation.

- **THE AUDIT AND COMPLIANCE COMMITTEE**, which **supervises the effectiveness of internal control**, internal audit and risk management systems, regularly reviews the matters so that primary risks are identified, managed and adequately reported.

The Comprehensive Risk Committee is responsible for defining and **monitoring the Group's risk policies**, establishing objectives and strategies to develop the structure and composition of balance sheet items, analysing the sensitivity of results and the Company's equity in various scenarios, monitoring compliance with the tolerance levels that have been established, as well as planning the Group's medium-term capital.

RISK CLASSIFICATION

THE ENTITY TAKES INTO CONSIDERATION BOTH FINANCIAL AND NON-FINANCIAL RISKS.

WHILE **CREDIT RISK** IS THE MOST SIGNIFICANT THREAT TO THE BANK'S BUSINESS, RISK MANAGEMENT ALSO COVERS COUNTERPARTY, CONCENTRATION, MARKET, LIQUIDITY, INTEREST RATE, OPERATIONAL, BUSINESS, REPUTATIONAL AND INSURANCE RISKS.

Additionally, the Bank established a range of measures and procedures to minimise **non-financial risks**, such as reputational and compliance risks, and takes into account risks related to social issues, human rights and sustainability, analysing and incorporating them progressively in the Risk Appetite Framework.

Ibercaja hence joined the **United Nations Global Compact** in 2006 and in October 2019 signed the **United Nations Principles for Responsible Banking**, ratifying its commitment to sustainability.

Since 2016, the Bank has had a **Corporate Social Responsibility Policy** that sets out the principles of action and commitments to responsible management that it assumes.

In addition, it is developing the **Integrated Sustainability Plan** for the integration of environmental, social and good governance aspects into business and decision-making at all levels. It has an appropriate governance structure that is detailed in the Non-Financial Statement.

Also in 2019, the Bank signed the "Business Commitment for a Fair Transition and Decent Green Jobs" promoted by the CEOE, the New Deal for Europe initiative, "CEOs call to action", which shows the commitment of European companies to sustainability, the CEOPorLaDiversidad Alliance, led by the Adecco Foundation and the CEOE Foundation, and the Collective Commitment to Climate Action of the Spanish financial sector, presented at the COP25 summit in Madrid.

BUSINESS AND PROFITABILITY RISK

Possibility of incurring losses as a result of not generating sufficient profitable business volume to cover the costs incurred. Furthermore, this includes extraordinary threats that may jeopardise the continuity of the business or the Bank.



CREDIT RISK

Possibility of losses being generated due to borrowers defaulting on their payment and losses in value due to the impairment of borrowers' credit ratings.



OPERATIONAL RISK

Risk of loss resulting from a failure to adequately design or implement processes, personnel and internal systems, or it may derive from external events.



INTEREST RATE RISK

The possibility that the financial margin or the economic value of the Entity's equity will be affected by adverse changes in market interest rates to which asset, liability or off-balance sheet transaction positions are referenced.



MARKET RISK

The possibility of incurring losses due to maintaining market positions as a result of adverse movements in financial variables or risk factors (interest rates, exchange rates, share prices, etc.) that determine the value of those positions.



LIQUIDITY RISK

Possibility of incurring losses due to not having access to sufficient liquid funds to meet payment obligations.



REPUTATIONAL RISK

Unfavourable impact that an event may have on the perception of stakeholders (customers, shareholders and investors, suppliers and regulators), which may adversely affect the Bank's ability to maintain existing business relationships or establish new ones, thereby also reducing earnings.



LEGAL OR COMPLIANCE RISK

The risk of legal or regulatory penalties, significant financial loss suffered by a Bank due to the breach of laws, regulations, rules, standards for the self-regulation of the organisation, and codes of conduct applicable to its financial activities; this risk is inherent to such activities, given that they are highly regulated and subject to on-going supervision by the authorities.



CONCENTRATION RISK

Possibility of incurring losses as a result of a position or group of positions that are sufficiently important with respect to capital, total assets or the general risk level, and could endanger the solidity of the Entity.



Note 3 to the Ibercaja Banco Group's financial statements for 2019 presents the significant information on the management of the different types of risk in greater detail.

TOLERANCE THRESHOLDS THAT ALLOW THE RISK PROFILE TO BE PLACED INTO THE FOLLOWING LEVELS HAVE BEEN DEFINED FOR EACH OF THE METRICS TAKEN INTO CONSIDERATION IN THE RISK APPETITE FRAMEWORK:

COMPLIANCE
The risk level that the Entity is willing to assume to in accordance with its strategic and business objectives. This is a normal risk situation at the target risk level.

ALERTA
This is an intermediate level of monitoring the risk appetite to detect whether the risk profile is significantly diverging from tolerance levels and, therefore, requires additional monitoring.

NON-COMPLIANCE
Limit from which the activation of specific action plans or measures is triggered.

THE **COMPREHENSIVE RISK COMMITTEE** IS THE MANAGEMENT AND CONTROL BODY THAT IS RESPONSIBLE FOR ESTABLISHING AN ACTION PLAN TO ATTAIN THE TARGET RISK LEVEL, AND IT MUST REPORT ON THE MONITORING OF THE SITUATION AT LEAST ON A QUARTERLY BASIS TO THE LARGE RISK AND SOLVENCY COMMITTEE (OR MORE FREQUENTLY IF CONSIDERED NECESSARY).

THE ACTION PLANS TO BE IMPLEMENTED WILL CONSIST OF ONE OF THE FOLLOWING:



- **Proposal of measures to reduce the risk** to compliance levels.
- **Evaluation of the adequacy of the limits or thresholds** as a result of unexpected events or changes in the strategic targets or the Entity's business.
- **Temporary approval to exceed limits.**

PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

102-15, 103-2, 103-3

The Ibercaja Group collaborates effectively and is fully committed to the prevention of money laundering and the financing of terrorism (PBC & FT), acting in accordance with best banking practices and complying with current legal requirements. For this, it **manual setting out the AML & CFT procedures** approved by the Board of Directors of the parent company, with the specialities that are applicable to the Group entities that have the status of regulated entities under the aforementioned regulations.

The Entity, in addition to having set up an **Internal Control Committee** on the prevention of money laundering, has a specialised technical unit (the Unit for the Prevention of Money Laundering and the Financing of Terrorism), answerable to the Regulatory Compliance Department, that ensures the correct application of the measures of diligence required by the PBC & FT regulations. This unit **manages the computer applications for the centralised detection of alerts on suspicious transactions**, and receives and analyses the communications made by the branches when they detect transactions that could potentially be related to money laundering.

The Director of Regulatory Compliance periodically reports to the Audit and Compliance Committee of the Board of Directors on the **monitoring of the application of due diligence measures.**



TRAINING OF EMPLOYEES

The training of employees is an essential component of AML & CFT, which is carried out both in person and through the Paraninfo online training platform.

INTERNAL RULES OF CONDUCT IN THE SECURITIES MARKET

Ibercaja has an **Internal Code of Conduct** to which the members of the Entity's governing bodies, as well as certain employees, are subject either because of their position or because their professional activity is related to the securities markets.

The Regulatory Compliance Department transmits to the Audit and Compliance Committee the **semi-annual periodic evaluation reports of compliance with the control measures** and procedures established in the Regulations, the conclusions of which are subsequently submitted to the Board of Directors to be recorded.

INVESTOR PROTECTION

The implementation of the ***MiFID*** *(Markets in Financial Instruments Directive), which aims to improve the protection of small investors and achieve a financial services single market, has led to numerous requirements to control compliance with the obligations involved.*

MiFID
Markets in Financial Instruments Directive

In the field of the provision of investment and ancillary services, the **Annual Operating Plan of the Regulatory Compliance Department** contemplates the control activities that are common to it as established in the Securities Market Law, in Royal Decree 217/2008, of 15 February, and in greater detail in Circular 1/2014, of 26 February, of the National Securities Market Commission, on the requirements of internal organisation and of the control functions of the entities that provide investment services. To this end, the Entity has a specialised technical unit, the Unit for the Control of Standards of Conduct in the Stock Market.

The Entity has established **internal rules and procedures to provide investment services** in line with the legal system in force, and it has provided training to employees regarding areas regulated by the MiFID.

The Regulatory Compliance Division regularly issues reports to the Audit and Compliance Committee with the findings of the criminal risk prevention system monitoring tasks.

MARKET ABUSE. NOTIFICATION OF SUSPICIOUS OPERATIONS

The Securities Market Law obliges all entities that perform transactions involving financial instruments to notify the **CNMV** *as quickly as possible if it considers there are reasonable signs to suspect that a transaction involves insider information or constitutes a practice that falsifies free price formation.*

The Entity has a specialised **Technical Unit** for the **analysis of suspicious transactions involving market abuse**, based on the communications made, where appropriate, by the offices, or through the computer support alert system for the systematic detection of potentially suspicious dealings. The detection, analysis and communication procedures are included in the corresponding internal procedures manual.

HANDLING OF PERSONAL INFORMATION

103-1, 103-2, 103-3

The Group's adaptation to the General Data Protection Regulations (GDPR) has reinforced the usual framework of strict compliance with the LOPD.

Protecting privacy is the **fundamental axis** around which the Ibercaja Group's **personal data processing revolves.**

To this end, there is a **Data Protection Officer** (DPO) and the **Privacy Office** has been set up, headed by the **Data Security Manager**, as a specialised unit in the internal and permanent review of the processes of the Bank and its subsidiaries.

All data processing has been reviewed, catalogued and, where appropriate, endowed with **privacy impact review reports** (PIAS).

BREACHES, FINES AND SANCTIONS RECEIVED

In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to unfair competition, or monopolistic or anti-competition practices.

PUBLIC GRANTS AND AID RECEIVED

201-4

Ibercaja Banco did not receive any type of direct financial aid from the government in 2019.

The **granting of risk operations to political parties and unions** is the responsibility of the Executive Committee and the Board of Directors.

PREVENTION OF CRIMINAL RISKS

THE **CRIMINAL RISK PREVENTION MANUAL** INCLUDES THE PROCEDURES THAT MUST BE FOLLOWED TO MITIGATE THE RISK OF COMMITTING CRIMINAL ACTIONS THAT COULD GIVE RISE TO THE CRIMINAL LIABILITY FOR THE ENTITY.

A **document** has also been drawn up **to inform the Group's staff about conduct** that could be classified as criminal. These documents have been disseminated through Internal Regulations to which all employees have access. It has also enabled a whistle-blowing channel, through which any person in the organisation can communicate or report, without fear of reprisals, the commission of irregular actions by a member of the organisation that may constitute a crime.

The Regulatory Compliance Division regularly issues reports to the Audit and Compliance Committee with the f**indings of the criminal risk prevention system monitoring tasks.**



CRIMINAL RISK PREVENTION COURSE

The criminal risk prevention course is available in the catalogue of the Paraninfo platform and is mandatory for all employees.

COMMITMENT TO PRIVACY

All processes and actions of the ibercaja group are carried out with the utmost respect and protection to the privacy and security of personal data.

The Privacy Office and data protection officer of the Ibercaja Group (corporate DPO) promote **maximum respect for privacy**, above general standards, and with a medium-term vision aimed at anticipating future regulatory obligations.

SOME OF THE HIGHLIGHTS THAT HAVE BEEN CARRIED OUT ARE



1. **The necessary regulatory modifications to ensure maximum compliance with the protection of the data o**f our customers, employees and suppliers.
2. **Establishment of mandatory lines of action**, ensuring that only the necessary data are processed for each of the operations carried out.
3. **Strengthen the protection of minors.**
4. **Adapt the privacy policy to the legal requirements and the Spanish Data Protection Agency**, giving anyone maximum control over the data that the Entity has or collects.
5. **Promote the privacy of all the people who make up the Group**, implementing new controls, verifying that the monitoring systems at work are in accordance with the highest privacy standards, approving a specific privacy policy for employees, as well as stating them with the rights that assist them.
6. **Implementation of new procedures for the exercise of GDPR rights** that improve efficiency and resource allocation.
7. **Establishment of a strict approval procedure for suppliers who may have access to personal data.**

4 STRATEGY OF THE ORGANISATION AND BUSINESS MODEL



2018 - 2020 STRATEGIC PLAN. "PLAN+ 2020"

BUSINESS MODEL

OMNICHANNEL APPROACH

MANAGEMENT MODEL ORIENTED TO EXCELLENCE

TECHNOLOGICAL ADVANCES

CORPORATE BRAND AND REPUTATION

TRANSPARENCY AND COMMUNICATION


EL BANCO
DEL
vamos



2018-2020 STRATEGIC PLAN. PLAN+ 2020

102-2, 102-9, 102-15, 103-1, 103-2, FS6

THE CUSTOMER IS THE PLAN'S BASIC FOUNDATION FOR TRANSFORMING IBERCAJA'S BUSINESS MODEL.

The **objective of the Plan+ 2020** *is to* **make Ibercaja the best financial institution in the country**, *the most commercially effective entity, with the most satisfied customers and with the ability to anticipate the expectations of its stakeholders:*



PEOPLE

The Entity is working to become a **high performance organisation** that meets and exceeds the objectives it sets itself on a regular basis thanks to a professional and **committed staff**.

CUSTOMERS

Ibercaja plans to win market share by being a bank with its **own personality** that recognised and **appreciated by its customers.**



SHAREHOLDERS

Ibercaja seeks to build an **attractive project** with the ability to **attract the capital** of third parties.

COMPANY

The Entity aims to develop a **banking** model with **social** and **environmental** commitment to contribute to a more **egalitarian** and **inclusive society**.

THREE MAJOR PROGRAMMES: **CUSTOMER, VALUE AND TRANSFORMATION** DRIVERS THAT IMPLEMENT THE GUIDELINES TO COMPETE SUCCESSFULLY IN AN ENVIRONMENT OF RAPID CHANGES AFFECTING CONSUMER HABITS, TECHNOLOGY, THE ECONOMIC AND BUSINESS CONTEXT AND THE REGULATORY FRAMEWORK.

To achieve the objectives defined in the Plan, Ibercaja relies on the **strengths accumulated throughout its history**, which is why it occupies a prominent position in the Spanish financial system: leadership in the home market, consolidated expansion thanks to a solid growth strategy, recognised savings management capacity, a deep-rooted risk management culture and a highly qualified professional team.

The Plan will end with Ibercaja being listed on the Stock Exchange, thus complying with the regulations affecting the Ibercaja Banking Foundation (Fundación Bancaria Ibercaja) and becoming standardised with most competitors in Spain and Europe as a listed bank.





CUSTOMER PROGRAMME



The **customer** *is the* **basic foundation** *underlying the* **transformation of the business model**.

In the first two years of the Plan's existence, the necessary capacities have been developed to make the orientation of the whole organisation towards the customer real, with the goal of increasing customer satisfaction by means of excellent, personalised, useful and committed service.

Remote channels increasingly assist the manager and the office, the main links with the customer. **Mobile banking** stands out as one of the best apps in the market, with the following new digital features being incorporated: Digital **On Boarding,** which allows you to become a customer without having to go to the branch, **the payment service through Apple Pay, Samsung Pay and Google Pay** and **the aggregation of accounts from other banks**.

The **website** www.ibercaja.es has been renovated in order to offer solutions that are better suited to the financial needs of individuals, and the **new Digital Banking** for Companies has been developed, an instrument of special relevance in view of Ibercaja's objective of becoming a global financial provider of reference for companies, a strategic segment for the growth of the Group's activity. The **Xplora space**, which shows and disseminates new digital features to customers, is also part of the current transformation process.

The so-called **Commercial and Management System** is a **new commercial model** designed to achieve simplified, integrated management of customers focused on the attraction of funds and with a prioritisation and planning methodology governed by the manager himself. At the same time, work is underway to **reform the organisational model of the office network**, so that the "head" offices will coexist with other offices dependent on them, "satellite" offices, with different levels of specialisation.



VALOR PROGRAMME



The Valor program seeks to ensure **that activity is oriented towards the most profitable business** *opportunities and to increase the solvency of the Entity.*

It focuses on the most efficient allocation of prices and capital, the reduction of non-performing assets, the evolution of risk management processes, together with the optimisation of information systems to support decision-making.

Since the beginning of the Plan+ 2020, a **new model for the recovery of irregular investment** has been implemented and **tools** have been developed, SIRA and SIREC, which allow for the monitoring of all the tasks that must be undertaken to be more efficient in the recovery of debts.

At the wholesale level, important steps have been taken in 2018 and 2019 to reduce non-performing assets. The **sale of portfolios**, both of doubtful loans and foreclosed properties, together with the ordinary recovery activity have brought the NPA ratio (5.78%) down by more than 6 basis points in two years.

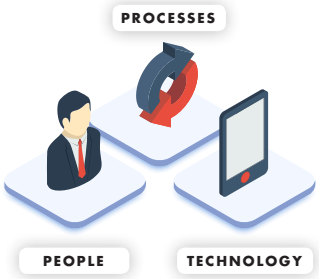
Also as part of this programme, the Bank has launched the first stages of implementing a **new form of pricing based on risk adjusted return on capital employed (RAROC)**, in line with best market practice and regulatory requirements.



TRANSFORMATION DRIVERS PROGRAMME



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



Technology is at the heart of most initiatives for the **transformation of the business model**, as it streamlines internal operations, opens up business opportunities and improves customer experience. Ibercaja is committed to optimising its positioning in the digital world to **offer the customer quality and uninterrupted service.**

The Entity aims to make its processes more efficient and effective by **modernising and rationalising applications and infrastructures**, which will free up the network from administrative tasks and allow it to focus on sales. It is also advancing in **outsourcing** low value-added activities and in the robotisation of repetitive activities such as document control and database reconstruction.

Reporting quality supports the credibility of the Bank with regulators, credit rating agencies and investors. In this regard, information systems were strengthened and the **Data Governance framework** was established, which involves a modification of organisational structure, the definition of roles, responsibilities, policies and principles regarding data, and adaptation of technological architecture.





THE SUCCESS OF THE PLAN DEPENDS ON THE CAPACITY AND **COMMITMENT OF THE STAFF WORKING IN THE BANK**, FOR WHICH WE NEED TO BOOST OPPORTUNITIES FOR PROFESSIONAL AND PERSONAL GROWTH.

The **People Area** is working on a number of measures to support talent and improve the skills of the Group's employees. Noteworthy is the launch of the **Inspirational Leadership Model**, a framework for people who lead teams to practise uniform and consistent leadership aligned with Ibercaja's strategy.

The Bank has obtained the **Family Responsible Company (FRC) Certification**, which endorses the organisation's involvement in generating a culture based on efficiency, flexibility and commitment to people. With this achievement, the Entity is taking an important step forward in terms of equality and balance of personal, family and professional life.

Financial institutions have a key role in sustainable development, mobilising the necessary capital flows and integrating environmental, social and corporate governance risks and opportunities into management. Ibercaja has created a transversal Sustainable Finances team with the aim of working on the **Bank's sustainability roadmap and incorporating ESG aspects**. The organisation's commitment to sustainability was demonstrated in 2019 by the **signing of the United Nations Principles for Responsible Banking**, together with the **Bank's adherence to the New Deal for Europe "CEO's call to action" initiative and the recommendations of the Task Force for Climate Related Financial Disclosures (TCDF).**





BUSINESS MODEL

102-2, 102-5, 102-6, 102-9, 103-2, FS6

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

IBERCAJA IS COMMITTED TO A **FULL-SERVICE BANKING MODEL** FOCUSED ON THE RETAIL BUSINESS AND BASED ON SERVICE QUALITY AND INNOVATION.

It serves a stable base of **1.9 million customers (management units)**: comprising households, companies and public and private institutions. It has specific channels, special products adapted to different customer segments, and offers basic banking services with products such as insurance, investment funds and pension plans, all marketed through its highly specialised financial group.

1.9 million
CUSTOMERS

In **Ibercaja's business model,** which is strongly retail and customer-focused, there are **three main areas** depending on the commercial strategy defined for each type of customer:

RETAIL BANKING	› Households › Personal Banking › Private Banking
BUSINESSES AND INSTITUTIONS	› Companies business › Stores › Institutions
OTHER BUSINESS LINES	› Financial markets › Business shareholdings

RETAIL BANKING

THE BANK MANAGES **1.7 MILLION CUSTOMERS** **WHO CONTRIBUTE MORE THAN 80% OF THE RETAIL TURNOVER.**

Their high level of engagement with the Bank can be seen in the average age of 20 years, and in the number of products or services contracted, 6.8. **Retail banking includes the household, personal and private banking segments.**



HOUSEHOLDS

The management of the branch network focuses on capturing new customers and consolidating the loyalty of existing ones.

The Bank carries out its mission through attractive **proposals adapted to the needs of each group**, according to personal circumstances, risk profile and available income. In the year, campaigns were carried out related to credit for the acquisition of housing, consumer financing, investment funds, pension plans, life and home insurance, cards and the promotion of digital banking.

AS PART OF ITS LENDING, **IBERCAJA HAS HISTORICALLY SPECIALISED IN HOUSING FINANCING FOR INDIVIDUALS**.



21.11% of new financing was allocated for this purpose, with the granting of fixed-rate mortgages being particularly important. In this area, the **Vamos y Fácil mortgages** were created with the aim of helping families' purchase a home under preferential conditions from the Bank and with very attractive discounts that place value on the customer's engagement with the Bank.

The **Cuenta Vamos** marks the start of a new era in attracting savings. It seeks to attract not only high value customers but those who want Ibercaja to be their bank and value the service and products it offers them. The account has **the best terms and conditions in the market**: high remuneration in the first two years and, subject to a minimum number of transactions, free basic services, including the **Vamos card**. The account can be arranged in the branches or through the app, which has allowed it to reach a much wider segment of the public, achieving a year-end balance of more than €390 million.



"Plan today for the things that will really matter tomorrow"

It is the slogan for the **pension plan campaign** carried out in the closing months of the year, aimed at making customers aware of the importance of planning their retirement and to advise them on the best options available.

Young people enjoy a **specific line of products**. Notable is the Iberfan children's area for minors under 14, the **"Cuenta + Joven"**, aimed at customers up to 18 years old, and the "Cuenta Joven" which, together with the debit card **(Visa one)** and the credit card **(Visa + one)**, is designed for customers up to 30 years. This younger group has the benefit of free account maintenance fees, card fees and Internet transfers.

Iberfan is the club created for children to benefit from advantages in training, leisure and free time activities. Its scope of action includes Aragón, Extremadura, Castilla y León, La Rioja and Guadalajara, reaching a total of **18,500 members** who can access a wide range of offers throughout Spanish territory.

Ibercaja has virtual spaces, Ibercaja Directo Joven and its Joven website, which are targeted at young people, and it has multiplied its presence in the social networks (Twitter, Facebook and Instagram), prioritising their use as vehicles for offers and promotions.

In 2019, it was the **30th anniversary of the launch of the first European Youth Card in Aragon**. Since then, the Entity has collaborated to promote its use among young people as a means to foster European mobility and improve language learning. Together with the Government of Aragon, it has scheduled activities to commemorate the 30th anniversary. The Bank also has partnership agreements with the Autonomous Communities of Extremadura and Castilla y León for the dissemination of the youth card and it has publicised among university students its offer to cover the financial needs of those participating in the Erasmus programme.



PERSONAL AND PRIVATE BANKING

THE **PERSONAL AND PRIVATE BANKING SEGMENT** COMPRISES NEARLY **275,000 CUSTOMERS** WHO, WITH AN AVERAGE OF 12.3 PRODUCTS OR SERVICES, PROVIDE A HIGH VOLUME OF RETAIL CUSTOMER FUNDS, **ALMOST 38.2 BILLION**, MAINLY 54%, IN ASSET MANAGEMENT AND INSURANCE.

PERSONAL BANKING

Those customers with a savings **balance of more than €100,000 euros or €75,000 euros outside the Home Market** *belong to* **personal banking**.

The model of service to this group is based on a personal manager who proposes the best investment strategy to the saver. The **490 specialised managers**, based on their knowledge of the customer, offer him/her investment alternatives, mainly funds, pension plans and insurance, adjusted to his/her risk profile, objectives and experience in financial products.

At a time of uncertainty about the direction of the economy, **diversification** has been the main recommendation of the managers, mainly through the profiled funds, which combine investment in fixed income and equities, so that any saver can find the right fund for their degree of risk tolerance.

For those customers who wish to take on greater risk, **Ibercaja Best Ideas** has been created. This is a **novel, global equity fund** with a high degree of management discretion, with no pre-determination as to sector or geographical location, and which is fed by the **30 best investment ideas coming from the Investment Committee of the Group's** management company.



INVESTMENT PRODUCTS WITH A SOCIALLY RESPONSIBLE PROFILE HAVE BEEN WELL RECEIVED BY SAVERS.

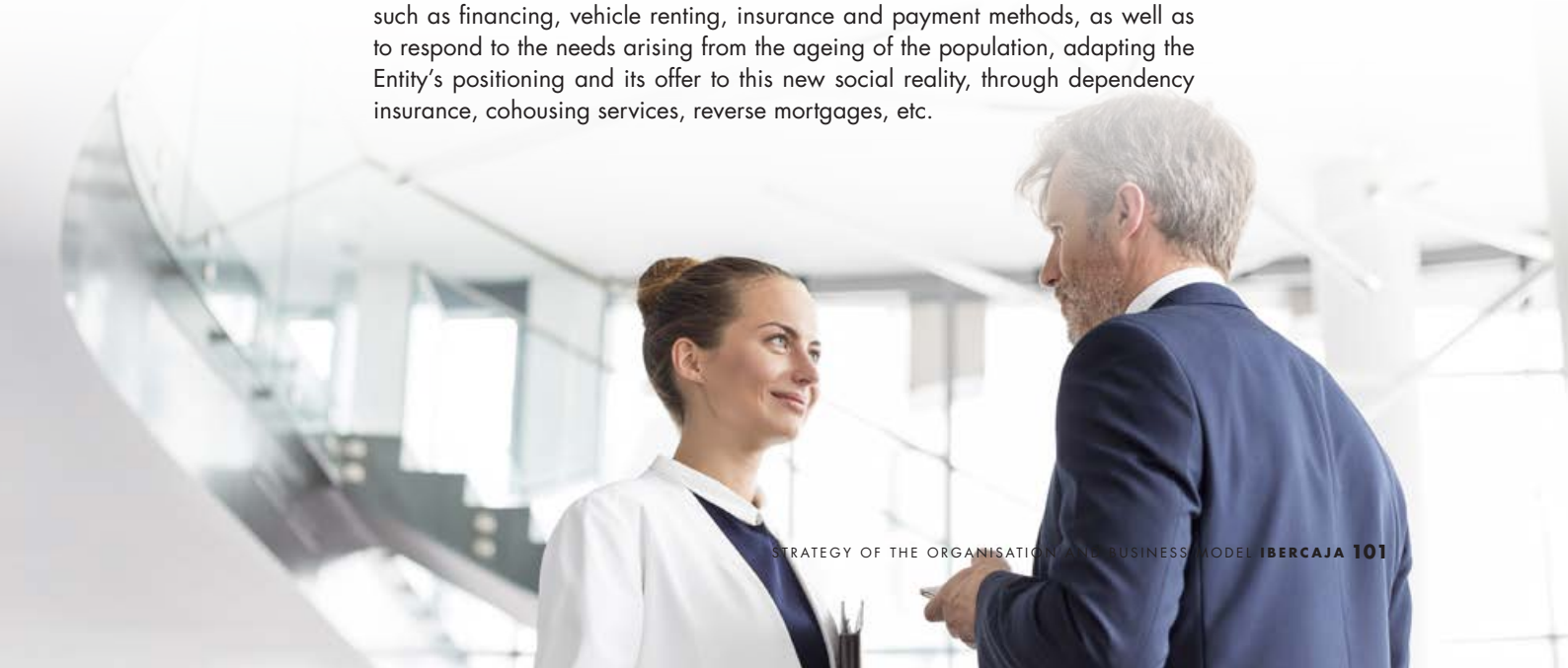
Ibercaja Megatrends has joined the **Sustainable and Solidarity Investment Fund**, which, after identifying three trends: technology, environment and sustainability and demography, channels savings by investing, under these criteria, in companies all over the world. In pension plans, Ibercaja Pensión incorporated the **Sustainable Europe Pension Plan** into its catalogue, which complements the already existing **Sustainable and Solidarity Pension Plan**. The latter has the special feature of donating part of the management fee to projects of a social or environmental nature.

The **Integrated Commercial Orientation System** is the support tool for financial planning used by the Personal Banking service. Through five modules: advice, commercial, alerts, reports and tools, it helps the customer to make its assets perform, calculates the profitability of its portfolio and offers investment alternatives and tax optimisation.

Personal banking advisers are trained with internal and external means. Following the entry into force of the MiFID II Directive, training of personal banking managers has been enhanced. Most of them have specific qualifications such as EIP (European Investment Practitioner) and EIA (European Investment Assistant) endorsed by the European Financial Planning Association (EFPA).

The advice to Personal Banking customers is certified in accordance with ISO 22222: 2010. The Entity renewed in 2018, for the seventh consecutive year, this certification granted by AENOR, which shows its high specialisation in the management of personal assets of advisers, the suitability of the investment proposals, as well as the periodic information to the customer about the markets and the performance of their portfolio. In the audit conclusions, the evaluators highlighted the effort to ensure that the entire team of personal and private banking managers has the necessary accreditation for advice and information to customers on financial products, a requirement under MiFID II regulations.

In 2019, work was done on **renewing the personal banking model and its strategies** to make it operational next year. The aim of this upgrade is to enhance the value of Ibercaja's products and services that go beyond savings, such as financing, vehicle renting, insurance and payment methods, as well as to respond to the needs arising from the ageing of the population, adapting the Entity's positioning and its offer to this new social reality, through dependency insurance, cohousing services, reverse mortgages, etc.



PRIVATE BANKING

The private banking activity is aimed at customers or household management units with **financial assets** *that have* **increased to 500,000** *euros since January 2019(300,000 in Extremadura).*

The private banking manager analyses the customer's needs and provides them with the best investment strategies and the most suitable financial-tax planning. The range of financial assets available to this private banking community is very wide: securities listed on Spanish and foreign markets, investment funds both of Ibercaja and of external suppliers, SICAVs, structured deposits, etc.

The Luxembourg SICAV, established in 2018, continued to be marketed exclusively to private banking clients. **It invests in investment funds led by the most talented national managers who have consistently demonstrated outstanding results over time**. The SICAV is divided into two investment sub-funds differentiated by their exposure to equities, the more conservative between 25% and 50% and the more risky between 50% and 100%. The assets under management have grown by more than 46 million, to almost 70 million euros.

The second Private Banking road show held in **Guadalajara, Seville, Badajoz, Burgos and Logroño** was a great success among both current and potential customers. At these events, Ibercaja Gestión, together with leading international managers, offered its vision of the financial markets and investment opportunities. Under the title "New trends: at the cutting edge of investment", the 2019 edition placed special emphasis on emerging trends such as socially responsible investment, themes and behavioural finance.

In the final stretch of the year, **the annual investment meetings were held in Zaragoza and Madrid with clients, preferably from private banking**. The focus of the "Knowledge for making better decisions" conferences covers a wide spectrum, from updating the outlook of the markets to presenting recently launched investment funds.

The **work team** assigned to the private banking service has is made up of **75 people**, working out of the offices in Madrid, Zaragoza, Logroño, Valencia, Guadalajara, Barcelona, Burgos, Seville and Badajoz, as well as in the customer service offices in Huesca, Teruel and Pamplona.



BUSINESSES AND INSTITUTIONS

THIS AREA COMPRISES MORE THAN **180,000 CUSTOMERS** (MANAGEMENT UNITS), COMPANIES, RETAILERS, INSTITUTIONS AND OTHERS AND CONTRIBUTES NEARLY **16% OF THE RETAIL BUSINESS VOLUME.**



COMPANIES BUSINESS

Within this group, **80,000 customers form part of the strategic business group of corporates.**

The companies with the highest potential, business volume and most complex operations, numbering approximately **38,000,** are served by 223 specialised managers, supported by 381 office directors. Microenterprises and SMEs, with a turnover of less than €50 million, provide more than **80% of our business volume** with companies.

Loans and credits to finance non-real estate activities, amounting to €2,849 million, account for 52.43% of new transactions by the Entity in 2019. To achieve this goal, agreements have been reached with public bodies and guarantee companies such as the European Investment Bank, the Spanish Confederation of Mutual Guarantee Companies, the Compañía Española de Refianzamiento and the European Investment Fund.

IN 2019, PROGRESS WAS MADE ON THE ROADMAP SET OUT IN THE PLAN+ 2020 AIMED AT POSITIONING IBERCAJA AS ONE OF THE LEADING FINANCIAL INSTITUTIONS IN THE BUSINESS WORLD.

THE **GOAL** IS TO PROVIDE A SWIFT AND TAILORED RESPONSE TO THE DEMANDS OF COMPANIES, SO AS TO GENERATE A GLOBAL RELATIONSHIP, PROFITABLE FOR BOTH PARTIES AND SUSTAINABLE OVER TIME.

Noteworthy was the launch of the project **Sendas de Vinculación for SMEs**. Its main goal is to offer each customer a commercial offer specially designed to meet their savings/financing needs, adapted to the business stage they are in, the productive sector they belong to and their credit quality.

From the product perspective, the **multiproduct policy** has evolved by incorporating a new financing operation for national payments. Through a single contract, the customer can operate with most working capital products, managing and transferring the risk granted to those transactions as necessary for the company at any given time. At the same time, a new product has been added to the commercial catalogue, the liquidity loan for SMEs.



At the network level, **two new business centres have been opened in Bilbao and Alicante**, which are added to the six existing centres in Zaragoza, Madrid, Alcobendas, Valencia and Barcelona. These centres are responsible for managing customers with a turnover of more than €6 million or €10 million, depending on the area of operation, and who require a greater degree of specialisation.

"ECOSISTEMA+ EMPRESAS", A NATIONWIDE INITIATIVE BORN IN 2018 AND PROMOTED JOINTLY BY IBERCAJA BANCO AND FUNDACIÓN IBERCAJA, HAS CONSOLIDATED ITSELF AS **A MEETING POINT FOR ENTREPRENEURS, PROFESSIONALS, AND MANAGERS OF STARTUPS AND LARGE COMPANIES.**

It is an open innovation platform in which users interact and which contains accompaniment programmes, tools, workshops, trends, networking and so on. The aim is to make economic activity more dynamic, improve competitiveness, serve as a meeting point for the exchange of knowledge and generate business value. **More than 2,300 professionals belonging to 850 companies** have participated in Ecosystem+ Empresas activities. The business innovation sessions, Ibercaja Roadshow Innotech and 240' Innotech, are practical workshops on current business issues held in Madrid, Barcelona, Zaragoza, Valencia, Seville, Logroño, Oviedo, Burgos and Valladolid.

The **#TendUp** has become **a major national event showcasing the latest trends and disruptive technologies in the market.** The selected startups present the ways in which they innovate in their sector before a forum made up of entrepreneurs, companies and large corporations. In 2019 such events were held in Barcelona, Madrid and Zaragoza, the latter in collaboration with the Association of Young Entrepreneurs of Zaragoza.

The Group, as an entity specialising in international operations, advises on the development of internationalisation **projects and operations related to foreign business** and its financing. On these and related themes related to the business world, Ibercaja has promoted various events and conferences in which experts in different areas have analysed the economic situation and discussed strategies that may favour the growth and competitiveness of the business fabric.

The new digital business banking is framed within the line of digital transformation of the Strategic Plan. The platform is laying the foundations for Ibercaja's future "core banking", i.e. it will be the starting point for the harmonisation of the other channels.



STORES

The **more than 16,000 Ibercaja shop** *owner customers require* **personalised management** *and generate important business opportunities in the areas of finance insurance, collection and payment services, etc.*

The range of products and services adapted to the needs of small and medium-sized businesses ranges from **daily cash management to help in the internationalisation** of the business, including a range of **point of sale terminals with the latest technology** or, for those who make their sales through online channels, virtual devices that guarantee the security of the operation and control of the business activity over the Internet.

The year saw the launch of the **Vamos account for retailers**, which includes remuneration for balances up to 10,000 euros, free basic services, exemption from card issue and maintenance costs and special rates for transactions carried out at point of sale terminals. Likewise, the **new Comercio Connect** insurance has been made available to customers, which provides complete business protection, easily adapting to the special characteristics of each business and the customer's preferences.

The Entity has partnership agreements with various regional chambers of commerce, associations and employers to provide its members with financial services on preferential terms.



INSTITUTIONS AND OTHER GROUPS

Ibercaja collaborates with national and regional public and private institutions through agreements and commercial offers.

In the public sector, the **Entity cooperates with central, regional and local administrations** through financing agreements, youth programmes and sponsorships. Furthermore, it actively participates in the implementation and dissemination of electronic administration and has agreements with numerous entities for the collection of taxes, tax management, processing of university fees and, in general, to facilitate and expedite the administrative procedures of citizens.

In the **private sector,** members of professional associations, associations of public employees and large companies, religious institutions and communities of owners benefit from offers adapted to their needs.



OTHER BUSINESS LINES

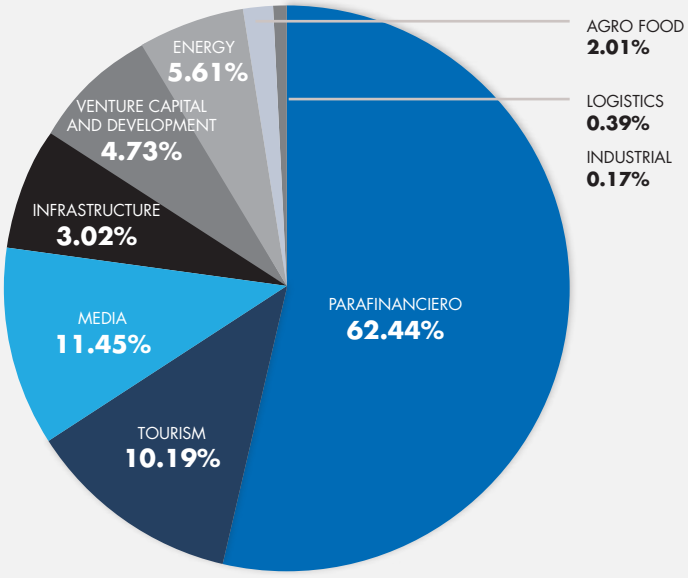
103-1, 103-2, 103-3

Business at the Group's Financial Markets area has focused on ensuring the availability of liquid funds on the balance sheet, managing portfolios of fixed-income and equity instruments, planning placements and buybacks of instruments and hedging structured and other deposits.

Ibercaja is linked to the **business sector** through its **participation in projects with potential for growth and profitability**, guided by criteria of legal, social and environmental responsibility and that have a qualified and committed team. Investment at the end of 2019 was divided up among 64 companies, 5 fewer than in 2018, for consolidated net value of €281 million. By sectors, the weight of companies linked to financial and para-financial activities, 62%, was the most significant in the portfolio. Other investments are in media (11%), tourism (10%), energy (6%), venture capital (5%), infrastructure (3%), the agro food sector (2%) and others.

Ibercaja's investees contribute to the generation of wealth and to populate regions with problems of depopulation and ageing, so that the economic benefits that they can contribute to the Entity are added to social gains. Furthermore, **Ibercaja encourages investments in sustainable projects with environmental value and in companies with high levels of corporate social responsibility**. Noteworthy are the equity investments in companies to develop renewable energies, increase energy efficiency or to implement environmental measures.

SECTORIAL DISTRIBUTION OF THE PORTFOLIO OF COMPANY INVESTEES



The 2018-2020 Plan envisages an active **policy of divestment** from non-core business interests and consolidated projects that have reached a sufficient degree of development and autonomy. The Plan also raises the possibility of investing in projects that meet the criteria required by the Bank (profitability and development).

In 2019, 14 divestments were made, 5 of them total and 9 partial, with a net book value of nearly €13 million. These operations generated a positive result and freed up the consumption of capital. Investment during the year centred on business projects considered strategic or linked to the parafinancial business and to development capital funds.

The **real estate group** consists of **two holding companies**: Cerro Murillo SA and Residencial Murillo SA In 2016, Ibercaja signed a contract with the Aktua group to provide services under which the latter bears sole responsibility for the administration, management and marketing of real estate assets on the balance sheet.





FINANCIAL GROUP

102-12, 103-2, FS6

THE GROUP IS A SOURCE OF BUSINESS DIVERSIFICATION AND GENERATION OF RECURRING REVENUE. IT PROVIDES THE BRANCH NETWORK WITH A FIRST-CLASS MARKETING TOOL BY DESIGNING AND MANAGING FINANCIAL PRODUCTS OF RECOGNISED PRESTIGE THAT STRENGTHEN THE COMMERCIAL RELATIONSHIP WITH CUSTOMERS.

Created in 1988 and wholly owned by Ibercaja, the division is made up of **companies specialising in investment funds, savings and pension plans, bancassurance and leasing.** Innovative capacity and specialised offerings place the Financial Group in a prominent position among Spanish financial institutions. Its products, targeted at both individuals and businesses, are marketed and sold through the branch network and supplement the Bank's extensive range of banking services.

Assets under management and insurance provide **38% of the Group's recurring revenues** and account for 46% of retail customer funds managed by the Bank. Our market share in this business, 4.8%, places Ibercaja in the sixth position in the industry ranking.

The Financial Group participates in the **Sustainable Finance Committee** created by Ibercaja Banco to facilitate the adaptation of the Group to the regulatory environment derived from the European Sustainable Finance Action Plan and the Principles of Responsible Banking signed by the Bank. The **ESG Committee**, in which Ibercaja Banco's Brand, Reputation and Sustainability Unit participates together with representatives from Ibercaja Pensión and Ibercaja Gestión, aims **to promote the application of responsible investment strategies** in asset management. In addition, Ibercaja Vida is part of Unespa's Sustainability Working Group, created to address ESG (Environmental, Social and Governance) issues in the insurance sector, and works on the inclusion of such criteria within its internal rating and early warning tool.

100% OWNED BY IBERCAJA

IBERCAJA BANCO				
IBERCAJA GESTIÓN	IIC manager	Assets €14.0bn	Market share 5.1%	#7
IBERCAJA PENSIÓN	Pension plan management company	Assets €6.8bn	Market share 5.8%	#5
IBERCAJA VIDA	Life insurance company	Technical provisions €7.4bn	Market share 3.8%	#8
IBERCAJA LEASING	Leasing & Renting	Outstanding investment €0.6bn	Market share 2.8%	#10
IBERCAJA MEDIACIÓN	Insurance brokers	Premiums €0.3bn	Alliance with Caser	caser seguros

THE KEY COMPANIES THAT ARE PART OF THE FINANCIAL GROUP ARE:

MANAGEMENT OF COLLECTIVE INVESTMENT UNDERTAKINGS

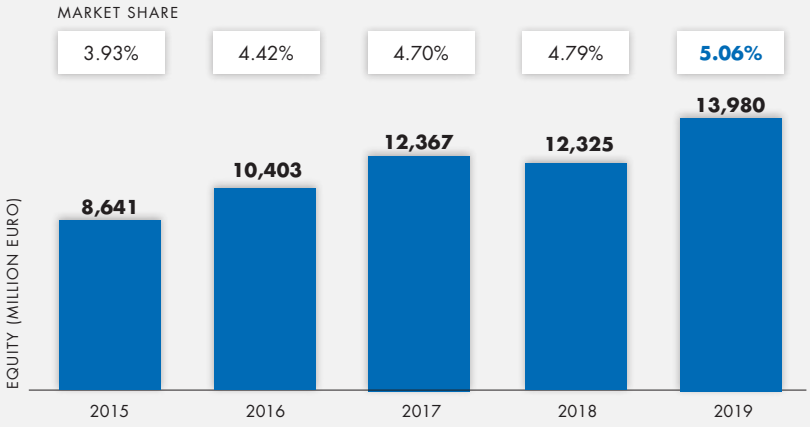
IBERCAJA GESTIÓN, SGIIC, S.A. IS THE COMPANY TASKED WITH MANAGING THE GROUP'S COLLECTIVE INVESTMENT UNDERTAKINGS (CIUS).

The **investment funds in Spain** have seen **growth of 7.56%**. This performance is almost exclusively due to the **strong trends in the markets**, which has led to gains in all fund families, especially those more closely linked to equities. Net contributions account for a small share of these gains, 0.66% of initial assets, reflecting greater risk aversion on the part of savers, driven by economic uncertainty and the accumulated losses of the funds in the final months of 2018.

The **investment fund manager of the Ibercaja Group** closed the year with assets under **management of €13,981 million, 13.43% more than a year earlier**, which is **a new historic record** and consolidates the Bank in **seventh position** in the sector ranking (Source: INVERCO). By growth, in percentage terms, it ranks third among the ten largest management companies in our country. The assets of the company's investment funds have increased by 61.80% since 2015, which is significantly above the growth of the sector as a whole (+25.77% in the same period).

Net contributions, €735 million, are **57% higher than in 2018**, making the Ibercaja Group the **third largest in terms of subscriptions** in the year. The trajectory is in line with the commercial strategy based on profiled, guaranteed and fixed-income funds with performance targets, which have consolidated themselves as a save haven for savers, and the excellent returns obtained. Almost 99% of our funds ended the year with capital gains (weighted average revaluation of 7.63%), notably returns obtained by the equity funds, thirteen of which were over 20%.

TRENDS IN ASSETS AND INVESTMENT FUND MARKET SHARE OF IBERCAJA GESTIÓN



Ibercaja Gestión's market share, **5.06%** (source: INVERCO), marks a new high for the sixth consecutive year, after increasing by 27 basis points. In the past five years, the management company's market share in the fund industry has increased by 113 basis points.

The Entity boasts has one of the widest ranges of funds in Spain, meeting the needs of each investor profile in any market climate. **Anticipating customer needs** has been key in a scenario in which the stock market losses in the last quarter of 2018 led savers to adopt conservative strategies, **contributing to the modification of the structure of investment fund assets**. This increases the weight of profiled funds, which combine investment in fixed income and equities, and guaranteed and targeted return funds, aimed at conservative clients.

The launch of eight new funds in 2019 and **the change in investment policy in three others highlights** the innovative nature of the management firm. The main recommendation to customers has been to diversify investments through the profiled funds, whose range has been completed with the launch of Selección Banca Privada 30, FI. As an investment alternative for customers with a more conservative profile, three guaranteed fixed-income funds, two funds with an unguaranteed return target and a fund of private fixed income at maturity have been launched.

Ibercaja Megatrend, FI reflects the Group's commitment, embodied in its Corporate Social Responsibility policy, to offer **its customers profitable financial solutions with a socially responsible and solidarity-oriented profile**. This new fund joins **Ibercaja Sostenible y Solidario, FI**, launched in 2018 with a similar purpose. Both have accumulated assets under management of nearly €250 million.



In the last part of the year, the marketing was launched of **Ibercaja Best Ideas, FI**, a global equity fund with a high degree of management discretion, whose main novelty and strength lies in the fact that it is fed by the best ideas generated within the management company's Investment Committee.

The 10 **open-ended investment companies (SICAV)** managed by Ibercaja amount to a total of nearly **€60 million**. In 2019, the marketing continued of the **Luxembourg-domiciled SICAV**, established in 2018, which is aimed at private banking clients. The accumulated assets of this investment vehicle amount to nearly **€70 million**.

Ibercaja Gestión organised, in collaboration with internationally renowned management companies, events in eight Spanish cities (Guadalajara, Seville, Badajoz, Barcelona, Logroño, Burgos, Valencia and Zaragoza) to provide current and potential clients with an analysis of the main factors affecting the economic and financial outlook. It has also held annual meetings with clients in Zaragoza and Madrid to provide an updated view of the markets and present the recently launched funds.

In the 2019 edition of the **Expansión All-Funds Bank awards**, Ibercaja Gestión was a finalist in the "Best Investment Fund Manager" category and was the best rated among forty-one banks analysed in the annual survey carried out by the **European analysis firm Extel Europe**. In addition, eleven of its managers have been recognised among the best professionals in Spanish equity management, making it the Spanish management company with the largest number of award winners in the TOP 10.



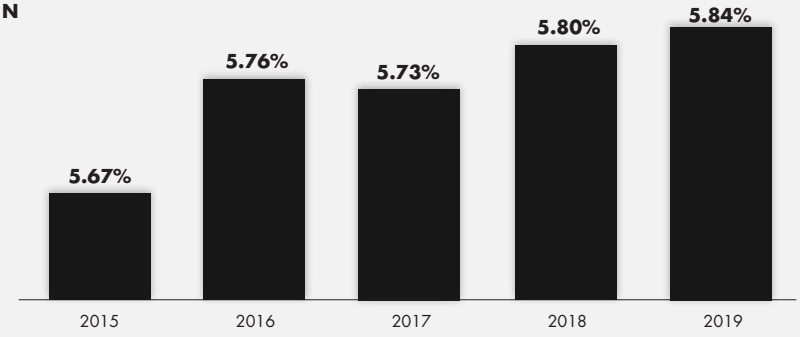
PENSION PLAN MANAGEMENT

IBERCAJA PENSIÓN, EGFP, S.A. IS IN THE BUSINESS OF MANAGING DIFFERENT KINDS OF PENSION PLANS.

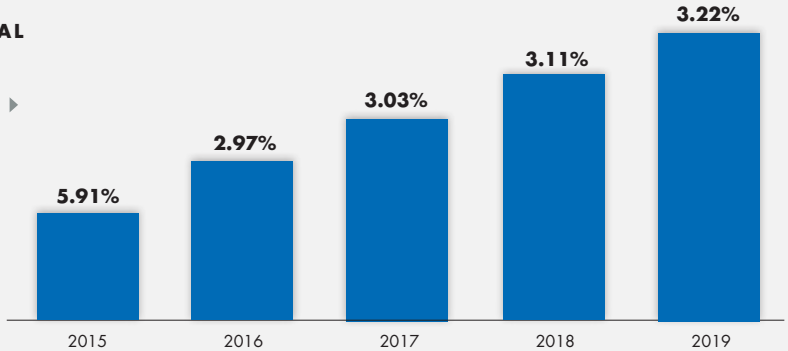
The assets managed at the end of the year, €6,794 million, are 9.50% higher than in 2018. **Market share reached an all-time high of 5.84%**, after adding 4 basis points in the year, and the management company remains in **fifth position in the sector ranking** (Source: INVERCO).

Savings managed in **individual system pension plans** increased by 14.48% to €2,574 million. Market share, **3.22%**, **increased 11 basis points** since December 2018, keeping the company in **eighth position in the sector ranking** (Source: INVERCO). The number of customers with individual plans increased by 8,268 to a total of 198,465. Net contributions, €215 million, increased by almost 20% as a result of marketing actions and the advisory work to customers carried out by Ibercaja's branch network.

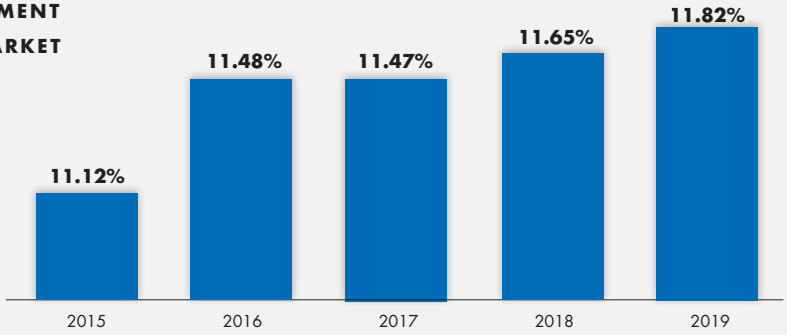
TREND IN PENSION PLAN MARKET SHARE



TREND IN PERSONAL PENSION PLAN MARKET SHARE



TREND IN EMPLOYMENT PENSION PLAN MARKET SHARE



Assets managed in **employment plans** amount to €4,220 million, 6.64% more than in 2018. **Market share**, **11.82%**, **increased by 17 basis points** in the year and the company consolidated its position as the **third largest Spanish management company**. The average return achieved in 2019 by the employment plans, 9.8%, is more than one percentage point higher than the average for the sector.

THE ENTITY IS A **SIGNATORY** OF THE **UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT** AND A MEMBER OF SPAINSIF, THE SPANISH FORUM FOR SOCIALLY RESPONSIBLE INVESTMENT.

The offer of savings instruments with a socially responsible investment profile was reinforced with the launch at the end of 2019 of the Sustainable Europe Pension Plan, which **joins the already existing Ibercaja Sustainable and Solidarity Pension Plan.** The latter instrument has a solidarity orientation, as part of the management fee is donated to social and environmental projects. In 2019, they have been aimed at promoting the inclusion of particularly vulnerable groups in the labour market and combating the deforestation of the Amazon rainforest.





In the latest edition of the **Expansión All Funds Awards, the Ibercaja Dividendo Europa Plan** won the **award for "Best European Equity Plan"**, while the Sustainable and Solidarity Pension Plan was a finalist for the second year running as "Best Solidarity Fund". In addition, the Endesa Group's Employees' Fund was a finalist in the category of "Best Credit and Alternative Investment Strategy" in awards given by IPE - Investment and Pensions Europe Magazine.

The Company organised the **"5th Conference on Pension Plans in Spain"**, a key event in the debate on social welfare. It also presented its his strategy on responsible investment and sustainable finance at the World Climate Summit COP25, at the Spainsif stand, and organised in Zaragoza the event "The Carbon Footprint. Impact on Finance and Businesses" in the week of Socially Responsible Investment.



GROUP INSURANCE BUSINESS

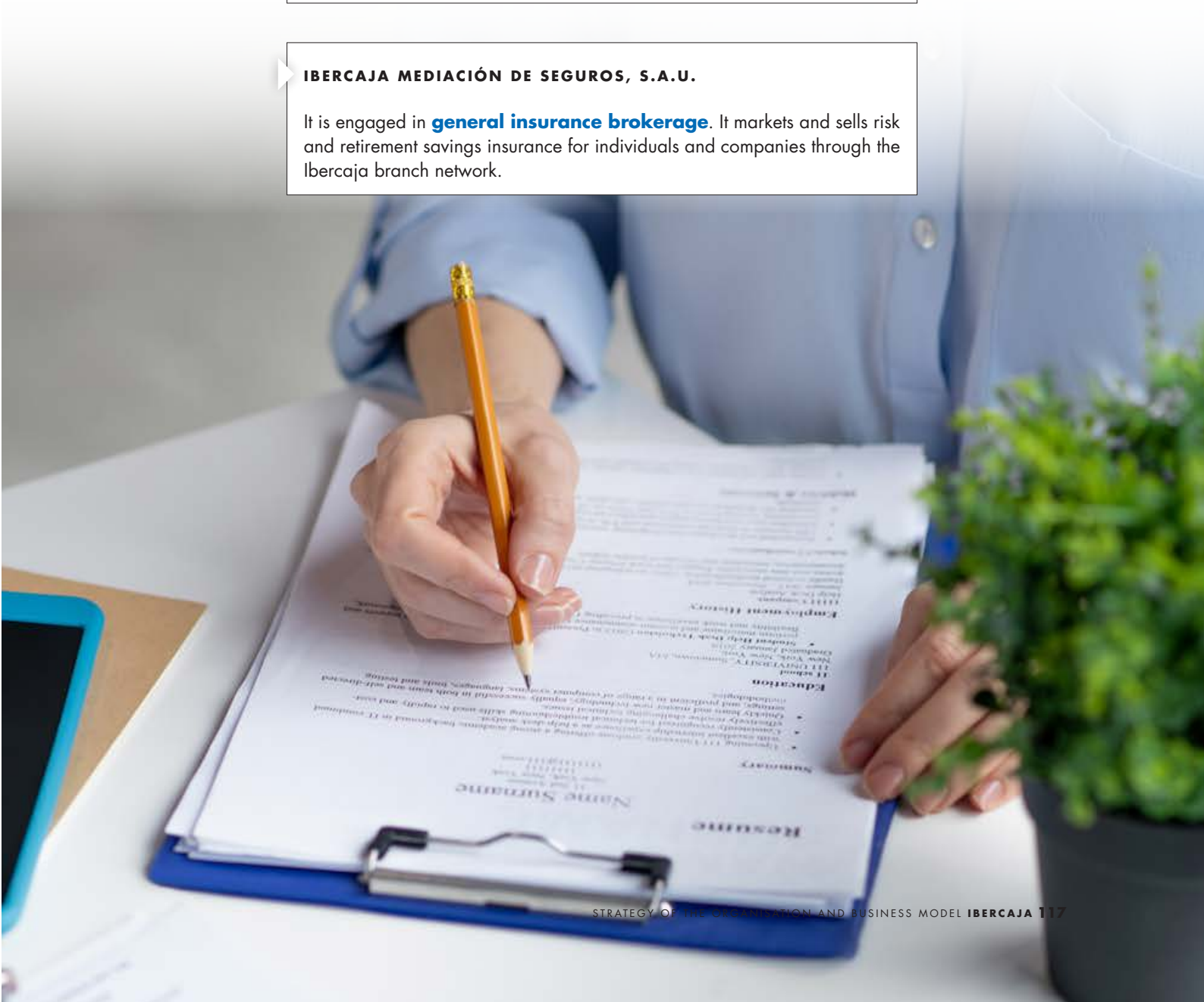
The **Group's insurance business** *is carried on through* **two companies** *operating in the life and non-life lines, providing products and specialised support to Ibercaja Banco's branch network:*

IBERCAJA VIDA COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.U

It is a life **insurance company** that has specialised in the bancassurance business since 1996. Its objective is **to provide the customer with savings insurance** (systematic, investment and income) to cover their needs. Personal provision for death or disability is another of the pillars of its activity. Ibercaja Vida's solvency ratio, 198% at the end of 2018, is well above the legal limit (100%) and is above the average of the 15 largest life insurance companies. The insurance company ranks eighth in the sector, with a share of 3.79%. (Source: ICEA).

IBERCAJA MEDIACIÓN DE SEGUROS, S.A.U.

It is engaged in **general insurance brokerage**. It markets and sells risk and retirement savings insurance for individuals and companies through the Ibercaja branch network.



LIFE-SAVINGS INSURANCE

Ibercaja Vida offers a wide range of traditional systematic savings products, including individual systematic savings plans (PIAS), investment savings instruments, such as annuities, assured savings plans and Unit Linked. It also offers assurance of pension commitments externalised by various companies.

Provisions for life and savings insurance, **€7,270 million**, remained practically stable in a year when low interest rates particularly affected the range of guaranteed savings products.

Deferred capital insurance, **€2,300 million**, represents 32% of the volume managed in life insurance savings. Life and temporary annuities, which account for 30% of the total, increased by almost 5% to **€2,160 million**. This type of investment-saving product allows the insured to supplement pension income with a small tax burden. In 2019 Ibercaja Vida developed the life annuities of the Confianza range with which the insured optimises his income in exchange for gradually consuming the capital invested. The Confianza Equity Life Annuity is also compliant with the new legislation on reinvestment of capital gains that came into force in April 2019. At the same time, PIAS account for 27%, with a volume of nearly **€2 million**. To make savings profitable in the current interest rate environment and to maintain the tax advantages associated with PIAS, at the end of 2018 PIAS LINK was launched: four investment baskets with different weights of equity. The current balance is more than €300 million.

RISK INSURANCE

Risk insurance premiums increased by 3.51% to €276 million, distributed between life and non-life insurance.

Non-life insurance premiums, at **€198 million**, increased by 3.73% and the number of policies rose to 641,540. The boost to the activity is the outcome of the commercial effort, the alliance with Caser for distribution through the network of offices of this type of insurance and the effectiveness of the campaigns and promotions carried out throughout the year. The largest growth occurred in death insurance (+36.7%) and civil liability (+8.0%). The year saw the start of the marketing of the Inquilinamente Home Insurance, specifically for people living in a rental, the Multi-Risk Comercio Connect Insurance, aimed at businesses and professionals, and the new car insurance with flexible rates adapted to the customer's banking and insurance profile.

Revenues from life insurance risk, **€78 million**, grew by 2.96%. Ibercaja Vida is the main support for this type of insurance through the Risk Project.

LEASING AND RENTING

Ibercaja Leasing y Financiación S.A. specialises in **financing productive activities** *through* **leasing** *and* **renting**.

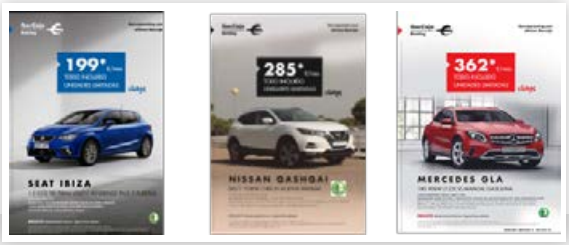
It provides the branch network with **products for SMEs and professionals** to finance their investments in fixed assets and access goods under operating leases.

The company once again reached record highs of **€619 million** in outstan**ding risk**. The year-on-year increase of 10.33% was higher than the average growth of the sector (6.41%) and, accordingly, the market share of 2.84% was 10 basis points higher than in the last twelve months. Renting performed well, with a 63% increase in outstanding investment and a 71% increase in the vehicle fleet (4,535 units).

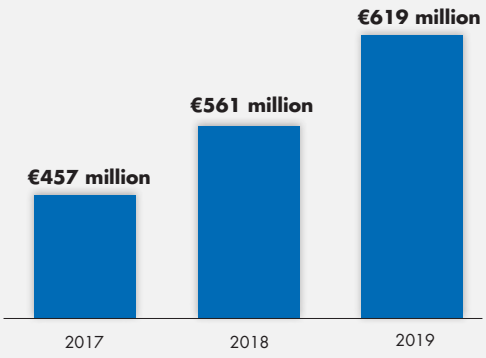
Contracts signed amounted to **€281 million** and these represented a market share in the sector of 3.57%. Of the volume of new transactions, 31.24% went to the financing of industrial vehicles, 31.20% to non-industrial vehicles, 29.24% to machinery, 4.98% to buildings and the remainder to computer equipment, furniture and other facilities.

In July a new agreement was signed with the European Investment Bank for a total of €150 million, so that since 2015, €575 million has been drawn down under this arrangement. The benefits of EIB financing thus reach SMEs and micro-enterprises which, thanks to this line, can count on the resources needed to invest and improve their competitiveness.

Ibercaja Leasing y Financiación S.A.'s **NPL ratio**, **2.40%**, is significantly lower than the average for financial credit institutions (5.13%), after falling 11 basis points compared to the end of 2018. The coverage ratio stood at 71% of doubtful balances.



CHANGE IN OUTSTANDING RISK





OMNICHANNEL APPROACH

102-4, 102-6, 103-2, FS14

THE STRENGTHS THAT DISTINGUISH IBERCAJA, NAMELY QUALITY OF SERVICE AND ADVISORY CAPABILITY, ARE COMBINED WITH THE OPPORTUNITIES AND MEANS PROVIDED BY DIGITALISATION.

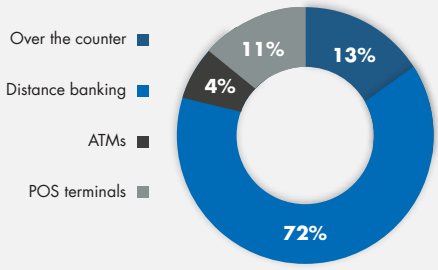
THE BANK IS FIRMLY COMMITTED TO **INNOVATION** TO **IMPROVE ITS RELATIONSHIP WITH THE CUSTOMER** AND TO RESPOND QUICKLY TO THEIR DEMANDS ANYWHERE AT ANYTIME.

Traditional channels operate alongside the most innovative ones, and the strengths characterising Ibercaja (service quality, advisory skills), are combined with the opportunities and media provided by digital economy. The **digital transformation project**, one of the milestones of the 2018-2020 Strategic Plan, aims to incorporate the most advanced technological solutions into the Entity's business, anticipating society's demands and providing a service aligned with each client's digital capabilities. During the year, significant steps have been taken to improve processes and channels, in the creation of a consistent and differentiated omnicanal experience, as well as to increase the number of users.

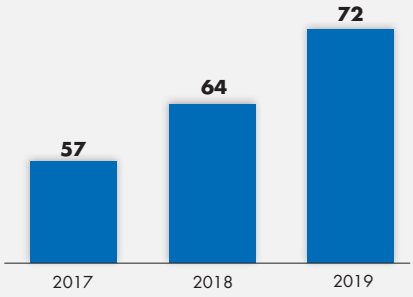
Distance banking accounts for **72% of all transactions**, **PoS terminals for 11%** and **ATMs for 4%**, while **over-the-counter transactions dropped to 13%**, almost 9 percentage points less than in 2017.

Following the goals achieved in 2019 for the last year of the Plan+ 2020, special emphasis will be placed on generating new commercial opportunities and increasing sales in the omnichannel area.

BREAKDOWN OF TRANSACTIONS PER CHANNEL (%) -2019-



TREND IN % OF DISTANCE BANKING TRANSACTIONS



BRANCH NETWORK

Branches are the basic instrument of **customer relations**, *meeting their needs by providing a* **close, personalised and quality service.**

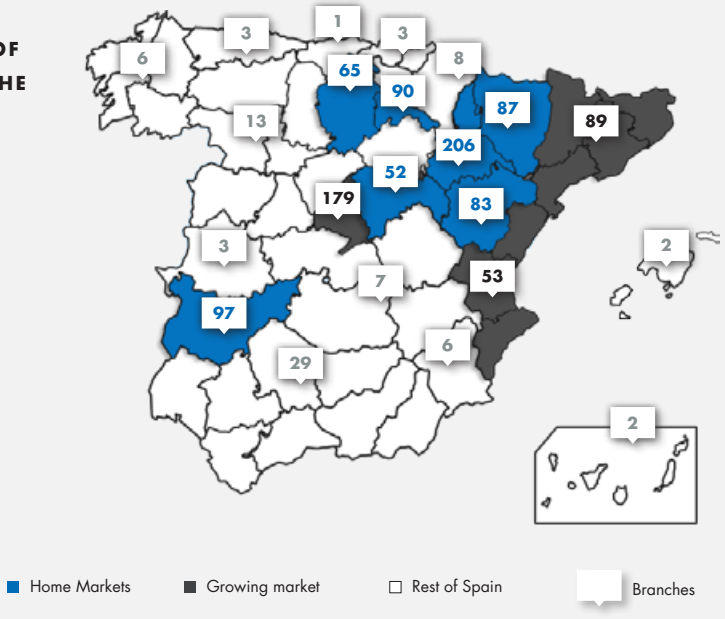
Ibercaja's network is broad, with high capillarity and supported by other alternative channels. Traditional customer service is constantly adapted to market demands, which leads to branch segmentation and material, technological and management changes to streamline and facilitate the relationships with our customers.

The **network structure** includes u**niversal full-service branches and branches that provide personalised services, along with specific business centres, Branches+ and Agro**, all supported by specialised managers.

The Bank has a total of **1,084 branches** located across all of Spain, 310 of which are in rural areas. Three branches were opened and 33 were closed during the year. Their closure, in line with a policy of streamlining, was compatible in every case with the commitment to guarantee business continuity, conserve customer proximity and maintain the Bank's presence in small towns and villages. In this regard, it should be noted that **nearly 25% of branches are located in municipalities of less than 1,000 inhabitants.**

The **distribution of the network** by **autonomous regions** is as follows: 376 points of sale in Aragon, 179 in the Community of Madrid, 100 in Extremadura, 90 in La Rioja, 78 in Castile and León, 89 in Catalonia, 59 in Castilla-La Mancha, 53 in the Community of Valencia, 29 in Andalusia and 31 in the other autonomous regions of Spain.

DISTRIBUTION OF BRANCHES AT THE END OF 2019



During the year, **two business centres** were opened in Bilbao and Alicante, which are added to the six existing centres in Zaragoza, Madrid, Valencia and Barcelona, all designed to manage high-turnover **customers that require more specialised banking products and services**.

They have **multidisciplinary teams** and are aimed at improving Ibercaja's positioning in the business environment by relying on its strengths: quality, agility, speed, flexibility and customisation.

The 29 **Personalised Service Model** branches are characterised by having two different and complementary spaces. One of them, providing an express service, basic transactions can be performed, while the other specialises in comprehensive advisory services.

Ibercaja+ offices operate in markets with great business potential within the corporate, personal and private banking segments. Under this model, 15 branches have the mission of reinforcing specialisation, the positioning of brand image, achieve synergies between managers and, especially, to be useful to the most valuable customers.

THE **FOOD AND AGRICULTURE INDUSTRY** IS ONE OF THE MOST RELEVANT FOR IBERCAJA'S ACTIVITY, AS A RESULT OF ITS IMPLANTATION IN EMINENTLY AGRICULTURAL LOCATIONS, ESPECIALLY WITHIN ITS HOME MARKET. THE AGRO FOOD SECTOR CONTRIBUTES A HIGH NUMBER OF CUSTOMERS: NATURAL PERSONS, COOPERATIVES, FARMING PARTNERSHIPS AND INDUSTRIES.

The **2018-2020 Agro Plan**, implemented within the framework of the Customer Program initiatives, is one of the pillars of the Plan+ 2020.

Some **283 branches** operate under the Ibercaja Agro brand and they are meeting points between clients in the food sector and Ibercaja's specialised managers who have specific training in areas such as: CAP aid, agricultural insurance, investment financing, etc.



IN 2019, THE PROCEDURE KNOWN AS **COMMERCIAL AND MANAGEMENT SYSTEM** WAS IMPLEMENTED IN THE BRANCH NETWORK FOR THE **INTEGRATED MANAGEMENT OF CUSTOMERS** AND THE MONITORING OF ACTIVITY.

This new way of doing things and relating to each other **fosters a global vision of customers**, giving managers a greater role through a new work methodology that allows them to plan their agenda and combine knowledge of the customer at the point of sale with the most advanced business intelligence tools. It also helps **the leaders to be closer to their teams**, boost commercial dynamism and to apply the leadership model in their area of responsibility.

In the last year of the Plan+ 2020, three measures are planned that will have an impact in the **change in the organisational model**. This is the grouping of head and satellite branches, the remote-digital management model and the mobile branch.

The **grouping of head and satellite branches** involves the creation of head branches that will be responsible for satellite branches. The former will be responsible for supervision and control functions and tasks, in addition to management of small businesses, professionals and the self-employed. Meanwhile, the latter will be focused on other commercial tasks. The new organisation will make it possible to increase levels of specialisation, optimise staffing, share services, encourage support between branches, and improve commercial capacity and control levels, among other benefits.

In the **digital remote management model**, **technology** becomes the key lever for **customer interaction**. The personal digital banking manager gives personalised service, even if it is not in person, and provides the customer with service that is equivalent to that of a branch.

The **mobile office project** aims to **serve the rural areas** effectively and to prevent the financial exclusion of small towns. The mobile office, set up on a bus, will carry out regular routes every day of the week, giving customers the same service as any other branch.

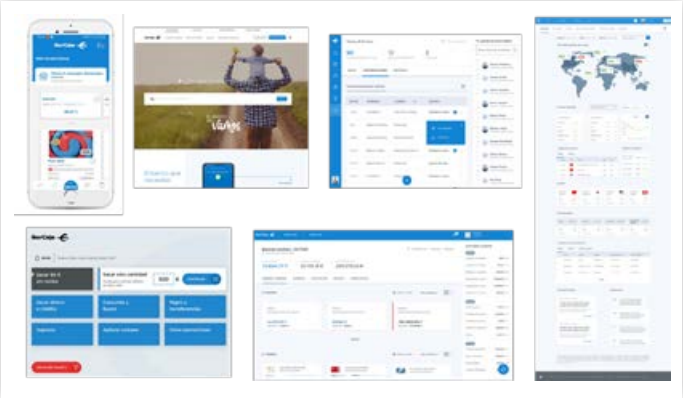


DIGITAL BANKING

Digital banking provides customers with remote channels **to carry out their transactions** *in the remote environment that is* **most practical and simple**, *whether on the Internet, or via the mobile phone.*

The **number of digital banking customers** that have used any of the various channels in the last month reached **766,000**, with growth of 22% since the launch of the Plan+ 2020.

Users of the Ibercaja App for mobile banking increased to a total of **432,200 in the last month**. The increase in 2019 was 39% and 78% compared to 2017. Throughout the year, the application has incorporated **suggestions received** from customers themselves and added new features aimed at migrating transactions carried out in branches, such as signing contracts and documents, paying taxes, operations with pension plans, checking movements or micro-financing. One of the new services offered to customers is to view data from other banks, accounts, investment and financing products, which allows customers to view the information from all the banks with which they operate.



Mobile payment is one of the major global trends that is taking root every day. In addition to Ibercaja Pay, the bank's customers can register their cards on the Apple, Samsung and Google Pay payment platforms to make purchases in both face-to-face and remote settings. The **86,000 monthly mobile payment users** have seen growth of nearly 230% in the last year.



The **new** **www.ibercaja.es** **website** is easy to browse and enables clear and direct dialogue with customers. Its design is in line with the Bank's principles of style and ways of working that are being applied to all digital assets. The **objective** of the change is **to refresh the way the entity addresses users** and to bring the organisation's capabilities over to the digital realm: professionalism, understanding, security, autonomy, knowledge, peace of mind, equality and advice. The website has been optimised for any device with new menus and content, including the sections on investment funds and pension plans. **Visits reached** a total of **26.4 million** for the year.



The **new digital business** banking practices is the result of extensive research that has taken into account the opinion of both customers and employees. The result is a **leading platform that aspires to be a benchmark in the sector**. Its deployment, which was carried out in the closing months of the year, is expected to be completed in the first half of 2020. The novelties go beyond a new style in design. It allows for browsing on any device guided by logical and intuitive steps that can be customised to the customer's preferences. In addition to typical queries and operations, new ones such as financing, post-financing and pre-financing have been incorporated. It improves operations related to foreign trade, those related to payments and collections and, in the immediate future, an online broker will be added.

IBERCAJA EXPLORA IS A **UNIQUE SPACE**, LOCATED IN THE CENTRE OF ZARAGOZA, WHERE **AN EDUCATIONAL APPROACH IS USED TO INFORM THE PUBLIC AND SHOWCASE THE DIGITAL ASSETS OF THE BANK.**



The training sessions provided are aimed at showing users all the potential and operating functions offered by each of the Entity's channels: ATMs, online banking, Ibercaja App and Ibercaja Pay. The pilot project "Xplora en tu Oficina" has been added to this initiative, with the aim of accompanying customers within the office itself in the digital learning process. Initially this service, which is assisted by a digital asset expert, will rotate through each branch in two-week periods.

SELF-SERVICE AND PAYMENT METHODS

THE **ATM NETWORK** FACILITATES THE MOST COMMON TRANSACTIONS AND THOSE WITH THE LOWEST ADDED VALUE, LESSENING THE BRANCH NETWORK'S WORKLOAD SO IT CAN GEAR EFFORTS TO COMMERCIAL AND ADVISORY ACTIONS. IBERCAJA HAS 1,317 ATMS, GIVING IT A 2.61% SHARE OF THE SPANISH MARKET (SOURCE: STMP).

Ibercaja has **1,317 ATMs**, giving it a 2.61% share of the Spanish market (Source: STMP).

The ATM renewal plan has been given a significant boost, reaching 30% of all ATMs. The new software offers a design that is consistent with the Bank's other channels and allows access to the ATM through contactless cards or mobile devices, cash withdrawal with banknote selection, tax payment with cards from other banks and management of direct debits.

The **1.6 million cards** generated **84 million transactions**, with a volume of €4,495 million, 11.3% more than in 2018 and giving Ibercaja a market share by volume of 2.22% (Source: STMP).



The **Skipirineos card** is the result of Ibercaja's link with Aragon and the world of snow, through its business relationship with Aramon. This card, with more than 18,000 active users, offers discounts and benefits in the Aragonese ski resorts. In addition, the Entity has developed a virtual reality experience that makes snow and skiing accessible via new technologies and free of charge to all, whether or not they practice this sport.

The Bank has **29,640 point of sale (POS) terminals** installed in stores across the country (market share of 1.53%). Revenue from POS terminals amounted to €2,151 million, 13.4% more than the previous year.

The **strategic alliance entered into with Visa** the previous year has powered strategic consulting projects for the promotion of credit card financing, as well as new proposals for the private banking and business customer segments. In cooperation with MasterCard, an offer has been defined for the self-employed, professionals and farmers.

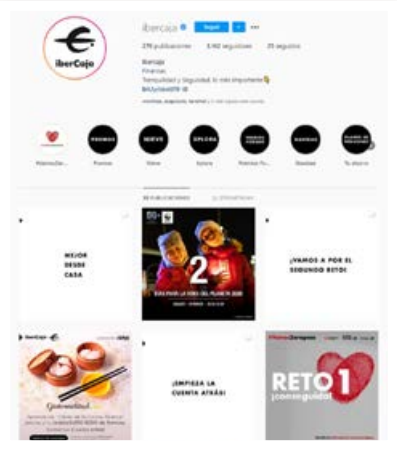


SOCIAL NETWORKS

103-2

IBERCAJA HAS ACCOUNTS IN THE **MAIN SOCIAL MEDIA** (FACEBOOK, INSTAGRAM, TWITTER, LINKEDIN AND YOUTUBE) AS A MEANS OF COMMUNICATING AND RELATING WITH THE MOST SIGNIFICANT STAKEHOLDERS.

It disseminates valuable content by connecting with targets at the right time and the right place. In 2019, **customer service through social networks was launched.**





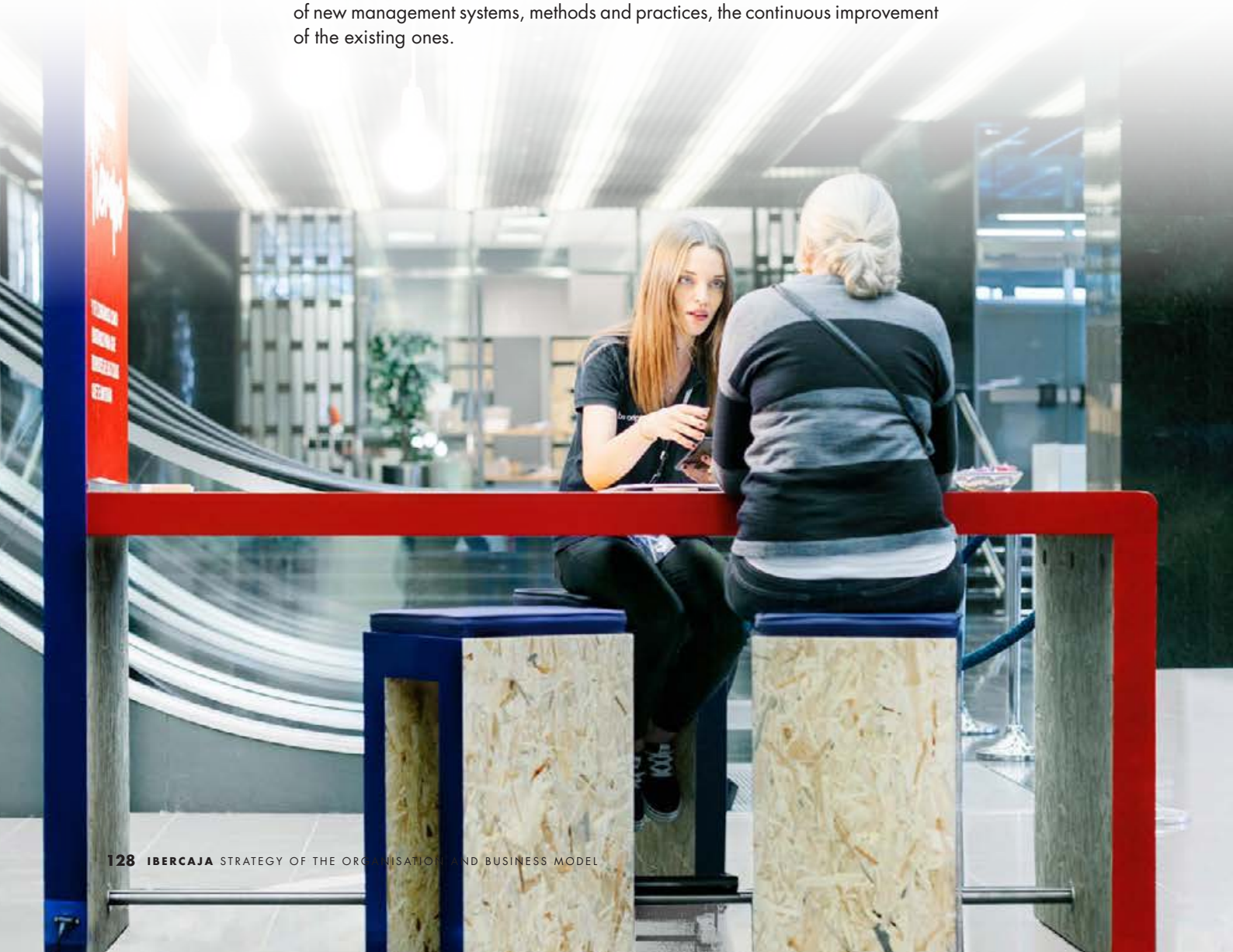
MANAGEMENT MODEL ORIENTED TO EXCELLENCE

103-3

IBERCAJA STRIVES CONTINUOUSLY TO ENHANCE CUSTOMER EXPERIENCE THROUGH SERVICE EXCELLENCE.

THE BANK HAS ITS **OWN MANAGEMENT MODEL** THAT PROMOTES EXCELLENCE IN ALL OF ITS BUSINESS PROCESSES, ASPIRING TO OFFER CUSTOMERS A **PERSONALISED AND INNOVATIVE SERVICE TAILORED TO THEIR NEEDS.**

As a reference, it has adopted the European Foundation for Quality Management (EFQM) model, which assesses, in addition to the implementation of new management systems, methods and practices, the continuous improvement of the existing ones.



500+ SEAL

In 2018, for the fifth consecutive time, the entity renewed the **500+ Seal of European Excellence (EFQM)**, increasing the score with respect to the previous evaluation in 2015, placing it in the range between **550 and 600 points**. As in previous editions, during the visits, the evaluation team positively highlighted the level of commitment and good work of the people with whom they held the interviews.

MADRID EXCELLENT

Ibercaja also has the quality seal **"Madrid Excellent"**, granted by the Madrid Autonomous Community, which recognises companies committed to innovation and continuous improvement, social responsibility and satisfaction of both customers and employees. It also holds the "Aragón Gold Company Seal", promoted by the Aragon Institute for Development (IAF), which is the highest recognition of business excellence in the Aragon region.

PERSONAL BANKING CUSTOMER ADVICE

For the seventh year running, the Advisory Services Certification for Personal Banking customers was renewed, based on the ISO 22222:2010 standard "Personal financial planning. Requirements for personal financial planners", which specifies the requirements regarding the ethical behaviour, competence and experience required of asset management advisors.

THESE ACKNOWLEDGMENTS SUPPORT IBERCAJA'S COMMITMENT TO CONTINUOUS IMPROVEMENT, THE ORIENTATION OF RESULTS AND, ESPECIALLY, TO THE CUSTOMER THROUGH VALUABLE EXPERIENCES AND SERVICES THAT STAND OUT.

FROM 2007

FROM 2010

1ST BANK FROM 2012

FROM 2015

CUSTOMER EXPERIENCE AND QUALITY OF SERVICE

As the 2018-2020 Strategic Plan indicates, the value proposition to the **customer is what really sets** *the Entity apart.*

Customer are constantly evolving, making it necessary to deepen our knowledge of their expectations and their experience in relation to the Bank. For this, **different lines of work** have been followed in order to **anticipate the changing needs** of our customers and to evolve in our way of working.

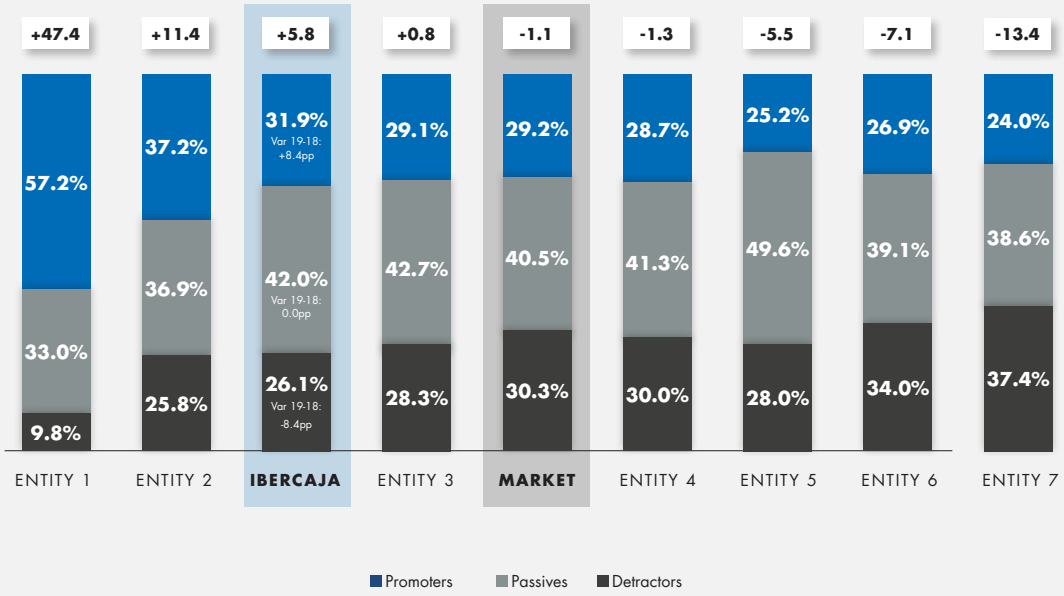
In 2019 a **new customer voice capture system** was built, giving customers the spotlight **in learning about their experience** in interacting with Ibercaja for different needs (advisory on savings, mortgage management, dealing with insurance matters, economic transactions, etc.). These surveys supplement traditional relational surveys in which customers' overall experience with the Entity is measured. Thus, in 2019, the voice of almost 75,000 customers was collected (more than three times as many as in 2018).

In addition to the surveys, the **technique of "expert observation"** is used to measure quality, a quality **audit that observes and evaluates** the appeal to potential customers, the suitability of our offering, the level of information in response to a specific need and other indicators, such as: friendliness, closeness, waiting time and discretion. The results of these studies disclosed below, while high, leave room for improvement measures to be implemented.

MAIN CUSTOMER EXPERIENCE DATA FROM OWN STUDIES

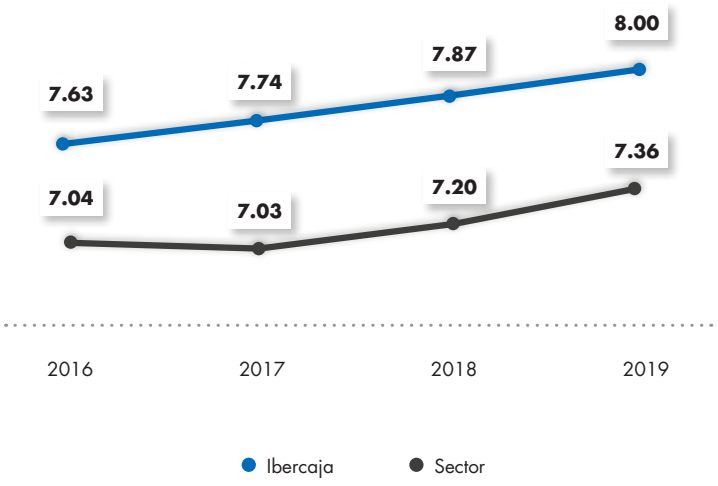
2019 RESULTS	RESULT	CUSTOMER SAMPLE
% of customers who rate their **experience with management of their savings** as **very satisfactory** or **satisfactory**	**97.0%**	**15,383** CUSTOMERS OF HOUSEHOLD BANKING
% of customers who rate their **experience with over-the-counter service** as **very satisfactory** or **satisfactory**	**83.9%**	**53,125** CUSTOMERS OF HOUSEHOLD BANKING
Overall satisfaction with the **service** provided by the **corporate banking manager**	**9.23**	**4,988** CUSTOMERS OF CORPORATE BANKING

ACCORDING TO THE **INDUSTRY STUDY CONDUCTED BY INMARK** ON THE FINANCIAL BEHAVIOUR OF INDIVIDUALS IN SPAIN, **IBERCAJA RANKED SECOND AMONG COMPARABLE SPANISH ENTITIES**.



BASES: PREFERRED CLIENTS OF EACH BANK

STIGA'S EQUOS STUDY RATES IBERCAJA AS THE FIFTH LEADING ENTITY IN SPAIN.



TECHNOLOGICAL ADVANCES

102-2

IBERCAJA, AWARE OF THE NEW CHALLENGES THAT THE BANKING SECTOR MUST FACE, IS IMMERSED IN AN AMBITIOUS PROGRAMME OF DIGITAL TRANSFORMATION.

Technological innovation plays **a key role in the banking sector** at a time of significant change for the sector: transformation of customer habits, need to improve the efficiency of operational processes to gain competitiveness, emergence of new players, fintech, which are making inroads in the retailing of financial products, and regulation in continuous change.

Ibercaja, aware of the need to face the **new challenges**, has devised an ambitious programme of **digital transformation** within its Strategic Plan 2018-2020.

Its **objective** is to **satisfy the customer needs** and expectations, **boost competitive advantages** by enhancing **omnichannel** as a supplement to the personal attention given by managers, and ensure **maximum agility and efficiency** of the operational processes of both the branch network and central services.



THE MOST RELEVANT ACTIONS BEING TAKEN IN THIS AREA, SOME OF WHICH ARE COMPLETE AND OTHERS IN PROGRESS, INCLUDE THE FOLLOWING:

DEPLOYMENT OF THE NEW COMMERCIAL AND MANAGEMENT SYS aligned with the Leadership Model, which contributes to driving change in the way offices work, makes them more efficient and, at the same time, improves the experience of both customers and employees.

COMPLETION OF THE IRREGULAR RISK MANAGEMENT tool that optimises recovery processes, making them more effective in recovery and in the building of viability solutions.

As part of the strategic project for the **IMPLEMENTATION AND DEVELOPMENT OF A DATA GOVERNANCE FRAMEWORK** progress has continued to be made towards promoting continuous improvement in the standardisation, traceability, quality and availability of data in order to maximise the value of data as an engine for generating business. Governance and data quality procedures have been deployed in two areas selected as pilots: Datamart of guarantees and regulatory reporting of non-performing assets.

THE IBERCAJA APP FOR MOBILE BANKING HAS EVOLVED and incorporates new functionalities, such as the payment of taxes by taking a photo, the ability to sign documents without having to go to an office and the new functionality of aggregation of positions in other financial institutions. The sale of the main non-life risk insurance lines (health, car and home) is planned through this channel in the near future.

THE DIGITALISATION OF PROCESSES FACING THE END CUSTOMER, SUCH AS THE OMNICHANNEL SIGNATURE OF DOCUMENTS that can be done through any mobile device prior to generation of a copy of the document that is sent to the client's mailbox for verification and consultation.

THE NEW WEBSITE WWW.IBERCAJA.ES AND DIGITAL BANKING FOR COMPANIES focused on enhancing user experience and promoting business and the relationship with Ibercaja.

IBERCAJA IS DEVELOPING THE FIRST CHAT BOT IN INSURANCE that answers specialised questions through artificial intelligence.

RENOVATION AND UPDATING OF THE ATMS to offer maximum simplicity, ease of use and incorporating new functionalities that allow users greater interaction and the ability to carry out multiple operations with less waiting time. In addition to a cash withdrawal, it is possible to deposit cash, recharge one's mobile phone, buy tickets for shows and pay tax, among others.



CORPORATE BRAND AND REPUTATION

THE MANAGEMENT OF INTANGIBLES IS DEVELOPED IN IBERCAJA BECAUSE OF THEIR POTENTIAL TO CREATE VALUE THROUGH THE STRENGTHENING OF TRUST AND DIFFERENTIATION, AND BECAUSE OF THE NECESSARY EVOLUTION IN THE MANAGEMENT OF NON-FINANCIAL RISKS.

CORPORATE BRAND

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

In 2018, **a new communication concept** was developed, with the aim of connecting and reaching stakeholders more effectively. **"El Banco del vamos"**. **In 2019, intensive work was carried out in implementing it.** This concept, which was developed with the participation of all the people who make up the Bank, employees and customers, reflects our brand DNA, the result of our more than 140 years of history, and it helps to convey our corporate purpose, "to help people build the story of their lives because it will be our story".

Thus, in 2019 **this concept was developed in all institutional and commercial actions**, and has been reflected in all the content produced, thus consolidating the new positioning and communication style. It helps us to show ourselves as a Bank that is close, transparent, honest in the information we offer, proactive, committed and dynamic, that will always have people and the important moments of their lives as the centre of its attention.

CORPORATE REPUTATION

In 2019 we continued working and safeguarding our **corporate reputation** *as a* **lever of differentiation** *that adds value to the business.*

Thus, **surveys on the perception** of the main stakeholders have been continued and intensified: customers and society. The Customer Experience Unit and the Brand, Reputation and Sustainability Unit are working together to **coordinate sources of information** and internal studies, with **the aim of**:

- **Identifying synergies** between them
- **Ensuring consistency** of results and their evolution
- **Obtaining overall conclusions** to facilitate decision-making

THE STUDIES ANALYSED ARE THOSE RELATED TO CUSTOMER EXPERIENCE, EMPLOYEE EXPERIENCE AND REPUTATION.

In 2019, according to the results of these reports, new areas of action to **improve reputation** have been identified focusing on priority aspects. These actions will involve the People Area (Employee Experience) and the Marketing Area (Customer Experience), as these are two preferential stakeholders in reputation building.

Also during this year we continued to measure the **Social Impact** *of Ibercaja, a document that summarises our main* **contribution to people, society, companies and the environment.**



With respect to measurement, in 2019 the **Reputation Scorecard** was enhanced with internal and external indicators that can **monitor the perceptions of the different stakeholders** and progress in the management of reputational risk. Accordingly, a transversal team was created to identify new indicators to be contributed. Thus, new metrics have been incorporated to monitor the perception of the markets (potential investors) and of the supervisor.

TRANSPARENCY AND COMMUNICATION

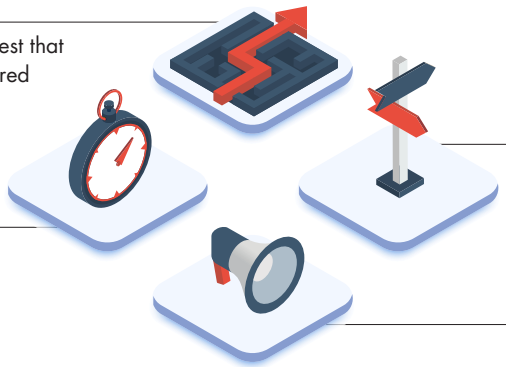
103-1, 103-2

TRANSPARENCY, VERACITY, DILIGENCE AND NEUTRALITY ARE KEY CRITERIA PRESENT IN ALL THE INFORMATION FLOWS GENERATED BY THE ENTITY, BOTH INTERNALLY AND EXTERNALLY. THESE FLOWS ARE SYSTEMATISED THROUGH A COMMUNICATION MODEL BASED ON THESE FOUR KEY CRITERIA.

COMMUNICATIONS CRITERIA

TRANSPARENCY
In all **matters of public i**nterest that do not **compromise** the required confidentiality of the activity.

DILIGENCE
To provide **timely information** that recipients can make use of to their maximum benefit.



TRUTHLNESS
So that it **accurately** responds to the **information** requests of the stakeholders.

NEUTRALITY
All stakeholders are entitled to **information** generated by Ibercaja in **equal conditions**.

BELOW ARE THE THREE ASPECTS OF COMMUNICATION AND ITS MAIN ACTIONS DURING THE YEAR:

INTERNAL COMMUNICATION

Aimed at transmitting the **Bank's strategy** *and* **promoting the participation of staff**, *fostering the feeling of belonging to the organisation. IT is carried out in different ways: daily publications, four-monthly magazine, employee portal (Intranet), management proximity plans, etc.*

HIGHLIGHTS OF 2019 INCLUDE:

PRESENTATION OF THE CERTIFICATE AS A FAMILY RESPONSIBLE COMPANY AWARDED BY FUNDACIÓN MÁS FAMILIA THIS YEAR

This is one of the milestones of the 2018-2020 Strategic Plan, which reinforces the commitment to people in accordance with the Bank's purpose and corporate values. To publicise this achievement, various actions of communication to the staff have been deployed: internal publications, paper and digital, video interviews with employees and internal face-to-face events. The certificate acknowledges the Entity's commitment to the well-being of employees, promotes equality and the balance of family and work life.

IMPLEMENTATION OF THE NEW COMMERCIAL AND MANAGEMENT SYSTEM

It is a transformative project that contributes to **changing the way of working in the branch network** with the aim of becoming the most efficient network in the Spanish financial system, ensuring commercial objectives, excellence in customer experience and the development of people. The internal communication of the project has been promoted, supporting its development and implementation with information. In this sense, the role of so-called change agents has been particularly significant. These are employees assigned to offices that have facilitated the knowledge and implementation of the model, becoming a key point of reference in the change management process.



PUBLICATION OF THE BIMONTHLY MAGAZINE CRÓNICA DE LA TRANSFORMACIÓN

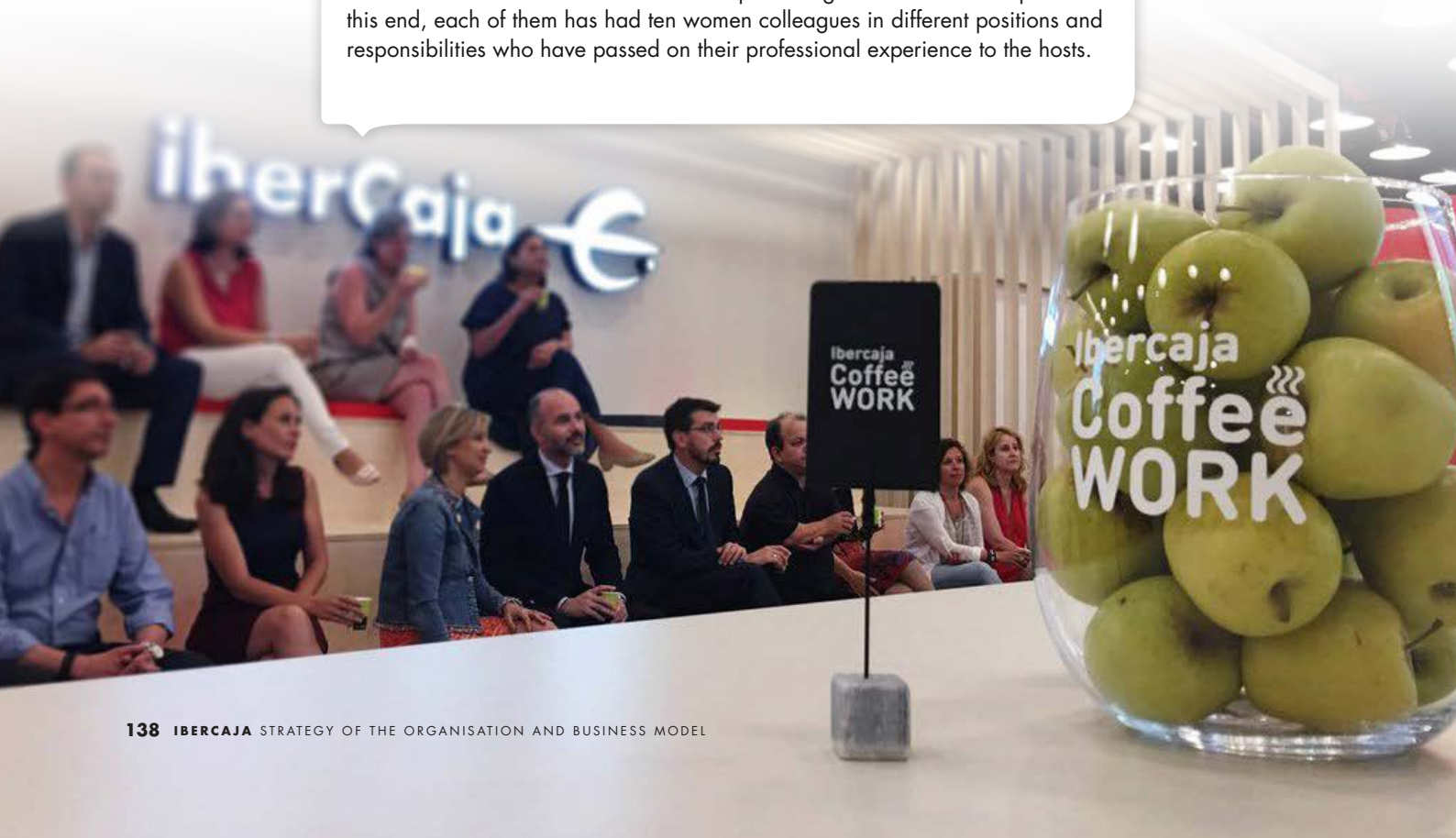
This is a **digital in-house magazine** for which an app has been developed which, installed on phones and tablets, allows readers to access and interact with the contents and sections. Each issue includes video conversations between key project leaders and employees, articles, a press review, a glossary of concepts and other multimedia information explaining the Bank's digital transformation through its different milestones.

ACTIVITIES IN THE COFFEWORK

An **innovative multipurpose meeting space** between employees from different areas that creates shared culture and knowledge. During the year, activities were scheduled for Tuesday afternoons, to which employees had access, either in person or via streaming. There were four types of activities: Healthy Space', a workshop on health and wellbeing; 'Show Cooking', for healthy food; 'Talks with the expert', on the economy, safety in social networks, etc; and 'Conversations with', first-person accounts of people with disabilities, great talents, examples of personal improvement and motivation.

MANAGEMENT BREAKFAST

As part of the **Proximity Plan**, regional and area directors and heads of unit in charge of strategic projects hosted 17 management breakfasts with office and central service employees. At each breakfast, ten people are invited, in a proximal and professional atmosphere, to report on the progress towards the Bank's transformative milestones and share information on their activity. Seven of these breakfasts were aimed at promoting women's leadership. To this end, each of them has had ten women colleagues in different positions and responsibilities who have passed on their professional experience to the hosts.



EXTERNAL COMMUNICATION

Ibercaja maintains a **fluid relationship** **with Spanish and foreign media**, *to respond to information requests and notify society significant events involving the Group.*

THE MAIN EXTERNAL COMMUNICATION ACTIONS INCLUDE:

- **INSTITUTIONAL PRESENTATION** of the Bank's most significant data, together with the principal lines of the 2018-2020 Strategic Plan.
- **CALLING OF PRESS CONFERENCES** and provision of information to the media regarding the Entity's achievements and procedures deemed to be significant for the Bank's different stakeholders.
- **PRESENTATION OF THE MÁS EMPRESA ECOSYSTEM**: meeting point for more than 2,300 entrepreneurs, professionals and managers who interact through an open innovation platform throughout the country. The Ecosystem currently has 40 national and international partners, a think tank made up of five leading experts in their sectors and has organised more than 100 face-to-face activities throughout Spain. Some of these companies have participated in the Ecosystem Open Innovation challenge platform. In it, 11 companies have launched 13 challenges to accelerate innovation in their processes and attract talent.
- **COLLABORATION OF EXPERT PROFESSIONALS IN DIFFERENT AREAS OF THE BANK WITH THE MEDIA THROUGH OPINION ARTICLES**, interviews and responses to queries on issues and matters of an economic and financial nature.
- **BOOSTING OF PRESENCE IN SOCIAL NETWORKS**, broadcasting news related to the Bank, participation in events, sponsorship, partnerships, etc.

INSTITUTIONAL PROJECTION PLAN.

The **objective** *of this* **plan is to position the Ibercaja brand as a benchmark** *in the Spanish banking system*

Through participation in the **main forums and economic and sectorial meetings** by members of the management team and by other executives and specialists of the Entity. As a reinforcement to the launch of the territorial plans, more than two hundred actions have been implemented, aimed at strengthening the Bank's institutional presence in these territories.

iberCaja

5 SUSTAINABLE MANAGEMENT AND DEVELOPMENT



COMMITMENT TO SUSTAINABILITY: PRINCIPLES FOR RESPONSIBLE BANKING

COMMITMENT TO CUSTOMERS

COMMITMENT TO PEOPLE

COMMITMENT TO SUPPLIERS

COMMITMENT TO SHAREHOLDERS AND INVESTORS

COMMITMENT TO THE ENVIRONMENT - TCFD

COMMITMENT TO SOCIETY

LISTENING TO AND DIALOGUE WITH STAKEHOLDERS

2019 COMMITMENTS AND 2020 CHALLENGES


EL BANCO
DEL
vamos

SUSTAINABLE MANAGEMENT AND DEVELOPMENT

102-42, 102-40

Ibercaja, aware of the challenge faced by the financial sector in moving forwards in sustainable development, is working to integrate the ESG approach in its strategy and decision making and to accompany its clients in the transition towards a carbon-free economy.

With the Sustainable Development Goals and the Paris agreements as a guide, Ibercaja is moving forward decisively in the definition of the roadmap that this profound process requires.





COMMITMENT TO SUSTAINABILITY

102-12, 102-20

IN 2019 THERE WAS AN UNPRECEDENTED INSTITUTIONAL, SOCIAL AND BUSINESS MOBILISATION TO RESPOND TO THE MAJOR CHALLENGES POSED BY CLIMATE CHANGE AND ITS EFFECTS ON SOCIETY, WHICH ARE BECOMING EVIDENT IN AN INCREASINGLY ACUTE FORM.

In this scenario, financial institutions can play a quite significant role in shifting resources towards sustainable activities and also accompanying our customers in the necessary transition towards a carbon-free economy.

IBERCAJA IS AN ENTITY THAT HAS HAD A CLEAR SOCIAL COMMITMENT FROM ITS ORIGINS, AND HAS BEEN FOCUSED ON THE DEVELOPMENT OF THE TERRITORY AND ITS COMPANIES.

We are very aware of the needs of our environment, of society and of our clients, and a **corporate purpose** which we reflect in our actions. The current scenario makes it necessary to take new and demanding steps on the road to sustainability to add our momentum in achieving **global objectives that will improve the planet and achieve a fairer and more inclusive society, with ethics and maximum transparency**. That is why we are working with conviction, incorporating the axis of sustainability and environmental, social and governance aspects into our strategy and decision-making.



GOALS SUSTAINABLE DEVELOPMENT

THUS, IN 2019, IMPORTANT STEPS WERE TAKEN, BOTH INTERNALLY AND EXTERNALLY, IN THIS DIRECTION.

Firstly, it has **strengthened the internal governance structure for sustainability management**, with revised names and functions, and the transversal **Sustainable Finance Team** bringing together the main business areas was created, and which is responsible for defining and promoting the Bank's sustainability roadmap.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY MANAGEMENT

BOARD OF DIRECTORS	› Approval and boost of Sustainability Policy
STRATEGY COMMITTEE	› Monitoring of Sustainability Policy › Reporting to Board › Proposal submission
REPUTATION AND SUSTAINABILITY COMMITTEE	› Chaired by CEO › Approve and boost sustainability strategy › Integration of ESG factors in strategy and promotion of SRI
BRAND, REPUTATION AND SUSTAINABILITY UNIT	› Define, develop, coordinate and propose sustainability strategy to Committee › Support areas in launch › Boost, develop and performing monitoring and reporting

SUSTAINABLE FINANCE TEAM
Transversal responsible for defining sustainability

ESG COMMITTEE
Follow-up of investment mandate in ESG products
Boost SRI

ENVIRONMENT COMMITTEE
Transversal Oversees compliance of Ibercaja Environmental Policy



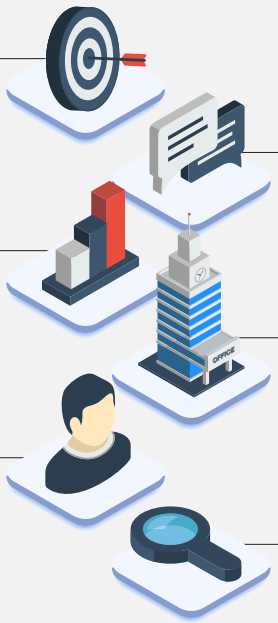
MEETING TO ESTABLISH THE SUSTAINABLE FINANCE TEAM

PRINCIPLES FOR RESPONSIBLE BANKING

In October, Ibercaja signed the **Principles for Responsible Banking of the United Nations** *as a framework for action of a financial system that acts as a lever for sustainable development.*

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

THE PRINCIPLES TO WHICH WE ARE COMMITTED ARE:



1 ALIGNMENT

Of our commercial strategy with SDGs.

2 IMPACT

Increase our positive and reduce our negative impacts; manage ESG risks.

3 CUSTOMERS

Responsible action and promote sustainable practices and activities.

4 CONCERNED PARTIES

Active listening, participation and collaboration with stakeholders to achieve ESG objectives.

5 CORPORATE COVERNANCE AND GOAL SETTING

Effective corporate governance and responsible banking culture; ambitious targets for our impacts.

6 TRANSPARENCY AND ACCOUNTABILITY

Review our implementation of the Principles and be transparent in reporting on our positive and negative impacts and our contribution to society.

THE ENTITY ALSO BECAME PART OF UNEP-FI, **UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE**, WHICH SEEKS TO MOBILISE PRIVATE SECTOR FINANCING FOR SUSTAINABLE DEVELOPMENT BY FOSTERING A FINANCIAL SECTOR THAT GENERATES POSITIVE IMPACTS FOR PEOPLE AND THE PLANET.

IBERCAJA'S OBJECTIVE WITH THESE ADHESIONS IS THAT THEY SERVE AS A LEVER TO CONTINUE IMPROVING OUR IMPACT ON THE ENVIRONMENT AND OUR CONTRIBUTION TO SOCIETY.

THEREFORE, FIRM STEPS HAVE BEEN TAKEN FOR THEIR CORRECT IMPLEMENTATION:



COMMITMENT

A transversal commitment is needed, so that overall objectives can be set. The commitment was approved by the **Reputation and Sustainability Committee, chaired by the CEO**, and made up of the heads of the Bank's main business areas. What is needed is



DRIVE

Identification was made of the areas of the entity that must necessarily be involved in their implementation and of the people in those areas who, because of their knowledge and tasks, can be real **drivers of the Principles in the entity**.

STRUCTURE

The transversal **Sustainable Finance Team** was created, with the task of designing and developing the **Group's Sustainability Roadmap**. The **functions of** the Brand, Reputation and Sustainability Unit and the Sustainability Committee itself, which reports to the Board of Directors, were updated, reflecting the challenge of integrating ESG factors (environmental, social and governance) into the business and promoting socially responsible investment.





STRATEGY

In the planning of the **Strategic Plan+2020**, the sustainability strategy and the development of the Comprehensive Sustainability Plan, which will respond to the regulatory requirements and the implementation of the Principles, were incorporated among the main **milestones for 2020**.

IMPLEMENTATION

The CEO entrusted the Brand, Reputation and Sustainability Unit with the task of coordinating the Sustainable Finance Team for the design and implementation of the **Group's Sustainability Roadmap**. For the implementation of the Principles, the Sustainable Finance Team developed an in-depth **gap and needs analysis**, an initial diagnosis in which priority lines of action for 2020 were also identified.



TASK FORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES

Ibercaja adhered in 2019 to the recommendations of the **Task Force on Climate-related Financial Disclosures (TFCD)** *as a guide for the preparation of climate-related information.*

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

OTHER SUSTAINABILITY COMMITMENTS

Also in 2019, ratifying its **commitment to sustainability**, *Ibercaja joined the following initiatives:*

- **BUSINESS COMMITMENT FOR A FAIR TRANSITION AND GREEN JOBS**, promoted by CEOE, which was presented at the United Nations Climate Action Summit on October 23, 2019.
- **IBERCAJA'S CEO SIGNED THE BANK'S ADHERENCE TO THE NEW DEAL FOR EUROPE INITIATIVE, "CEOS CALL TO ACTION"**, which shows the commitment of European companies to sustainability.
- **ALLIANCE #CEOPORLADIVERSIDAD**, led by the Adecco Foundation and the CEOE Foundation, which reinforces the inclusive model that the entity works on, promoting a diverse workforce and fostering the integration of disability.
- **COLLECTIVE COMMITMENT TO CLIMATE ACTION**. On 9 December 2019, Ibercaja signed a climate action commitment by the Spanish financial sector in the framework of COP25, promoted by the AEB, the CECA and the ICO. The agreement specifies the collective commitment of the main Spanish banks to measure the carbon footprint of their balance sheets and reduce the climate impact of their financial activity, in line with the Paris Accord.



JOINING GLOBAL COMPACT

Ibercaja Banco has been a ***signatory of the United Nations Global Compact*** *since 2006, confirming that the activity carried out is performed in accordance with the principles established by this initiative, with the Bank reporting annually on its involvement.*

The 2019 Annual Report describes the annual progress of the Entity in the implementation of the ten principles of the United Nations Global Compact in terms of human and employment rights, the environment and the fight against corruption.

In this way, the necessary information is filled out in order to respond to the requirements demanded for the preparation of the **Progress Report** and to reach the **Advanced level**, the highest rating granted by the **Global Compact** within the Reporting levels.

IN THIS REGARD, THERE ARE THREE KEY ISSUES ON WHICH WE WISH TO REPORT:

- **Corporate sustainability and leadership**.The Corporate Social Responsibility Policy has been further developed in 2019, moving forward, as explained throughout this report, in the Bank's firm commitment to sustainability.
- **Sustainable Development Goals of the United Nations.** The following is information on the Entity's positioning in relation to the SDGs and the most significant actions taken, added to their achievement.
- **Implementation of the Ten Strategies and Operations Principles in the areas of Human Rights, Employment, Environment and Anti-corruption.** Appendix C describes the progress related to each of the principles.



HUMAN RIGHTS

Committed to Human Rights. *At Ibercaja, we are aware of the role that companies play in preserving and ensuring respect for Human Rights and we consider it fundamental for the sustainable development of any economic activity.*

We must act as agents for progress and for change in this area. We carry on our banking activity responsibly, always in accordance with current legislation, and with the **principles established at international level:**

- We are signatories of the United Nations Global Compact
- We are committed to the principles of the UN's Universal Declaration of Human Rights

Respect for human rights is **reflected in the Entity's Corporate Social Responsibility policy**, which features as one of its action commitments: "Defence of human rights in line with the principles of the UN Global Compact". It is an essential priority and its compliance standards always exceed the established requirements.



Thus, it is also present in the Entity's **Code of Ethics**, which in its section 4.4: "We emphasise and protect employees' rights and the rights of everyone we interact with. We have the policies, processes and controls to prevent, detect and eradicate irregularities and breaches in the field of employee rights, and we are always consistent in our respect for human rights"

These principles of action extends **across the entire entity** and are integrated into the organisation's functions and management model. Specifically, with regard to the people who work in the Entity, Ibercaja puts special care and effort in safeguarding their physical and emotional well-being. They are the fundamental axis on which its strategy and activity are based. Therefore, the Entity is committed to meeting them and accompanying them throughout their career, promoting the continuous development of their abilities, defending diversity and equal opportunities and rejecting all forms of discrimination. Participation, communication and open and transparent dialogue with employee representatives is also encouraged. All by committing ourselves to the security and protection of all employees, ensuring their welfare and their occupational health. Proof of this is the award in 2019 of the **EFR certification as a family responsible company**, which recognises companies **committed to the well-being of their employees and which promote active management of work-life balance and equality.**

This policy is extended to those companies with which the Entity is related: The CSR Policy includes, in the contracting of **suppliers**, the commitment to specifically assess those approaches and policies implemented by companies in social, environmental and human rights issues (inclusions in international agreements, quality certification, environmental certification, special employment centres, etc.).

In particular, to promote socially responsible practices of suppliers and the application of the **principles of the United Nations Global Compact**, *Ibercaja has a* **Code of Conduct for suppliers**, *articulated in ten points, which includes the values that are fostered in the responsible contracting of the Entity, many of which are directly related with respect for human rights:*

PROMOTE AND RESPECT THE PROTECTION OF HUMAN RIGHTS promulgated in the main international instruments, and ensure that the Entity is not an accomplice to any breach or irregularity with respect thereto.



CONSERVE AN ENVIRONMENT IN WHICH ALL WORKERS ARE TREATED WITH DIGNITY AND RESPECT, prohibiting all forms of forced labour, easement or indentured labour.



NOT PERMIT THE RECRUITMENT OF MINORS under legal working age and, in any case, under the sufficient age to finish basic compulsory education.



AVOID DISCRIMINATION due to gender, race, colour, age, social origin, religion, nationality, sexual orientation, political opinion, physical or mental disability or trade union membership, establishing equal opportunities programmes and stimulating methods to eradicate discrimination at work centres or in the Entity's catchment area.



RESPECT THE RIGHTS OF EMPLOYEES TO FREELY ASSOCIATE themselves and to collectively organise and negotiate, pursuant to the prevailing legislation.



Comply with all laws on **SALARIES AND WORKING HOURS, IN LINE WITH CURRENT LEGISLATION.**



PROVIDE EMPLOYEES WITH A SAFE HEALTHY WORKING ENVIRONMENT, which complies with the applicable laws and regulations, implementing occupational risk prevention and health and safety programmes, and show willing to provide Ibercaja Banco, S.A. with information on health and safety aspects.



COMPLY WITH ENVIRONMENTAL PROTECTION, IN LINE WITH CURRENT LEGISLATION, endeavouring:

- To reduce poisonous emissions and waste and contribute to the recycling and reuse of materials and products.
- To handle, store and dispose of hazardous waste safely.
- To use technologies that respect the environment.



APPLY A POLICY OF ZERO TOLERANCE WITH REGARD TO BRIBERY AND CORRUPTION, prohibiting the offering, promising, granting, requesting or demanding of backhanders, bribes or any other type of payment outside of the contract, in order to obtain or conserve business relations, avoiding the distribution of all manner of gifts.



DEMONSTRATE ITS COMMITMENT TO THE PRINCIPLES OF THIS CODE, through the acceptance of its compliance as a requirement of the contract.



COMMITMENT TO SDGS

In 2015 world leaders approved the **United Nations Agenda 2030**, *by which 193 countries committed themselves to achieving the Sustainable Development Goals by 2030.*

These are **seventeen ambitious goals** for moving towards a better planet: reduce inequalities, eradicate poverty and combat climate change. In order to achieve these objectives, the collaboration of all is necessary: society and the public and private sectors. Agenda 2030 is a call to action for businesses around the world to achieve a new model of development whose success would mean a move towards a global economy that is much more responsible and inclusive of people and the planet.



THE BUSINESS STRATEGY OF COMPANIES MUST ALSO TAKE INTO ACCOUNT SOCIAL, ENVIRONMENTAL AND GOOD GOVERNANCE ASPECTS, IN ORDER TO ACHIEVE "SUSTAINABLE DEVELOPMENT FOR ALL THAT MEETS THE NEEDS OF THE PRESENT, WITHOUT COMPROMISING THE NEEDS OF FUTURE GENERATIONS".

In this line, financial institutions have a very important role to play in mobilising the capital flows needed to finance sustainable development. **Ibercaja is firmly committed to the SDGs** to move in this direction.

The ODS serve as a guide in the Entity for advancing in sustainability and for carrying out actions, focusing on those in which our contribution can be greater. Sustainable action is part and parcel of the Bank's internal management model and inspires all the Bank's business activities. In order to achieve maximum effectiveness, efforts are aligned especially with those Objectives more directly linked to financial activity and the activities of the Shareholder Foundations.

In 2018 Ibercaja carried out a **materiality analysis of the SDGs** *with the aim of detecting those SDGs where Ibercaja has the greatest capacity to expand its impact and to launch new projects.*

Establishing the purpose of each ODS for the Bank, we identified the actions already underway at the Bank, and assessed their trajectory and scope. The result was a graph that shows the importance of the Goals and makes visible the SDGs that are most relevant to Ibercaja, where we can make the greatest contribution.



AS A RESULT OF THIS REFLECTION, PRIORITY WAS GIVEN TO OBJECTIVES IN WHICH IBERCAJA CAN HAVE A GREATER IMPACT THROUGH ITS ACTIVITY:

PRIORITY SDGS	KEY ACTIONS	RELATED CHAPTER
	› EFR certification as family responsible company. › Social benefits and work-life balance measures for the people who make up the Entity. › Promotion and awareness of healthy living habits, both internally and externally. › Sports sponsorships and organisation of popular and specialised sporting trials, which promote the most extensive participation possible. › Strengthening the participation of employees therein, reinforcing the values of effort and teamwork, along with the benefits for health. › Encourage sporting activities through the Cultural Group.	5.1. Our commitment to sustainability 5.3 Commitment to people 5.7 Commitment to society Corporate Responsibility Policy
	› In-house training for the largest number of professionals in both financial and non-financial matters, actively contributing to the development of internal talent. › Organisation of talks, conferences and seminars for companies and society in general. › "Educa Initiative", developed by the Ibercaja Foundation, which collaborates with parents and educators, putting at their disposal proposals that contribute to complete the education of the youngest and actively promote their development. › "Basic Finance Program", aimed at people of all ages, to promote financial culture.	5.1. Our commitment to sustainability 5.3 Commitment to people 5.7 Commitment to society Corporate Social Responsibility policy
	› Linking the principle of equality for all to all people management policies. › Promotion of the continuous development of skills and abilities, managing talent, which does not understand gender. › Plan Lidera, a programme that promotes female leadership in the Entity, eliminating barriers to achieving gender equality. › Family work-life balance measures that allow all employees to achieve a balance between their personal, family and work life.	5.1. Our commitment to sustainability 5.3. Commitment to people Corporate Social Responsibility policy

PRIORITY SDGS	KEY ACTIONS	RELATED CHAPTER
	› Promoting the inspiring leadership model, which encourages communication and participation, creating an attractive environment to retain and attract talent. › Partnership agreements with Special Employment Centres and entities that promote the inclusion of groups with disabilities or at risk of exclusion. › Promotion of labour market entry for persons with disability. Internship program for university students with the Human Age Institute Foundation. › Boosting growth in their territories of action, participating in the main projects and developing programmes to promote entrepreneurs. › Training for companies.	5.1. Our commitment to sustainability 5.3 Commitment to people business 5.4. Commitment to suppliers 5.7 Commitment to society Corporate Social Responsibility policy
	› Technological transformation, the main lever for change in business models. › Ibercaja Mobile Banking, the main digital bet in the area of individual customers. › Mobile payment: Ibercaja customers can now register their cards with the main payment platforms. › Agrotech project that improves productivity by applying technology to agriculture. › Mobility City project on new mobility in cities and the transformation of companies and services in the sector. › Adaptations in ATMs to improve universal accessibility to financial services.	5.1. Our commitment to sustainability 5.2. Commitment to customers 5.7 Commitment to society Corporate Social Responsibility policy
	› Ibercaja's environmental policy, implemented in the organisation to minimise the negative impacts of our activity on the environment. › Environmental Management System implemented and certified pursuant to ISO Standard 14001-2015. › Environment Team formed by professionals of the Entity, which promotes projects and good environmental practices: NO PLASTICS Team › Internal and external awareness actions in environmental issues. Internal organisation of environmental suggestions, to channel the concerns of our people. › Development of SRI products with ESG criteria.	5.1. Our commitment to sustainability 5.2. Commitment to our customers 5.3. Commitment to people 5.4. Commitment to suppliers 5.5. Commitment to shareholders and investors 5.6 Commitment to the environment 5.7. Commitment to society Corporate Social Responsibility policy
	› Active collaboration through agreements with the main economic and social players of the territories in which it operates. › Specialised alliances, to enhance their progress in CSR and in socially responsible investment: 	5.1. Our commitment to sustainability 5.2. Commitment to our customers 5.3. Commitment to people 5.4. Commitment to suppliers 5.5. Commitment to shareholders and investors 5.6 Commitment to the environment 5.7. Commitment to society Corporate Social Responsibility policy

THE **SDGS SHOULD BE KNOWN AND SHARED** AS WIDELY AS POSSIBLE, SO AS TO MULTIPLY THEIR EFFECT AND ACHIEVE GLOBAL MOBILISATION.

Only in this way will their goals be attained and we will achieve a more sustainable planet. Aware of this, in **Ibercaja we promote their dissemination** both internally and externally through different channels: social networks, press releases, the website, employee portal, etc.





In order to broaden their knowledge and assist in their integration in the Entity, the **daily information** published internally for all employees indicates, when appropriate according to the contents, which SDG this action or project furthers, thus promoting internal awareness.

CORPORATE SOCIAL RESPONSIBILITY

102-15, 102-16, 102-19, 102-20, 102-21, 102-26, 102-30, 102-31, 102-43, 102-44, 103-1, 103-2, 401-2, FS6

We consider Corporate Social Responsibility with a long-term extensive approach, of ongoing improvement and with a **clear objective**: **"help people build their life story because it will be our story"**.

That is why **we are committed to sustainability** in order to contribute to the generation of wealth, taking into account the needs and expectations of our customers, colleagues and collaborators and society at large, protecting the environment and without comprising the needs of future generations. We carry out corporate social responsibility actions with a very clear awareness of **Sustainable Development Goals** as the driving axis, striving to contribute, at local level, to their achievement.

CHALLENGE

Our challenge is to generate economic and social benefit by being sensitive to the care of our environment and the planet.



SUSTAINABILITY PRINCIPLES

The **sustainable action principles** (Sustainability Principles) that are included in the internal management model and which encompass all activities and decisions are:

ETHICS AND GOOD GOVERNANCE

CLARITY AND TRANSPARENCY

SERVICE QUALITY AND PROXIMITY IN RELATIONSHIPS WITH CUSTOMERS

CONTRIBUTION TO SOCIAL INTEGRATION, DEVELOPMENT AND TERRITORIAL COHESION

PRUDENT AND GLOBAL MANAGEMENT OF ALL FINANCIAL AND NON-FINANCIAL RISKS

EMPLOYMENT, PROFESSIONAL AND PERSONAL DEVELOPMENT AND TALENT MANAGEMENT

DEFENSE OF HUMAN RIGHTS IN LINE WITH THE UN GLOBAL COMPACT

RESPECT FOR THE ENVIRONMENT

IBERCAJA IS A BANK WITH A MAJOR SOCIAL COMMITMENT, WHICH PROMOTES SUSTAINABILITY, COMBINING THE GENERATION OF BUSINESS EARNINGS, SOCIAL CONTRIBUTIONS AND CARE FOR THE ENVIRONMENT.



SUSTAINABILITY IS PROMOTED BY THE ENTITY'S GOVERNING BODIES AND THE PROJECTS ARE INCORPORATED INTO THE PLANS AND ACTIONS OF EACH OF ITS AREAS. SUSTAINABILITY MANAGEMENT, UNDER THE LEADERSHIP OF THE CHIEF EXECUTIVE OFFICER, CARRIES MEANING ACROSS THE ENTIRE ORGANISATION AND FORMS AN INTEGRAL PART OF THE STRATEGIC PLAN.

Validating and supervising the **Bank's Corporate Social Responsibility policy** and the programmes and initiatives in place to monitor and fulfil such policy is one of the competences of the **Board of Directors**. This is reported by the Reputation and Sustainability Committee, a new name that reflects Ibercaja's commitment to sustainability with an approach that is both broad and deep. This committee, chaired by the Chief Executive Officer, counts on the presence of the main functional areas; it is responsible, among other aspects, for proposing the Action Plan on Corporate Social Responsibility.

The Bank has a **Corporate Social Responsibility Policy**, approved by the Board of Directors at the end of 2016, which includes the **principles of action and responsible management commitments** assumed by the Entity with the main stakeholders, responding explicitly through:

› **INTERNAL COMMUNICATION:** so that the commitments are known and integrated into the day-to-day work of all those forming part of Ibercaja.

› **EXTERNAL COMMUNICATION:** guarantees the firm commitment and transparent management of actions, responding to the expectations and needs of the stakeholders and the regulatory requirements.



RECOGNITION OF CSR WORK

In 2019, Ibercaja obtained, for the second year running, the **RSA + Seal** *in Aragon, awarded by the Aragon Social Responsibility Board and coordinated by the Aragon Government, through the Aragon Institute for Development (IAF).*

TO OBTAIN THIS SEAL, IBERCAJA SUCCEEDED IN THE FOUR AREAS DEFINED, HENCE RECEIVING THE RECOGNITION OF THE ARAGON GOVERNMENT:

- **Reconciliation of personal, family and working life**, in line with the guidelines promoted by the General Equality and Family Division.
- **Boosting equality** in all manner of organisations, granting precedence to equal opportunities and the principle of non-discrimination.
- **Volunteer work and social action**, promoting cooperation between businesses and not-for-profit organisations, to ensure a stable relationship between both and encourage the use of the Cooperation Window.
- **Involvement of the organisations** in the **promotion of culture in Aragón**, boosting their relationships with their surroundings.

In 2017 and 2018 Ibercaja also received the **social responsibility seal of Aragon awarded by the Government of Aragon.**

All the commitments derived from our responsible management are translated into specific actions aimed at our stakeholders in order to meet their needs and expectations, while favouring active listening.

The following section explains the focus on the relationship with the priority stakeholders that preside over all the actions carried out in 2019.



COMMITMENT TO CUSTOMERS

102-6, 102-7, 102-15, 102-21, 102-43, 102-44, 103-1, 103-2, FS6

NEEDS AND EXPECTATIONS EVOLVE, SO THE CONNECTION WITH THE CUSTOMERS AND THEIR EXPERIENCE IS AT THE CENTRE OF IBERCAJA'S STRATEGY.

IBERCAJA IS COMMITTED TO A UNIVERSAL BANKING MODEL FOCUSED ON THE RETAIL BUSINESS, WITH CUSTOMERS AT THE HEART OF ITS STRATEGY AND WITH SERVICE QUALITY AND SOUND ADVICE AS ITS HALLMARKS.

It promotes i**nterrelation and dialogue** with customers, aligning the business model with their expectations and needs. Knowing their interests and having information about their perceived experience is what helps in the adaptation. Thus, the connection with our customers serves as a reference, as an element of dynamisation and collaboration in the development of the Entity's strategy and in the digitalisation process that is being pursued. Within the framework of the **sustainability strategy**, Ibercaja also wants to accompany its customers in the necessary transition towards a more **sustainable economy.**



Ibercaja's management model is geared towards **Excellence**: **customer experience** *and* **service quality** *are the premises that should guide all actions.*

Knowledge of the customer, an adequate product range, adequate distribution and marketing of such products and a well-cared for relationship with such customers are the key points of Ibercaja's strategy. The entity follows internationally recognised standards of excellence and promotes continuous improvement as an essential system in the management of change.

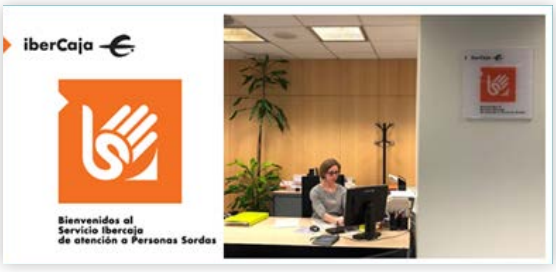
Customer Experience is included in the Marketing and Digital Strategy Division, taking advantage of the proximity with the business to participate in the definition of advisory strategies increasingly adapted to customers, promoting a commercial system associated with different financial needs that arise during their lives (savings, financing, insurance, etc.).

Until 2018, "need guides" were designed to guide employees in managing their customers, indicating for each customer need what we want them to feel in their relationship with us, what they brings us as an entity and what they have to do (how they have to find out about the customer need and how to advise them so that they are able to make the best decision). In 2019 we created a **new suite of commercial management tools** (simulators) that facilitate commercial processes, improving the experience of our customers by solving their needs in a comprehensive manner, and spending more time listening and empathising with them.

Also, the **implementation in 2019 of our new commercial system** has allowed us sharpen even further our customer focus, making it possible to manage customers in a global and proactive way, knowing not only what actions or commercial campaigns help to meet their demands, but also having a vision of their needs as a whole.

Ibercaja is **committed to society** *and we want to be close to customers with special needs, promoting* **universal accessibility** *to financial services.*

Therefore, at the end of the year, the **Service for Deaf People** was launched to support accessibility to financial products for people with hearing disabilities. It is available to all the Entity's customers and is provided in person at the Main Office in Zaragoza. With this initiative Ibercaja reaffirms its commitment to customers and society, and continues to work on removing all kinds of barriers.



Deaf People Service, Plaza Paraíso office, Zaragoza

AT THE SAME TIME, IBERCAJA IS VERY AWARE OF THE NEEDS AND EXPECTATIONS OF ITS CUSTOMERS, WHO ARE INCREASINGLY SENSITIVE TO THE CARE OF THEIR SURROUNDINGS, SOCIAL FACTORS AND SUSTAINABILITY AND THEREFORE DEMAND PRODUCTS THAT TAKE INTO ACCOUNT ALL THESE FACTORS.

IT THEREFORE CONTINUES TO DEVELOP PRODUCTS WITH A **SOCIALLY RESPONSIBLE INVESTMENT** PROFILE, WHICH INCORPORATE ESG CRITERIA IN THEIR INVESTMENT MANDATE AND HAVE A SUSTAINABLE OBJECTIVE.

IN PARTICULAR:

PENSION PLANS: IBERCAJA PLAN FOR SOLIDARITY AND SUSTAINABLE PENSIONS AND IBERCAJA SUSTAINABLE EUROPE.

In both cases, these are **investment instruments** that invest in equities or bonds of issuers with a strong link to sustainability: water management, renewable energies, environmental process efficiency, green and social bonds or companies with suitable performance in terms of ESG. Both plans also have a solidarity orientation, as part of the management fee is donated to social and environmental projects.

The company made donations in 2019 from the **Sustainable and Solidarity Pension Plan** to the following projects in the amount of 47,425 euros:

- Conservation of the Amazon in Madre de Dios (Peru), which enabled the purchase of equivalent carbon allowances to offset 1,775 tons of CO2. The project also has a social component, as it has a positive impact on the local communities where it is carried out.
- As part of the Impulso Solidario initiative, the company has collaborated with two social projects developed by NGOs chosen by Ibercaja employees: "Mi familia y yo tenemos ELA" and "Coro Cantatutti".
- Caritas Zaragoza's "Bookbinding Workshop" which aims at the labour market entry of especially vulnerable groups.

These donations are made as part of Ibercaja Pensión's commitment to the participants in the "Ibercaja Sustainable and Solidarity Pension Plan" to allocate 20% of the management fee to social and environmental projects.

INVESTMENT FUNDS: IBERCAJA SOSTENIBLE Y SOLIDARIO FUND AND IBERCAJA MEGATRENDS FI:

when selecting the assets in which it invests, it takes into account, in addition to the traditional fundamental analysis of the company, the social, environmental and corporate governance profile of the companies, as it is understood that this more complete analysis allows for the prevention of risks and the detection of investment opportunities.

The **Ibercaja Megatrends Fund** is an **international equity fund and invests in major current trends** such as improved quality of life, digital growth, the environment and sustainability.

COMMITMENT TO PEOPLE

102-7, 102-8, 102-10, 102-12, 102-15, 102-21, 102-43, 102-44, 103-1, 401-2, 404-2, 405-1

IBERCAJA'S COMMITMENT TO SOCIETY STEMS FROM ITS CORPORATE PURPOSE: HELP PEOPLE BUILD THEIR LIFE STORY BECAUSE IT WILL BE OUR STORY. IN ORDER TO CARRY IT OUT, IT IS NECESSARY TO INVOLVE ITS EMPLOYEES, WHO BECOME A KEY PART OF THE PROJECT.



As an organisation that knows the **value of people** *and with the aim of shaping an efficient organisation with the capacity to respond to future challenges, Ibercaja takes on firm commitments with its people as part of its* **Corporate Social Responsibility Policy**:

IBERCAJA ASSUMES THE FOLLOWING COMMITMENTS WITH PEOPLE

KNOWLEDGE AND ACCOMPANIMENT. Get to know people and accompany them throughout their career, especially in the most significant professional moments.

RECONCILIATION. Encourage the **reconciliation of personal and professional life**, applying measures of flexibility, as a way of balancing the needs of people and the company.

CONTINUOUS DEVELOPMENT. Promote the **continuous development of the abilities and skills of people**, within the talent management model, identifying and responding to current and future training needs and enabling access and the company.

LEADERSHIP MODEL. Promote and **inspiring leadership model**, being demanding with the outcome, while close at hand and empathetic.

OPEN AND TRANSPARENT COMMUNICATION. Maintain open and transparent communication,

OPEN AND TRANSPARENT DIALOGUE. Foster open and transparent dialogue with employee representatives, as the fundamental base of labour relations.

DIVERSITY AND EQUALITY- Defend diversity and equal opportunities, based on **commitment, results and behaviour**, rejecting all forms of discrimination and offering opportunities for development.

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

VOLUNTEER WORK. Promote **corporate volunteeer** work in order to actively contribute to society and reinforce the pride of belonging to the Entity.



IBERCAJA BANCO HAS A **HUMAN TEAM** OF **5,053 PROFESSIONALS** (DATA AS AT DECEMBER 2019), 97% OF WHICH HAVE AN INDEFINITE CONTRACT.

Of these, 778 perform their work in central services, which means that 85% of the total workforce works in the branch network.



5,053 professionals
IBERCAJA BANCO TEAM

97%
INDEFINITE CONTRACT

85%
WORKFORCE IN THE BRANCH NETWORK

Women currently account for **48%** of the workforce, having increased significantly in recent years (37% in 2005, 44% in 2014, 45% in 2015, 46% in 2016 and 48% in 2019). **51%** of employees under 50 years of age were women. This means that the percentage of women in the Bank's average age is one point higher than that of men.

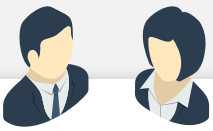
Within the framework of Ibercaja Banco's new Strategic Cycle, and with the conviction that people are the common denominator that will lead to success through their professionalism and commitment, the **People Area** began a **new stage** in 2018, establishing new guidelines in the form of a new Plan for the 2018-2020 cycle.

THE GOAL

FORM A **DYNAMIC**, **EFFICIENT**, **COMMITTED TEAM** THAT WORKS THROUGH AND FOR THE CUSTOMER (INTERNAL AND EXTERNAL) IN A POSITIVE ENVIRONMENT THAT FACILITATES THE PERSONAL AND PROFESSIONAL DEVELOPMENT OF PEOPLE.

WORKFORCE BY GENDER AND AGE

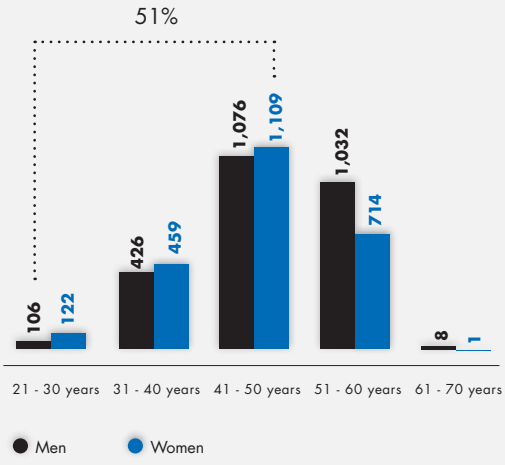
52%
MEN



48%
WOMEN

	MEN	WOMEN	TOTAL
PEOPLE	2,648 52%	2,405 48%	5,053
AVERAGE AGE	47 years	46 years	46 years
AVERAGE LENGTH OF SERVICE	20 years	19 years	20 years

December 2019



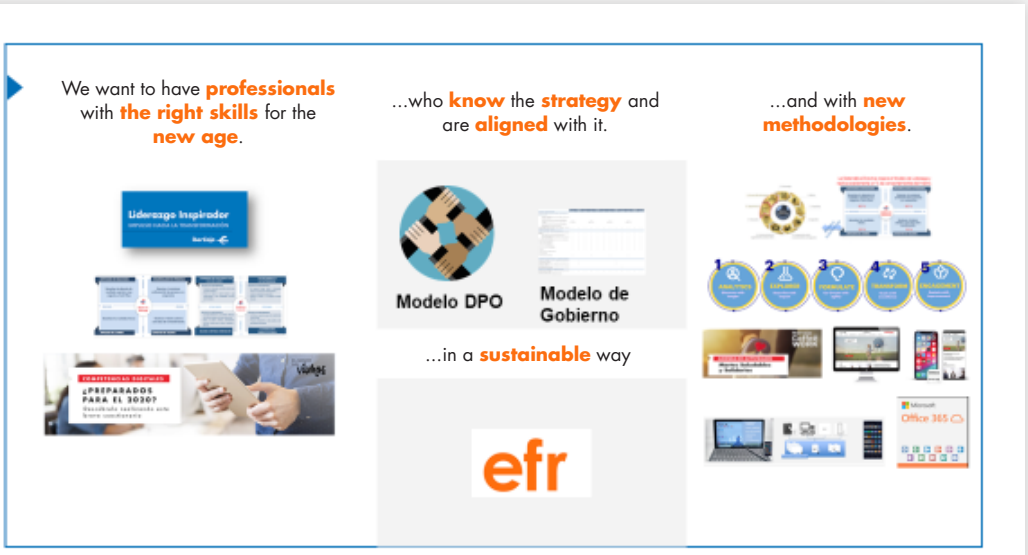
THE FOCUS OF **PEOPLE MANAGEMENT** AT IBERCAJA FOR THIS **NEW CYCLE**

It is based on the conviction that the consolidation of the people management model defined in the previous strategic plan (Personalised Management, Talent Development, Inspiring Leadership, 360° communication) must be made compatible with the **alignment and promotion** of new lines of work that reflect the axes of the Strategic Plan, **creating levers to continue promoting change.**

ALIGNMENT WITH THE ENTITY'S STRATEGIC AXES

AXES OF THE ENTITY	AXES HR STRATEGY	10 STRATEGIC OBJETIVES
CUSTOMER » Customers first » New market opportunities	**PEOPLE FIRST** » Personas in the centre » Segment to personalise	1. PERSONALISATION 2. SEGMENTATION 3. PROACTIVITY
VALUE » Generate capital to grow » Growth to create value	**EMPLOYEE VALUE PROPOSITION** » Generate engagement to bind » Improve our employee value proposition to attract, motivate and retain	4. PEOPLE DEVELOPMENT 5. HEALTHY COMPANY 6. SOCIAL RESPONSABILITY
TRANSFORMATION DRIVERS » Efficiency » Drivers and tools	**TRANSFORMATION DRIVERS** » Innovation » Agility » Digitalisation » Efficiency » Participation » Mobility	7. INNOVATIVE COMPANY 8. CROSS-CUTTING COMPANY 9. PARTICIPATIVE COMPANY 10. CONNECTED COMPANY

STRATEGIC OBJETIVES OF PEOPLE AREA



IN 2019 WE WOULD LIKE TO HIGHLIGHT THREE MAJOR TRANSFORMATIONAL MILESTONES LINKED TO THE BANK'S STRATEGIC OBJECTIVES:

In July, 2019, Ibercaja received the **certificate** as a **"family responsible company"** from the Fundación Más Familia. This certification recognises companies commited to the **well-being of their employees** and promotes active management of **work-life balance and equality**. Obtaining the EFR seal has meant the achievement of one of the **strategic milestones of the Plan+ 2020**.

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

And the starting point of the professional model that has begun to take shape this year and which will be implemented 2020.

A reference **framework in the transmission of knowledge**, skills, competences, etc. for our more that 270 internal trainers. This model is based on three **objectives**.

- Ensuring continuity of internal knowledge.
- Establish rapid deployment of knowledge.
- Evolve towards centralised and standardised management of knowledge transmission.

THESE TRANSFORMATIVE ADVANCES IN PEOPLE MANAGEMENT ARE A LEVER IN THE ENTITY'S SUSTAINABILITY STRATEGY, WHICH IS INTEGRATED INTO THE SOCIAL PART OF THE ESG FACTORS.



RECEIPT OF efr CERTIFICATION

FAMILY RESPONSOBLE COMPANY

OBTAINING THIS CERTIFICATION REINFORCES IBERCAJA'S COMMITMENT TO THE PEOPLE WHO ARE PART OF THE ORGANISATION, IN ACCORDANCE WITH OUR PURPOSE AND CORPORATE VALUES.

The EFR seal, awarded by the Fundación Más Familia, endorses the work done so far in the area of **work-life balance and equality** and reinforces our commitment to the welfare of employees. Ibercaja has thus achieved one of the major milestones set out in the 2018-2020 Strategic Plan.

This important recognition also implies the implementation of a **management model** of conciliation based on continuous improvement and aims to promote a work culture based on efficiency, flexibility and responsibility, which facilitates the balance for people in all areas of their lives.

Currently in Ibercaja we have more than **100 EFR measures** grouped into six categories:

- quality in employment
- space and time flexibility
- family support
- professional and personal development
- equality of opportunities
- leadership and leadership styles

This ambitious project has also allowed us to establish a **specific action plan** with concrete and measurable objectives, including the implementation of new flexible forms of work or new measures to further progress towards **building a more diverse and equal workforce in all areas of the organisation.**

TO OBTAIN THIS RECOGNITION, THE ENTITY HAS UNDERGONE AN EXHAUSTIVE PROCESS OF EVALUATION AND AUDIT OF ALL THE MEASURES AND POLICIES IMPLEMENTED IN THIS AREA, REQUIRING THAT THEY GO BEYOND THE LEGISLATION IN FORCE AND THAT THEY MEET THE REAL NEEDS OF THE EMPLOYEES.



INSPIRATIONAL LEADERSHIP

IBERCAJA'S INSPIRATIONAL LEADERSHIP MODEL IS A REFERENCE FRAMEWORK SO THAT THOSE THAT LEAD TEAMS CAN EXERCISE UNIFORM AND COHERENT INFLUENCE, ALIGNED WITH IBERCAJA'S STRATEGY.

The adoption of this model, along with the EFR project, is the **key to Ibercaja's cultural transformation**: more agile, more flexible, more innovative and focused on people. For our objective, throughout this year 2019 we have continued with the deployment of the model among the leaders of the organisation, thus culminating the training plan aimed at all people who manage teams.

SIGNIFICANT ACTIONS THIS YEAR:

- **3RD VALUATION OF LEADERS**. It was the first time that all the leaders and their direct collaborators participated. As a novelty this year, the **Top Managers** also received a leadership **rating from managers** belonging to their team (leader rating leader). This process allowed us to see the evolution of the perception that our teams have in relation to the defined model, going from 7.61 to 8.45. A key element in this process has been the Individual Improvement Plan, in which the leader sets a series of improvement objectives linked to the behaviours defined in the model with lower scores.
- **COACHING AND ACCOMPANIMENT**. A total of 43 managers participated in **individual coaching** sessions in which objectives and specific action plans to be carried out were set for each of the participants.
- **TRAINING PLAN**. In 2019, the **Face-to-Face Training Plan** was completed for all the leaders of the organisation (150 Top Managers and 770 Office Directors) with the aim of providing in-depth knowledge of the model and learning the different levers that enable the Bank to ensure profitable and sustainable growth.
- **VIRTUAL ITINERARY**. After the face-to-face sessions, 470 Office Directors completed their virtual itinerary, thus concluding the **training plan**. Through a series of tools, key leadership behaviour begins to be applied to specific day-to-day situations in the office.
- **MODEL PROGRAMME**. In 2019, this innovative programme, based on the Leadership Model, was launched with the aim of **extending the new behaviours defined in the leadership model** to people who, although not leaders, have to coordinate work teams in different strategic projects. Specifically, all the team leaders from the Private Banking and Corporate Banking segments have completed this training this year and more than 100 project managers and coordinators in Central Services are currently completing this training.



TALENT TRANSMISSION MODEL



WE ARE IN THE AGE OF TALENT AND THIS MEANS CONTINUOUS LEARNING. THEREFORE, A MODEL OF TALENT TRANSMISSION IS NOT ONLY ESSENTIAL, BUT CAN BECOME A DIFFERENTIAL ELEMENT FOR OUR ORGANISATION.

Once again, our great challenge is to transform Ibercaja by making it better every day: more competitive, more efficient, more modern and an excellent place to work. A **company of the future, without forgetting the values and essence** that define us.

To this end, the **Talent Transmission model** was created in 2019. The model has been built as a reference framework for the transmission of knowledge, skills, competences, etc., focusing on the community of internal trainers, a group that has grown considerably in recent years, and now exceeding 270 professionals who do best every day to support the various strategic, organisational and regulatory projects that the entity faces.

THIS MODEL IS BASED ON THREE OBJECTIVES:

- **Ensuring continuity of internal knowledge**
- **Establishing quick deployment of knowledge**
- **Evolving towards a standardised knowledge management model**

THE PLAN WILL PROVIDE OUR INTERNAL TRAINERS WITH THE FOLLOWING:

- The **knowledge and personal and communication skills** that will help them in their role as a trainer through a defined curriculum.
- **Specialised training** with building of skills that leads to a qualification recognised both within and outside the entity.
- **Digital tools and skills** that allow them to continue evolving and adapting to the new rage.

OTHER PROJECTS

IN ADDITION, IN 2019 WE MADE PROGRESS ON VARIOUS PROJECTS, SOME OF WHICH WERE INITIATED IN PREVIOUS YEARS:

ENGAGEMENT

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

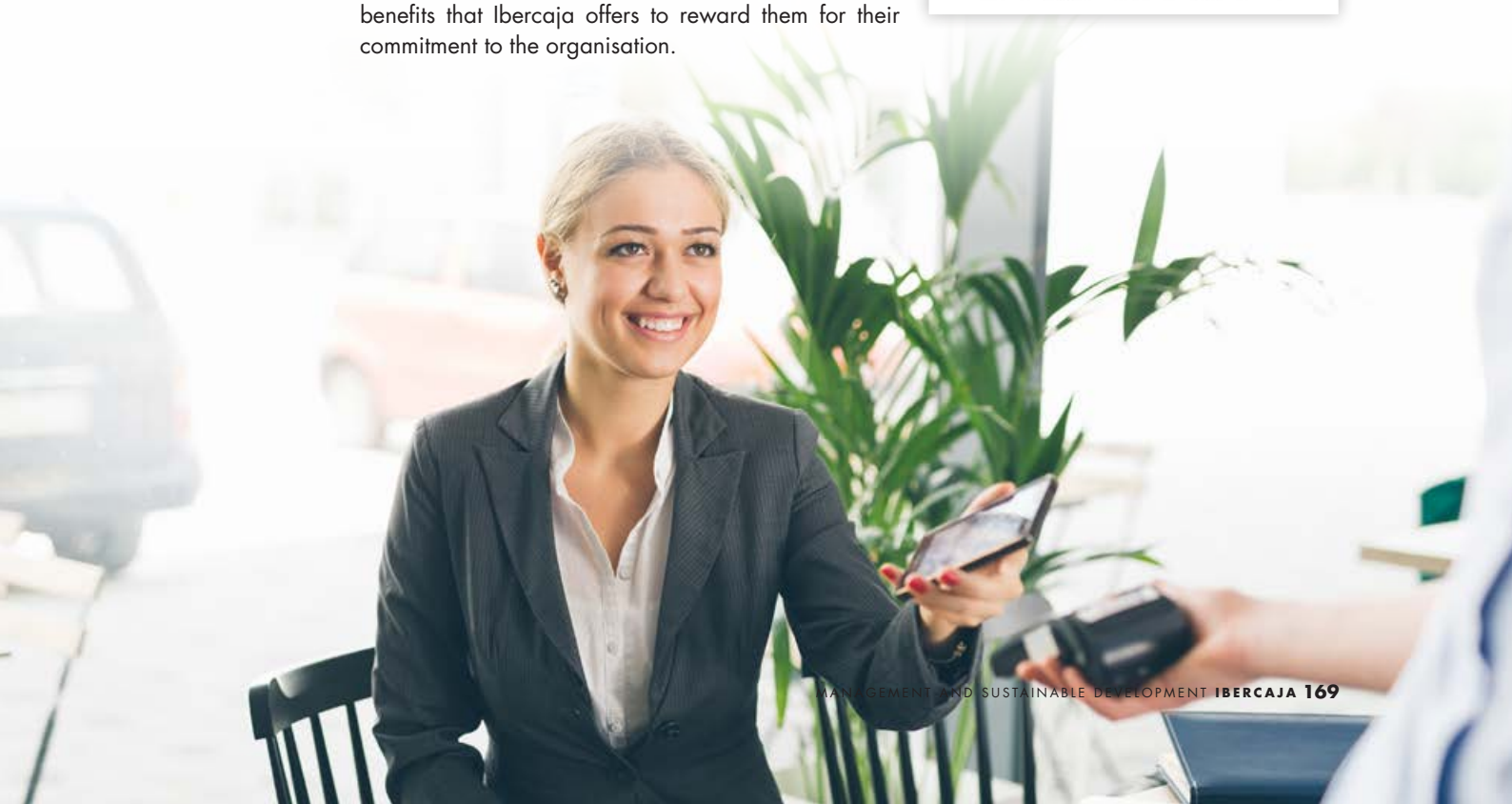
The implementation of **FlexiPLAN, the new Flexible Compensation Plan**, responds to this objective and represents a new element of fully customised salary pay.

In 2019, employees could receive all the benefits of the FlexiPLAN by voluntarily allocating part of their remuneration to the arrangement of certain products, achieving an increase in his/her net salary as a result of the tax treatment of these products.

With the launch of this initiative, in addition to health insurance, employees can access an offering of products and services that meet the new demands and needs of staff: **Nursery, restaurant cards, transport cards or training.**

To facilitate the management of the Flexible Compensation Plan, in 2019 **a Mobile Compensation Portal app was launched**, available for Android and IOS, making it easy for employees to access their flexible compensation plan from any device. They can use the app to make simulations of the different products, or renew and contract the products that better meet their needs. In addition, they can also access our salary information quickly and easily and consult all the benefits that Ibercaja offers to reward them for their commitment to the organisation.





PARTICIPATION AND INNOVATION

The change of mentality is closely related to innovation. The generation and stimulation of **cocreation and crowdsourcing processes** *are essential in a* **2020 culture.**

This **opening to disruptive change** touches down at Ibercaja hand in hand with the **imPULSE INNOVATIVE** challenge. A system of challenges based on innovation and collaborative participation, which seeks to resolve between everyone all needs of customers and the Bank through **transforming ideas.**

The imPULSE Innovative challenge intends to be a driver of transformation, seeking the **direct involvement of staff in the Bank's strategy.**



INNOVATION CHALLENGES

Since its launch in 2018, the Management Committee has launched **two innovation challenges.**

In the first edition, the proposed challenge **sought solutions to help our elders get closer to Ibercaja's Digital Assets** (IBD, Telephone Banking, APP's, ATMs ...), to learn about them so they can cover their basic financial needs, with two **objectives**:

› Promote the **self-service** of our customers over 65

› **Digital inclusion** of this group, as part of the social commitment to promote universal access to financial services

In only 15 days, 128 proposals were received, in which 66 teams participated and more than 200 intrapreneurs.

The **five finalist projects** participated in the Innovation Day Weekend, where they shaped their idea. Different experts accompanied them in the process of design, conceptualising, prototyping and testing their idea, applying innovation methodologies, in order to make a final proposal to the Management Committee.

In addition, the promoters of the award-winning initiatives have had the opportunity to take a very inspiring journey, visiting the world's leader for technology and innovation: Silicon Valley in San Francisco. .

BOTH THE WINNING PROJECT, **"IBERFÁCIL"**, AND THE TWO FINALISTS, **"BOTÓN ESTAMOS CONTIGO"** AND **"PROGRAMA SENIOR: YO TO AYUDO"** CONTINUED TO DEVELOP THEIR PROJECTS IN 2019 TOGETHER WITH THE DIGITAL STRATEGY AND INNOVATION TEAM FOR THEIR REAL IMPLEMENTATION.

The **second innovation challenge** is currently underway. In this edition, we are looking for **new products or services, financial and non-financial, that provide added value to customers or potential customers and allow us to obtain new sources of business.**

To solve this 2nd challenge of open innovation, a total of 96 ideas have been received, with the participation of 26 teams and 110 intra-entrepreneurs. The solution to this challenge will come in early 2020, with a formal commitment by the Management Committee to implement the best idea by the end of 2020.

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

CHRONICLE OF TRANSFORMATION

In 2019 we continue to move forward by exploring **new forms of communication** *that will allow us to bring the Bank's transformation strategy closer to all the employees of the institution.*

With this objective, a new internal and **strategic digital publication** is born. An interactive, modern and dynamic channel in which we offer our colleagues a **"virtual" tour of the Bank's transformation path.**

Conversations on equal terms between peers and leaders of strategic audiovisual projects, present and future challenges explained in a familiar and enjoyable way give content to the new publication.

The **employee thus becomes a leader of the strategy**, actively participating in the development of content, proposing topics or evaluating the content contained in each issue.

AND WE HAVE CALLED THIS NEW LOOK AHEAD INTO THE FUTURE: **CHRONICLE OF THE TRANSFORMATION**.



WORK IN MOBILITY

The progress of new technologies has completely changed the **habits of customers**, *who are* **increasingly demanding** *regarding the services provided by their Bank.*

With the launch of the **first mobility solutions**, Ibercaja boasts a new digital transformation milestone which, using technology, once again places the customer at the centre of its strategy, to offer it a personalised quality service.

The new solutions allow employees to manage, simulate or access information at any time and anywhere, thus adapting to the needs of customers, increasing their satisfaction and improving the image of Ibercaja: more innovative, more agile, more efficient ...

Mobile devices also have **collaborative work tools**, allowing distances to be shortened between colleagues, knowledge to be shared, cooperation to arise between projects and work meetings to be held in a decentralised manner, knowledge to be shared or cooperation in different projects, while also fostering the Bank's commitment to sustainability.

DIGITAL COMPETENCES

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

To this end, the 2020 **Digital Competencies Map** has been designed, which includes the competences that Ibercaja considers necessary in the process of change and the behaviour associated with each competence.

To trace the roadmap to be followed, it is essential to ascertain the point of departure or degree of digitalisation at which we are both at.

COMPILING THIS INFORMATION HAS ALLOWED US TO:

- **Ascertain the degree or level of digitalisation** of each one of us, per the competences map defined.
- Define the **personalised digital training and training itinerary** adapted to each of our levels.
- Identify the **level of the organisation's digital maturity** (at aggregate level), which will enable us to define future strategies based on objective criteria.

To conduct this analysis, a brief **self-assessment form** was devised, based on the 2020 Digital Competences Map, with which we obtained the information required to build a very precise panorama of our "digitalisation level" on an individual and aggregate basis.

In 2019, **training in Digital Skills** has started through an online platform, together with a personalised digital accompaniment plan in which **258 people** have already participated in this first year, accumulating more than **5,200 hours of training** in this area.



2019 INITIATIVES

OTHER INITIATIVES THAT ARE ALSO IMPORTANT IN 2019, HAVE BEEN ADDED TO THESE CONTINUITY PROGRAMMES:

On Boarding "Welcome Pack". This is anew tool that **welcomes and facilitates the incorporation of our new colleagues in Ibercaja**. An itinerary that goes through the key moments of the onboarding process, making an analogy with the stages of preparation of a trip. The objective of this initiative is to accompany our colleagues in their first days of work, making known in a close and pleasant way the **Ibercaja culture, our purpose and values,** organisation chart, more representative positions or practical aspects of great usefulness in making one's way at the beginning of a new career challenge.

Data analysis . Throughout 2019, a specialised team has been set up within the People Area whose mission is to provide the area with a methodology and an integrated data analysis process, which will have an impact on improving the quality of the decisions made about the people in our organisation.

Draw Ibercaja in your Christmas. To bring our children closer to Ibercaja, the "Draw Ibercaja in your Christmas" campaign was launched once again, this year emphasising Sustainability Commitment".

Symposiums. Culture of recognition. Within the framework of the improvement of the Employee Experience, a new recognition culture has been implemented through different programs. In 2019, 332 professionals were recognised through t**wo programmes**:

- **"Symposium 25 years stating Juntos Vamos".** A new concept based on emotional incentive, with the aim of thanking those colleagues who celebrate their silver anniversary at the Entity.
- **"Excellent Teams and Commitment Awards".** This is an encounter focused on fostering the culture of teamwork. The purpose of the event is to encourage and reward the teams that have achieved the greatest merits in 2019. It also recognises those employees who best represent the value of the "Commitment" with Ibercaja.



HEALTHY AND INCLUSIVE TUESDAYS IN COFFEEWORK

Within our strategic commitment to continue advancing towards a new culture focused on the welfare of the person, improvement in quality of life and social commitment, in 2019 the initiative ***"Healthy and Inclusive Tuesdays"*** *was launched.*

This initiative began with two cycles of activities scheduled for Tuesday afternoons in a modern, multipurpose and sustainable space **"Ibercaja CoffeeWork"**, which all employees could access voluntarily and free of charge, either in person or via streaming, through **different proposals**:



HEALTHY SPACE

A series of experiential workshops related to **health care** and the **promotion of healthy habits** among our peers were scheduled.



SHOW COOKING

Around a central cooking island, different **healthy cooking workshops** were organised, promoting a healthy, responsible and environmentally friendly diet.



CONVERSATIONS CON...

Spaces for **dialogue with different speakers** and formats in which we had the opportunity to have first-hand accounts of great talents, examples of personal improvement and motivation that generated a space for opinion related to disability, diversity and solidarity.



LINES OF ACTION

IN 2019, THE MAIN LINES OF ACTION WERE:

CULTIVATING TALENT

103-1, 103-2, 103-3

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

This involves training and promoting the highest number of professionals each year, actively contributing to **fostering internal talent**, in response to the dynamism required to carry on the Bank's activities in line with the expectations and requirements of the surroundings.

It should be noted that 2019 saw the conclusion of accreditation of professionals in the programmes for **European Investment Practitioner (EIP) and European Investment Assistant (EIA)**. These programmes were carried out with an on-line tutorial methodology and assessed through a face-to-face examination.

With regard to the **Real Estate Credit Contract Act (LCCI)**, in 2019 more than 1,100 employees have been certified. Our goal is to exceed 2,500 certifications in the first quarter of 2020.

In summary, at the end of 2019 our entity has **96% of professionals** certified to inform/advise according to MIFID regulations and at least **one employee in each of our offices** is suitable for advice according to LCCI regulations.



EMPLOYEE COMMUNICATION AND EXPERIENCE

The Bank has open and ***transparent communication*** *with people.*

Providing information on actions led from the People area, disclosing general interest topics among the workforce, providing and **promoting channels** and **means** of guaranteeing adequate notification to employees and encouraging their participation.

THE MAIN INTERNAL COMMUNICATION RESOURCES INCLUDE



EMPLOYEE EXPERIENCE SURVEYS Upstream communication channel to know how employees live and feel their relationship with Ibercaja at key moments in their professional cycle.

MONTHLY BULLETIN "HR INFORMS" Edited by Personnel Management itself, it includes all types of HR management indicators (appointments, promotions, new additions, etc.) and issues of general interest are disclosed for the staff through different sections: Did you know?, Frequently Asked Questions, Cultural Group, Conduct and Ethics, Prevention Recommendations, Corporate Responsibility, Environment, etc.

MILBOX "HR DIRECTOR RESPONDS" Through the Employee Portal, you can contact Personnel Management and notify doubts, suggestions, concerns, etc.

INTERNAL CHANNEL "EFR" The mailbox efr@ibercaja.es is enabled so that employees can send their proposals or suggestions for improvement and / or send their complaints or claims regarding efr.

EXTERNAL CHANNEL "EFR" As a Family Responsible Company, Ibercaja professionals have a confidential communication channel with Fundación Más Familia regarding the efr Model. www.masfamilia.org.

CULTURAL AND RECREATIONAL GROUP Where ludic activities are promoted that favour participation and social relationships among employees.

IBERCAJA CHRONICLE Human Resources collaborates in each issue of the magazine "Ibercaja Chronicle" by publishing articles of interest in the Personnel area.

EMPLOYE PORTAL Another of the main channels of communication with employees, favouring the flow of upstream and downstream communication.

NORMATIVA-INFORMACIÓN DIARIA Main downstream communication channels that allow information to be provided at all times regarding the news related to Human Resources (Tenders, Appointments, Employment Agreements, Legislative News, Administrative Procedures, etc.).

ALL THIS IS FOR YOU Digital and interactive publication which, with a modern, close at hand and familiar image, shows the advantages and benefits that can be enjoyed by Ibercaja employees.

PLATAFORMA IMPULSO Participation channel based on a system of challenges that aims to involve staff in the search for ideas and solutions to the challenges that are periodically proposed. Two types of challenges exist: solidarity and innovation.

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

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

IBERCAJA THUS REINFORCES THE EMPLOYEE EXPERIENCE, AS A BASIS FOR THE PEOPLE MANAGEMENT MODEL IMPLEMENTED IN THE PREVIOUS STRATEGIC CYCLE.

DIVERSITY, EQUALITY AND WORK-LIFE BALANCE

103-1, 103-2, 103-3

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

The positioning of **women in positions of responsibility** is continually advancing. In 2019, around **36% of Bank Manager** positions, **54% of Assistant Manager** positions and **63% of Personal Banking Manager** positions were given to women. Women obtained **51% of promotions** in 2019.

Ibercaja's employees can opt for **work-life balance measures** such as leave, a reduced working day and an extended leave of absence, some of which expand or improve those set out in the prevailing legislation and in the collective bargaining agreements. During the year, **272 people** availed themselves of these measures (229 reductions in working hours, 35 absences for maternity leave and 8 extended absences to care for family members).

With the **EFR Plan**, after receiving this certification, work-life balance is promoted with an action plan for the development of new measures.

REMUNERATION POLICY

Staff **salaries** *comprise* **fixed remuneration** *provided for in the Collective Agreement for each professional level and for the* **variable remuneration** *received by the staff assigned to the branch network associated with the attainment of objectives.*

In addition, other amounts are paid as **supplements** for certain groups with specific functions and responsibilities.

The **social benefits** provided by Ibercaja to employees constitute an improvement to the legally established coverage, exceeding the limits and benefits set under the Collective Agreement. They include, among others, study grants, pension plans, grants for nurseries and children's education.

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



SOCIAL DIALOGUE

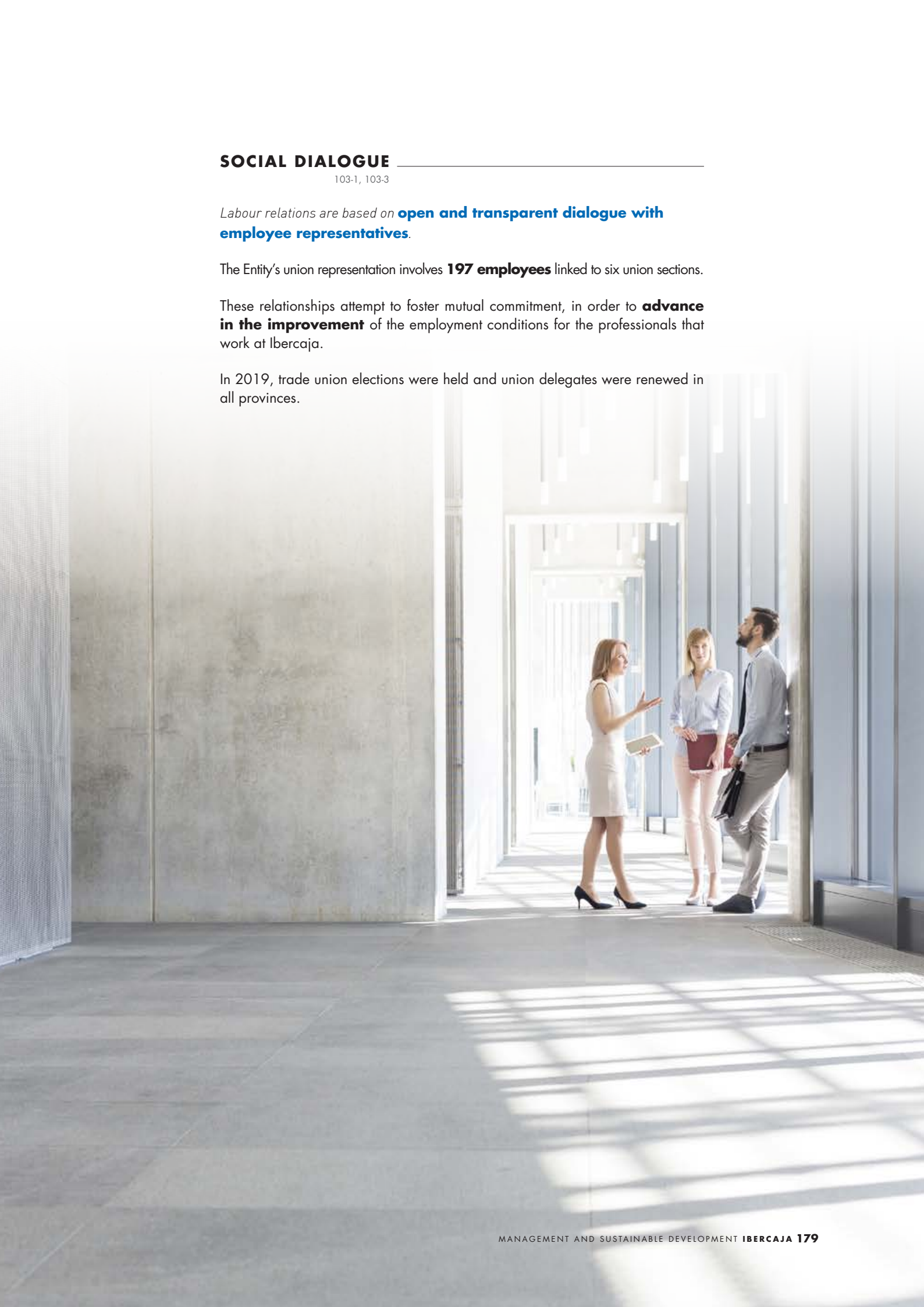
103-1, 103-3

Labour relations are based on **open and transparent dialogue with employee representatives**.

The Entity's union representation involves **197 employees** linked to six union sections.

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

In 2019, trade union elections were held and union delegates were renewed in all provinces.



OCCUPATIONAL HEALTH AND SAFETY

103-1, 103-2, 103-3

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

BUT IT GOES FURTHER THAN THAT: THE ENTITY IS AWARE OF THE IMPORTANCE OF THE HEALTH AND WELL-BEING OF ITS PEOPLE IN THE BROADEST SENSE, TAKING INTO ACCOUNT THE FOLLOWING:

- The **health** and **safety** conditions in the physical environment
- Care for **psycho-social aspects**
- Creation of **personal health** resources
- **Involvement** and **participation** in the community

This is why it has launched the **Ibercaja Saludable** project. Thus, in 2019 the **Healthy Team** (Equipo Saludable) was created, made up of employees from different areas, with the aim of arriving at an initial diagnosis and an action plan to promote healthy living habits among the people of the Organisation and generate continuous improvement.

A wide range of **initiatives are currently being promoted** in Ibercaja in **the area of employee welfare**: those carried out by the Prevention Service itself (medical check-ups, prevention campaigns, good health practices, etc), through the more than 15 sports sections of the Cultural Group, the Healthy Space and Show Cooking workshops that promote a healthy lifestyle and diet, or all the courses available on the Talent Management platform collected in a single programme "Me, the key to my success", where we contribute to acquisition of necessary and useful skills for career and personal development.

It also has a specific section in one of its internal bulletins, in which, on a monthly basis, healthcare recommendations are included, such as how to prevent colds, habits that are good for the heart or information on the importance of a healthy diet.

HOW DOES THIS POLICY APPLY AT IBERCAJA?

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



COMMITMENTS TO PROVIDERS

103-1, 103-2, 103-3, 102-9, 102-10, 102-15, 102-16, 102-43, 102-44

IN ORDER TO GUARANTEE COMPLIANCE WITH SOCIALLY RESPONSIBLE PRACTICES BY ITS SUPPLIERS AND FAVOUR THE APPLICATION OF THE PRINCIPLES OF THE GLOBAL COMPACT, IBERCAJA HAS A CODE OF CONDUCT THAT MUST BE ASSUMED BY ITS SUPPLIERS WITHIN THE SUPPLIER ASSESSMENT AND CERTIFICATION PROCESS.



Likewise, suppliers **contractually undertake to apply said principles and enforce them** *with any third parties they contract.*

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

In 2019, **a certification process was performed involving leading suppliers** (160), which account for **86%** of total purchase volumes managed, of which 111 have renewed their certification and 48 obtained such certification for the first time.

IBERCAJA BASED THE VALUATION AND SELECTION OF SUPPLIERS ON THE FOLLOWING PRINCIPLES:

MAXIMUM QUALITY
OF THE PRODUCT AND SERVICE

RELATIONSHIP
EXPERIENCE AND MARKET
PRESTIGE

DIVERSIFITCATION
OF **SUPPLIERS**

ECONOMIC CONDITIONS,
RESPONSE CAPACITY AND RESOLUTION OF INCIDENTS

CONCURRENCE AND TRANSPARENCY
IN CHOICE



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

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

In November 2019, a new supplier management tool was launched with a **new, more developed and complete website**, which will enable the improvement and systematisation of the supplier risk approval and management processes, **facilitating the Bank's relations and active listening with suppliers.**



IBERCAJA APPLIES ITS **PRINCIPLES OF RESPONSIBLE MANAGEMENT**, WHERE **INTERACTION** AND **DIALOGUE** ARE KEY ASPECTS TO FAVOUR A STABLE AND ENRICHING RELATIONSHIP WITH SUPPLIERS, BASED ON ETHICS, TRANSPARENCY AND COMPLIANCE WITH THE COMMITMENTS AGREED UPON.

Another highlight in 2019 was the entry into force in October of the European Banking Authority's (EBA) **Guidelines on Outsourcing**, which set out the framework for managing outsourced services and require a new framework for governance and supplier risk management.



COMMITMENT TO SHAREHOLDERS AND INVESTORS

102-15, 102-43, 102-44

OUR CHALLENGE OF RESPONDING TO SHAREHOLDER AND INVESTOR NEEDS AND EXPECTATIONS IS BASED ON BUILDING RELATIONSHIPS OF TRUST FOUNDED ON TRANSPARENT AND HONEST COMMUNICATION AND INFORMATION.



In our relationship with current and potential shareholders and investors, it is crucial to carry out **procedures of interest** *and* **provide adequate information** *required for their assessment.*

COMMITMENTS WITH SHAREHOLDERS AND INVESTORS

EQUALITY. Guarantee **equality** between shareholders and **investors regarding access** to significant information on the Blank, avoiding asymmetry and ensuring transparency so that thay can obtain complete, clear and true information at all times.

ADEQUATE DIALOGUE. Establish adequate **dialogue channels** that allow them to be attended to with agility and quality in a personalised manner.

CONFIDENTIALITY. Protect, in the terms envisaged, the confidentiality of the **data** that may be contributed by shareholders and investors.

During 2019, Ibercaja has continued working to provide more in-depth knowledge of the Entity to all financial market players. The Entity has continued its pledge for **transparency** through **two main channels**:

- Its **corporate website** is Ibercaja's main channel to make itself known to investors. This page has a specific section earmarked for investors and shareholders, with information for these stakeholders on corporate governance, significant events, economic-financial performance, credit ratings, issues, etc., in accordance with the latest requirements of Spanish legislation on companies and good corporate governance practices. Throughout the year the corporate website has received **2.4 million visits**.
- Also, the Entity has a channel to resolve **queries** or suggestions of this group by writing to **investors@ibercaja.es**. In 2019, Ibercaja received over 275 contacts through this channel.

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

THE MOST SIGNIFICANT MILESTONES FOR INVESTORS DURING 2019 WERE

- The **sale of the Ordesa portfolio** of doubtful loans for €534 million, which allowed Ibercaja to reduce the balance of non-performing loans with real estate and non-real estate companies by 40% in June 2019.
- At the end of the year, Ibercaja met its public target of **reducing its NPA ratio to below 6%** vs 8.8% recorded at the end of 2018. Ibercaja's non-performing loan ratio is once again clearly below the sector average.
- The Entity **generated more than 80 basis points of capital in the year**, placing its fully-loaded common equity tier 1 at 11.4.

COMMITMENT TO THE ENVIRONMENT - TCFD

102-11, 102-12, 102-15, 102-19, 102-20, 102-30, 102-31, 102-43, 102-44, 103-1, 103-2, 103-3

IBERCAJA, IN ITS COMMITMENT TO SUSTAINABILITY, WORKS TO IMPROVE ITS SURROUNDINGS AND IDENTIFY DIRECT AND INDIRECT IMPACTS OF ITS ACTIVITY ON THE ENVIRONMENT SO AS TO ENHANCE THE POSITIVE FACTORS AND MINIMISE THE NEGATIVE ONES.



THE SIGNING OF THE **PARIS AGREEMENT IN 2015** WAS A HISTORIC MILESTONE IN THE FIGHT AGAINST CLIMATE CHANGE, AN ESSENTIAL STEP TO MAKE TOWARDS PROGRESS IN LOW-EMISSION AND SUSTAINABLE DEVELOPMENT.

Thanks to this agreement adopted by all the countries of the United Nations Framework Convention, climate change has gained in importance on the international agenda. Governments, institutions and companies have committed themselves to achieving their global objective of keeping the increase in average global temperature below 2°C with respect to pre-industrial levels, and continuing efforts to limit this temperature increase to 1.5°C.

ALSO IN 2015, THE UNITED NATIONS GENERAL ASSEMBLY ADOPTED A NEW GLOBAL FRAMEWORK FOR SUSTAINABLE DEVELOPMENT: THE **AGENDA 2030**, WHICH CONTAINS THE **17 SUSTAINABLE DEVELOPMENT GOALS**. THE MEMBER STATES OF THE EUROPEAN UNION HAVE COMMITTED TO IMPLEMENTING IT, ALIGNING EFFORTS TO ACHIEVE COMPLIANCE WITH THE SDGS.

Climate change is a reality and its effects on economic and social stability are already noticeable: its mitigation requires the **commitment of all public and private actors**, so as to achieve progress towards a carbon-free economy.

THIS TRANSITION TOWARDS A MORE SUSTAINABLE, RESOURCE-EFFICIENT AND CIRCULAR SOCIETY HAS SIGNIFICANT ECONOMIC IMPLICATIONS AND FINANCIAL INSTITUTIONS HAVE A VERY IMPORTANT ROLE TO PLAY IN MAKING THIS POSSIBLE



BY EFFICIENTLY CHANNELLING CAPITAL into sustainable activities



BY IDENTIFYING positive and negative **IMPACTS**



BY IDENTIFYING AND MANAGING RISKS AND OPPORTUNITIES arising from climate change

IBERCAJA IS AWARE OF THIS, AND HAS TAKEN SIGNIFICANT STEPS AND UNDERTAKEN COMMITMENTS THAT ACT AS A LEVER TO MITIGATE THE IMPACTS OF CLIMATE CHANGE AND IDENTIFY RISKS AND OPPORTUNITIES



IBERCAJA HAS JOINED THE UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE (UNEP-FI),

Which aims to promote a financial sector that can contribute as much as possible to a more sustainable planet. This alliance allows us to share knowledge with other entities at a national level, thus facilitating progress in sustainability management.

PRINCIPLES FOR RESPONSIBLE BANKING

In October 2019, Ibercaja signed the United Nations Principles for Responsible Banking, which provide the framework for a sustainable banking system, align efforts and provide guidelines for their implementation.

COMMITMENT TO CLIMATE ACTION

Ibercaja signed in December, in the framework of COP25, together with other financial institutions, the Spanish **financial sector's Commitment to the Climate**, an agreement to measure and reduce the carbon footprint of its balance sheets and to reduce the climate impact of its financial activity, in line with the Paris Accord. In this way, Ibercaja joins the Collective Commitment to Climate Action of the United Nations to promote a sustainable and carbon-free economy through our financial activity.

IN 2019 IBERCAJA ADHERED TO THE RECOMMENDATIONS ISSUED BY THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) SET UP BY THE FINANCIAL STABILITY BOARD.

The objective of TCFD is to develop a common, consistent, comparable and clear reporting framework to inform about the effect that an economic activity has on the climate so as to facilitate investors' decision making.



ADHERENCE OF IBERCAJA TO THE TCFD: THE INITIATIVE RECOMMENDS REPORTING ON FOUR MAIN AREAS

FOUR AREAS TO REPORT

CORPORATE GOVERNANCE

Report on existing governance of climate-related opportunities and risks

RISK MANAGEMENT

How to organisation identifies, evaluates and manages climate change-related risks



STRATEGY

Identify the impacts of climate change risks and opportunities on business areas, strategy and financial planning, where material

METRICS AND TARGETS

Report on indicators and targets used to access and manage risks and opportunities relating to climate change

This **adhesion is significant** because the implementation of TCFD recommendations **helps to understand climate-related risks and to take into account the potential implications of climate** change on commercial strategy.

In the development of **Ibercaja's Sustainability Roadmap**, environmental aspects (in ESG factors) are being prioritised, thus meeting these recommendations without forgetting social and corporate governance aspects, which must necessarily be considered in the process.

THE PROGRESS MADE BY THE ENTITY IN THE MONTHS SINCE IT JOINED IS SHOWN BELOW:



GOVERNANCE

The **internal governance structure** for sustainability management has been defined, with a revision made of the functions of the Sustainability Committee, which is chaired by the CEO. The Brand, Reputation and Sustainability Unit has been tasked by the CEO to **coordinate the actions of the Sustainable Finance Team**, which is transversal and made up of the main business areas, in the development and implementation of the Comprehensive Sustainability Plan.

STRATEGY

The sustainability strategy and the implementation of the **Comprehensive Sustainability Plan**, which will prioritise environmental aspects, have been incorporated into the milestones of the Strategic Plan for 2020.

RISK MANAGEMENT

The Credit Risk Area and the Risk Control Department are part of the Sustainable Finance Team. Possible **tools for portfolio segmentation according to climate risks are being analysed.**

Prioritised actions to be taken include:

- Analysis of impacts to identify the positive and negative impacts of activity on the environment.
- Identifying risks related to climate change and the transition towards a sustainable economy.
- Identifying gaps and needs to develop the taxonomy of the loan portfolio.

The Bank participates in a sectoral working group on sustainable finance that identifies and analyses trends and new regulatory publications.

Registration in the Carbon Footprint, Offset and Carbon Dioxide Absorption Projects Register of the Ministry for Ecological

METRICS AND TARGETS

Transition and the Demographic Challenge. Reporting of Scope 1 and 2 emissions for the years 2016, 2017 and 2018. An **emissions reduction plan** has been designed and the objective set to become carbon neutral by 2030.

INTERNAL ENVIRONMENTAL MANAGEMENT

Our commitment to the environment is also materialised in the **management of the direct impacts** *of our activity, and is developed through the* **following axes**:

ENVIRONMENTAL POLICY Includes the **principles of action** governing the company in environmental matters, which focus on the appropriate management of resources and waste, minimising the impact on CO2 emissions, raising awareness among employees in environmental protection and disseminating the actions carried out among customers and suppliers to raise their awareness. It was approved by the Board of Directors and is available on the corporate website.

PRINCIPLES OF SUSTAINABLE ACTION These include respect for the environment and continuous improvement in the organisation's environmental efficiency and performance.

ENVIRONMENT COMMITTEE At the management level, it is responsible for ensuring compliance

ENVIRONMENT TEAM Made up of 19 volunteer employees, the team proposes, implements and promotes initiatives in the field of environmental protection.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) Which supervised by the Environment Committee, has a Coordinator and a specific budget for its correct implementation.

Implemented in 2007, the EMS is externally certified by AENOR, which certifies that the central services building meets the requirements of Standard **UNE-EN ISO 14001:2015**. As a requirement of this Standard, the risks and opportunities arising from the system have been identified by the Entity, together with the actions to be taken for each risk. In 2019 Ibercaja passed the **renewal audit of the Environmental Management System, pursuant to this standard**. The **certification** of our headquarters endorses the effectiveness of the Management System implemented in accordance with the updated standard.


AENOR
Certificado del Sistema de Gestión Ambiental
IBERCAJA BANCO S.A.

IN 2019, PROGRESS CONTINUED TO BE MADE IN ENVIRONMENTAL MANAGEMENT WITH A FOCUS ON CONTINUOUS IMPROVEMENT

- **Reviewing and updating** the challenges and opportunities defined in the System.
- **Streamlining operational processes** to increase efficiency.
- **Broadening its focus**, in accordance with the Entity's commitment to sustainability, which involves a more far-reaching approach related to strategy and business.

THE MAIN LINES OF ACTION FOR 2019 IN INTERNAL ENVIRONMENTAL MANAGEMENT ARE:

EMISSIONS

At the end of the year, Ibercaja **registered its carbon footprint** *for 2016, 2017 and 2018 in the* **Carbon Footprint**, **Offset and Carbon Dioxide Absorption Projects Register** *of the Ministry of Ecological Transition and the Demographic Challenge, calculating CO2 emissions in a 1+2 range.*

IBERCAJA'S **GOAL** IS TO BE **CARBON NEUTRAL BY 2030**.

The entity has designed an **emission reduction plan** and identified measures that can be most effective in achieving this objective.

IN ADDITION, IT HAS CONTINUED TO WORK ON MINIMISATION WITH ACTIONS SUCH AS:

- In order to reduce the emissions associated with the fuel consumption (petrol and diesel) of the vehicles that form part of Ibercaja's fleet (a total of 20), **a plan has been launched to replace them with hybrid vehicles**. Each year, the effectiveness of the measure and the impact on the carbon footprint will be assessed. In 2019, seven sustainable vehicles with an ECO label and one plug-in hybrid were purchased.
- In addition, a pilot project of **sustainable carsharing** is planned for Ibercaja Group employees.
- During 2019, it continued **replacing signs**, hoardings and office lighting with **LED** bulbs to reduce the volume of emissions.
- **Work in mobility**: the advance of new technologies and the use of computer tools through mobile devices that incorporate collaborative work tools allow for shortening distances between colleagues and holding **work meetings in a decentralised manner**, making physical travel unnecessary. The implementation of this measure will bring a reduction in mileage in employee travel, reducing GHG emissions.



ENERGY EFFICIENCY

- In its commitment to achieve the utmost energy efficiency, the Bank continues to install and renovate **energy-efficient air conditioning equipment.**
- The Entity's entire **electricity consumption at Central Headquarters originates from renewable energy sources** with origin guarantees certified by the Spanish National Commission on Markets and Competition (CNMC).
- The design and creation of new centres and spaces, such as Ibercaja Xplora and Ibercaja CoffeeWork, ensure **efficient energy consumption**, **the use of furniture that respects the environment and selective waste recycling.**

CIRCULAR ECONOMY AND WASTE MANAGEMENT

- The Entity works on the **correct segregation of the waste** generated, ensuring the destination of each type at all times.
- Waste management is consolidated on a centralised basis, through the **Waste Management Coordinator**.
- Adoption of measures aimed at **reducing the consumption of paper and waste** by eliminating cupboards on certain floors and printers in the workplace. A process of phasing out individual waste bins at the workplace has also been initiated in order to encourage the sorting and recycling of internally generated waste.
- In 2019, it was **applied to all offices the centralised printing system**, already implemented at Headquarters and in the regions, which makes it possible to optimise the number of machines, reduce energy costs and reduce paper consumption.
- In 2019, the **"Tapones para una Nueva Vida"** project, carried out by the **Seur Foundation**, continued, with a dual purpose: first, children with health problems are helped; also, the selective collection of plastic is encouraged, with all caps collected handed over to a recycling plant, giving them a new life. This year, more than 350,000 caps were collected, thus preventing more than 900 kg of CO2 emissions into the atmosphere.
- The Entity continued to implement tasks to raise the **awareness of its employees** regarding the importance of reducing the environmental impact generated in all phases of the value chain and to favour the selective collection of waste generated at our facilities.
- In order to become more efficient, the Entity is working to **minimise the travel** caused by waste management.
- The policy of **reusing furniture** continued, renovating such items and thereby avoiding unnecessary waste. Where feasible, it is donated to social entities that can give a new use to it, thus complementing the environmental focus with aid to society.
- Actions have been carried out to promote education and awareness among employees of the importance of the **circular economy**.

ENVIRONMENT TEAMS

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

This year a project has been started to analyse the use of plastic in Ibercaja. For this purpose, we created the **NO PLASTICs TEAM**, made up of people committed to the environment, who voluntarily meet and work with a dual objective:



- **To improve the use of plastic in the Entity** by proposing solutions using recycled or more recyclable materials and analysing how to reduce their use as much as possible.
- **To raise awareness** throughout the organisation about the responsible use of resources, both in their professional activity and in their consumption habits, thus spreading good practices to households and society.

In 2019, on the initiative of the **GREEN CORNER TEAM**, Ibercaja Banco and its Financial Group joined the solidarity initiative **TeloReciclo**, a social project for self-employment and mobile phone recycling, carried out by Atades workers (Aragon Disability Association) with intellectual disabilities.

721 mobile telephones were collected under this initiative, with **three-fold benefits**:

- **Generate employment opportunities** for people with intellectual disabilities.
- **Protect the environment**, recycling materials from mobile telephones that are no longer used.
- **Work with Atades**: for each mobile telephone that is donated, Atades will receive a quantity of money that will be invested in the Entity's social projects.

As proposed by the Environment Team, in 2019 the **Environmental Suggestion Box** was created to channel the concerns of all Ibercaja's employees on issues related to sustainability and better resource management, with the goal of reducing our impact on the planet.



COMMUNICATION AND AWARENESS-RAISING

In 2019, the important work of communication and awareness-raising continued. To enhance it, an **"environmental communication" calendar** *was created, identifying the themes to be developed each month, aligned with the environmental objectives of the entity and adding to the Sustainable Development Goals:*



Internally, it is essential to convey and communicate **Ibercaja's commitment to the environment**, as well as the importance of caring for and preserving our surroundings in our actions in order to multiply the effectiveness of the Entity's environmental management through the people who make up Ibercaja and their families. To do this, we have used all available channels to share this message internally: Daily Information, Screens installed in the CoffeeWork rest area, the quarterly magazine Crónica, etc.

Environmental awareness has also been fostered among employees through the communication of the **Guide to Good Environmental Practices**, which contains a set of simple indications and guidelines aimed at promoting respect for the environment in the practice of one's professional activity.





WITH RESPECT TO EXTERNAL COMMUNICATION, WE COMMUNICATE OUR ENVIRONMENTAL COMMITMENT TO SOCIETY AND RAISE AWARENESS THROUGH THE VARIOUS CHANNELS AVAILABLE:

› The **Corporate Website** devotes a section to this area, disseminating the Environmental Policy, as well as the initiatives and actions carried out, our alliances and commitments in environmental matters, etc.

› Once a year, coinciding with this **Annual Report**, indicators are published in accordance with **Global Reporting Initiative (GRI)** standards, verified externally, and are also disclosed in the Non-Financial Information Statement of the Management Report.

› **Awareness messages** on **social media**, organisation of conferences and seminars, etc.





TRAINING

During 2019, **training sessions** *were held, focused on people who are involved, in one way or another, in the* **environmental management of the Entity**: *No Plastics Team, members of the Environment Committee and involved units.*

The first one was held in May with the aim of providing an in-depth analysis of what the **Carbon Footprint** is, how it is measured, what the corporate footprint is, opportunities for improvement, etc.

The second session was held in October as part of the project led by the No Plastics Team, with the aim of **better understanding what single-use plastics are** what their life cycle is, what impact they have on the environment, how we can improve the current situation, etc.

Several training sessions were also held for the **maintenance team** of the facilities.





OTHER ACTIONS RELATED TO CARE FOR THE ENVIRONMENT:

› **Impulso Solidario, new category of Environment**: this year the 3rd edition of Impulso Solidario was held, an internal initiative that promotes the solidarity and commitment of the people who are part of the Ibercaja Group by supporting projects to improve society. For the first time, the **Environment** category was included, with the aim of supporting projects that promote the care and protection of the natural environment and encourage sustainable development, presented by the employees of the Ibercaja Group.

› Ibercaja has participated, as in previous years, in the **Earth Hour initiative**, the largest global movement against climate change and in defence of nature, which is led by the World Wildlife Fund for Nature (WWF)

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

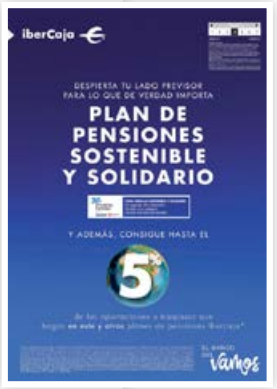
› **COEPLAN**: Ibercaja has renewed its commitment to Coalition of Companies for the Planet (COEPLAN), an initiative launched by ECODES to promote a low-carbon and circular economy among Aragonese companies.



AT THE SAME TIME, IBERCAJA IS VERY AWARE OF THE NEEDS AND EXPECTATIONS OF ITS CUSTOMERS, WHO ARE INCREASINGLY SENSITIVE TO THE CARE OF THEIR SURROUNDINGS, SOCIAL FACTORS AND SUSTAINABILITY AND DEMAND PRODUCTS THAT TAKE INTO ACCOUNT THESE FACTORS.

For this reason, it has expanded its range of products with a Socially Responsible Investment profile, while placing special emphasis on promoting environmental sustainability:

PENSION PLANS: IBERCAJA PLAN FOR SOLIDARITY AND SUSTAINABLE PENSIONS AND IBERCAJA SUSTAINABLE EUROPE.



In both cases, these are investment instruments that invest in equities or bonds of issuers with a strong link to sustainability: water management, renewable energies, environmental process efficiency, green and social bonds or companies with suitable performance in terms of ESG.

As part of Ibercaja Pensión's commitment to participants in the **Ibercaja Sustainable and Solidarity Pension Plan** to allocate 20% of the management fee to social and environmental projects, in 2019 the company made donations to environmental projects such as the conservation of the Amazon in Madre de Dios in Peru, which has enabled it to purchase carbon allowances equivalent to offsetting 1,775 tonnes of CO2.

INVESTMENT FUNDS: IBERCAJA SOSTENIBLE Y SOLIDARIO FUND AND IBERCAJA MEGATRENDS FI.

When selecting the assets in which the fund invests, the social, environmental and corporate governance profile of the companies is taken into account in addition to the traditional fundamental analysis of the company.

The Ibercaja Megatrends Fund is an international equity fund and invests in major current trends such as improved quality of life, digital growth, the environment and sustainability.



COMMITMENT TO SOCIETY

103-1, 103-2, 103-3, 102-15, 102-43, 102-44, 413-1

IN IBERCAJA WE BELIEVE IN A BANKING MODEL BASED ON SOCIAL COMMITMENT, ON RESPONSIBLE FINANCE THAT DRIVES SOCIO-ECONOMIC GROWTH WITH SUSTAINABLE CRITERIA IN ORDER TO ADVANCE TOWARDS THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS.



Our Corporate Social Responsibility Policy makes explicit Ibercaja's commitments to society, on the ***road to sustainability****:*

COMPROMISOS CON LA SOCIEDAD

DEVELOPMENT OF THE TERRITORY. Contribute to the **development of the territory** by supporting the productive fabric and establishing channels of collaboration and dialogue with local players.

ADAPTATION TO NEEDS. Respond to **social demands (**employment, training, housing, etc.) through its financial activity, with products and services that adapt to requirements.

FINANCIAL INCLUSION. Support financial inclusion by providing a global service and favouring **access to financial services** for those groups that may have more difficulties.

ACCESSIBILITY. Facilitate face-to-face or remote **financial solutions to maximum accessibility to its products** and services.

FINANCIAL EDUCATION. Promote financial education among society, **transferring the knowledge** of the Entity's professionals to support decision-making in an informed manner and assist in the management of personal finances.

VOLUNTEER WORK. Promote and support the participation of employees in corporate volunteer initiatives that have a positive impact on society.

COLLABORATION. Work with organisations, entities and regulators that develop socially responsible actions, **raise awareness and disseminate good practices**.

COMMITMENTS. Responsibly assume commitments promoted by international organisations that ensure sustainable development, human rights, good governance, ethical commitments and the fight against corruption.

THE IBERCAJA GROUP IS VERY AWARE OF ITS COMMITMENT TO SOCIETY IN ALL ITS ACTIONS, BOTH THROUGH ITS **FINANCIAL ACTIVITIES** AND THROUGH ITS **SHAREHOLDER FOUNDATIONS**, TO WHICH IT INVESTS A SIGNIFICANT PORTION OF ITS PROFITS, WHICH ARE ALLOCATED TO **ACTIONS OF A SOCIAL NATURE**.

THE MOST SIGNIFICANT INITIATIVES IMPLEMENTED IN THE SOCIAL AREA IN 2019 WERE:

FINANCIAL EDUCATION

Promoting **financial inclusion** *through training is one of Ibercaja's* **main objectives**.

In 2019, the F**inancial Education Programme** reached its sixth edition, having become an ideal complement to augment the financial culture of the public, with workshops and basic finance workshops for schoolchildren and activities for the general public, with the participation of **3,418 people**.

Managed by the Ibercaja Foundation, the programme has, since 2013, fulfilled the Ibercaja Bank's commitment to the National Financial Education Plan led by the Bank of Spain and the Spanish National Securities Market Commission (CNMV). Its objective is to promote basic financial literacy for all citizens.

The programme is implemented in all the provinces in which the Ibercaja Foundation carries out its activities, and extends to the whole of Spain through the **aulaenred.ibercaja.es platform**. The programme aims to cover a broad spectrum of the population, from Spanish 5th year primary school students to the adult population, in each case adapting both the content and the type of activity and methodology used.



VOLUNTEER WORK

Ibercaja encourages active and retired employees **to participate in solidarity activities** *that can help achieve a more* **sustainable and inclusive society**.

Managed by the Foundation, the programme seeks to involve and motivate volunteers, **support equal opportunities in society**, improve people's quality of life, preserve the natural environment or promote social cohesion and development, through its own initiatives or in collaboration with other institutions and entities.

THE ACTIVITIES CARRIED OUT BY IBERCAJA'S VOLUNTEERS IN 2019 INCLUDED:

- The holding of the **Corporate Solidarity Day**, with the organising of different corporate volunteer activities with the aim of visualising the power for change that this group has in society.
- The traditional **Great Food Collection** in ten different cities, collaborating this year for the first time in Valencia.
- The **Ibercaja Race for Integration in Zaragoza**, which this year celebrated its 40th anniversary.

In 2019, a total of **347 volunteers** were involved in solidarity activities that took place in Zaragoza, Huesca, Guadalajara, Logroño, Madrid, Burgos, Badajoz, Seville and Valencia, dedicating a total of more than **2,000 hours to society**.









SUSTAINABLE MOBILITY AND MOBILITY CITY

Mobility City *is an initiative of the Ibercaja Foundation backed by the Aragón Regional Government, which aims to place Zaragoza and Aragón at the forefront of the* **new mobility** *and the transformation of associated sectors and industries, with the collaboration of institutions and companies that are a benchmark for our economy.*

The public company Expo Zaragoza Empresarial gave the green light in November for the start of work on the emblematic **Bridge Pavilion**. This work will turn Mobility City into a large container dedicated to **sustainable mobility**.

The aim is to use the central space as an exhibition centre for mobility devices and solutions and for the organisation of temporary exhibitions. In the two lateral wings of the Bridge Pavilion, exhibition modules will be set up to show different aspects of the smart city and sustainable mobility.

MANY INITIATIVES WERE DEVELOPED IN RELATION TO THIS GLOBAL MOBILITY PROJECT DURING 2019, INCLUDING:

Mobility Conferences

A series of conferences to **disseminate sustainable mobility** to society, with speakers of the highest calibre.

Mobility City coworking grants

Enabling seven startups to set themselves up free of charge for a year in the new **"Coworking Mobility City"** space located in The Etopia Terminal to pursue their mobility projects.

Test Area of Mobility City

This is a **testing, dissemination and learning area** where citizens can learn about new formulas and vehicles for personal, sustainable and shared mobility (electric scooters, segways, electric bikes, etc.)

Mobility City Awards

Promoted by Ibercaja and its Foundation, they seek to back the search for solutions that enable technological progress and reduce the impact on the environment. **They identify best practices in sustainable mobility**.

ANFAC automotive desk

This initiative served to share a common **strategic vision for mobility** of automotive companies in Spain.

Innovation Days

In 2019, two summits were organised in Zaragoza and Madrid, known as Innovation Day, where Mobility City partners could **meet the most disruptive entrepreneurs** in the field of mobility.

Mobility City and Mobility Experience professorships

Created in collaboration with the University of Zaragoza and the University of San Jorge, they focus on the field of mobile and wireless communications, related to the **concept of the connected vehicle** and on teaching and research activities.

European Mobility Week

From 15 to 22 September, the Zaragoza City Council organised European Mobility Week, with the slogan **"Walk with us. Walking and cycling safely"** with the collaboration of Mobility City. During the week, talks and round tables were organised in the Patio de la Infanta and topics such as new public transport, new drive systems, individual and shared mobility solutions, the design of cities and their furniture or the distribution of goods were discussed.

Mobility ended 2019 with 33 members, as six new entities joined the project this year.



ECOSISTEMA + EMPRESA

This is an initiative of **Ibercaja Banco and the Ibercaja Foundation** *to promote innovation in companies.*

It is a **point of meeting and interaction between entrepreneurs, professionals and managers** from both startups and large companies whose aim is to create a more innovative and active business environment based on the premise that knowledge sharing and collaboration help companies to go further. As a novelty, activities focused on social innovation were added.

More than **2,300 users** from more than **850 companies** participated in activities of the Ecosystem Mas Empresa. An ecosystem that has **more than 40 national and international key partners**.

EMPLEA-T Y EMPRENDE

The **Emplea-t y Emprende** *(Employ yourself and be an Entrepreneur) programme offers a complete guide so that creativity and entrepreneurial drive do not cease in a society that increasingly demands new sources of work, innovation, products and services on a daily basis.*

The programme has a method endorsed by its excellent results, consisting of **practical and experiential training given by entrepreneurs** with extensive experience and background and with access to a team of top-level mentors to work individually on the development of each initiative. Emplea-t and Emprende proposes a comprehensive journey divided into **different levels of education** for all phases of development of a business project. The programme is strengthened by its presence in acceleration and coworking spaces in all the provinces in which it is imparted.



IBERCAJA BUSINESS DEVELOPMENT CAMPUS

The Ibercaja Business Development Campus brings to companies the **best programs in learning and permanent development**.

Thanks to its network of alliances with entities, companies and professionals, it offers training programmes and specialised services at its facilities, while promoting initiatives and events that support the transformation, innovation and growth of the business fabric.

HEALTHY COMPANIES

As a novelty for 2019, Ibercaja Foundation presented the **"Programa Por ti"** *(For you) which aims to* **improve the physical and mental wellbeing** *of workers and implement healthy habits both in and out of the workplace. This programme is carried out in collaboration with Quirón Salud with the participation of Ibercaja Banco.*

TICVOLUCIÓN

Ibercaja Foundation and Hiberus Foundation created in 2019 the programme "Ticvolución" with the aim of **reducing the gap** *between the* **supply of jobs** *available in the* **technology sector** *and the demand for professionals with a suitable profile.*

The project offers a complete programme of activities and services that seeks to involve all actors in the digital transformation and help them make the most of its opportunities.



EDUCATE FOR THE FUTURE

Under the slogan "The chemistry of education", Ibercaja Foundation launched in 2019 the eighth edition of the Educate for the Future Program, an ambitious **discussion forum on educational innovation** *open to all actors involved in the sector to share knowledge and experience and an environment of good practice.*

In the 2019 edition, more than **4,000 people** participated in the more than **55 activities**, which included: conferences and "edulabi" (workshops, webclasses, workshops or seminars).

The **objective** of this edition was to discuss the relationships that are established between all the agents involved in the sector: **family and school** (family+school=education2). It was targeted at teachers, parents and educators and was developed in Ibercaja Centres in Aragon, La Rioja and Guadalajara. For the third consecutive year, it received recognition and approval from the Government of Aragon for all its activities, including those broadcast by streaming.

LEARNING TO BE AN ENTREPRENEUR

Ibercaja Foundation **brings entrepreneurial culture to the classroom** *through the Learning to be an Entrepreneur Programme, in which students from 5th and 6th grade of Primary School develop their own business project throughout a school year.*

The creation of a cooperative allows them to acquire and apply organisational and business management knowledge, while working on other skills such as teamwork or problem solving through the use of active learning methodologies. All the work culminates in a **cooperative market** held at the end of the course, where the participating centres sell the products they have made.



EDUCATIONAL PROGRAMMES

For three decades, Ibercaja's Educational Programs have **complemented the education of the youngest** *through different* **activities adapted** *to the different educational stages, in key subjects such as financial education, art, science, technology, languages or environment.*

They are for students between the ages of 3 and 18 and are very successful, as shown by the **more than 41,637 participants** during the 2018-2019 school year. In total, more than **87 activities were held in 7 provinces**, including workshops, concerts and educational exhibitions.

AGREEMENTS WITH THE UNIVERSITY OF ZARAGOZA

The University of Zaragoza, the Ibercaja Banking Foundation and the Caja Inmaculada Foundation have signed a **partnership agreement** *to promote student research and mobility.*

Ibercaja Foundation has contributed **€100,000 to promote social and economic development**, through the financing of research projects and time spent abroad. A further **€188,000** have been allocated to **other agreements** with the University, including the Chair in Banking Innovation 2019 and the Chair in Mobility.



LABOUR MARKET ENTRY AND DIVERSITY

Ibercaja supports the labour **integration of people** *with* **disabilities** *in order to achieve a more equal and inclusive society.*

The Entity has **53 employees** with recognised disabilities on its staff. In 2019, it allocated more than **€400,000** to the contracting of Special Employment Centres for the supply of material or services, such as the CEE Fundación Juan XXIII, CEE Oliver, S.L. or CEE Sesé Integra Norte.

In addition, during the year, **donations** worth more than **260,000 euros** were made to foundations whose objective is the integration of disabled people in the workplace. Specifically, it collaborated with the Human Age Institute Foundation, Adecco Foundation and John XXIII Foundation.

HELPING BY DOING

In 2019 Ibercaja has become part of the **Network of Responsible Companies**, *promoted by Helping by Doing, a non-profit organisation whose aim is to mobilise organisations to implement a strategic and transversal model in which social responsibility is a pivotal element.*

During the year, the Bank was involved in several initiatives, such as the **VI Muestra Mejores** (Business Showcase for Young People at Risk of Exclusion), a public speaking workshop for responsible companies and the provision of free space in the bank.



IMPULSO SOLIDARIO

Impulso Solidario is an initiative that allows one to **experience first hand the social commitmen***t of the Ibercaja Group.*

This project **aims to promote active and participatory social responsibility** in which the teams themselves propose and select with their votes the social projects to support, and then become their best ambassadors. This is an open call to all the people who are part of Ibercaja: employees of the bank, financial group and foundation with solidarity concerns, who can present social projects with which they are particularly sensitive or involved, explaining what they consist of and why they consider it important to support them.

New this year is the **environment category**, which reflects Ibercaja's commitment to the environment, and joins the existing categories of **illness, disability and integration**.

Within each category, the most voted project receives a grant of €10,000 and the second most voted receives €5,000 to assist in its implementation. In this third edition, a total of 69 applications were submitted and employees cast a total of 6,269 votes.



imPULSO Solidario



CALL FOR SOCIAL PROJECTS

Programmes that improve people's employability, that generate real opportunities for social and labour insertion or that cover the basic needs of groups in situation or at risk of exclusion, are the targets of the Ibercaja **Call for Social Projects**, *which in its fourteenth edition allocated* **€866,500** *to 319 proposals, which have benefited* **197,540 people**.

The call for proposals that Ibercaja Foundation has launched throughout the country broadens its scope with the collaboration of the shareholder foundations: Fundación CAI in Aragón, Fundación Caja Badajoz in Extremadura and Fundación CajaCírculo in Castilla y León, becoming an example of efficiency and transparency of aid to the third sector.

In addition to providing direct aid to social projects, Fundación Ibercaja collaborates with third sector entities in programmes and activities that provide a specific response to the needs of certain groups such as families with limited resources, the elderly, young people outside the education system or people with disabilities.

These are the headline social programmes with which Fundación Ibercaja has maintained its commitment in 2019: TOPI Catering School of Fundación Picarral, Sumando Empleo de Cáritas Autonómica de Aragón, Prevention Plan of Fundación Centro Solidaridad, Placement Agency of Fundación DFA, Aragón Solidario awards with Heraldo de Aragón, Good Citizenship Practices award with Ebrópolis and CERMI Aragón, through the painting and sculpture competition "Trazos de igualdad".

INTERNATIONAL COOPERATION

Beyond its territory of action, Ibercaja Foundation is committed to the **effective implementation** *of* **human rights** *of people in developing countries.*

In 2019 the entity made a new call for **aid for international cooperation projects** aimed at development NGOs working in the fields of education, health and access to drinking water and sanitation, basic elements of individual and community achievement in the most disadvantaged areas of the world.

SOLIDARITY CORPORATE INCOME TAX

In addition, this year, as a further demonstration of its **commitment to people and society**, *Ibercaja allocated 0.7% of the total corporate income tax liability to social purposes, thus joining the initiative launched in 2019 by the Spanish Government and various social aid and collaboration platforms.*

CHRISTMAS SOLIDARITY INITIATIVES

"A SMILE FOR CHRISTMAS" CAMPAIGN

*Ibercaja participated for the third year in the campaign organised by the non-profit organisation Cooperación Internacional "***A Smile for Christmas"***, with the aim of collecting new toys to give away at Christmas to children at risk of exclusion, through the solidarity of all the people who form Ibercaja.*

This year, all of the Territorial Divisions participated, with gift collection points in Barcelona, Valencia, Burgos, Logroño, Badajoz, Guadalajara, Madrid, Seville and Zaragoza. This Christmas, Ibercaja employees contributed **521 gifts that were distributed to low-income families**.



GUIDED VISITS TO BETHLEHEM NATIVITY SCENE

For more than 30 years Ibercaja has been exhibiting a large ***nativity scene*** *at its headquarters in Zaragoza, in Plaza Paraíso, so that it can be visited by all members of the public who wish to do so.*

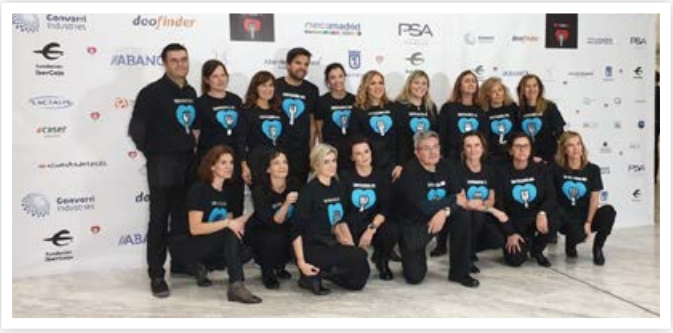
It is a nativity scene that occupies more than 50 m2 and is composed of about 200 figures made by nativity scene artisans. During the Christmas season, **guided tours** are organised by volunteers of the Entity for children with special needs. This year, among other entities, the following visited the nativity scene: La Purisima School for Deaf Children, ASPACE Foundation, Down Foundation, ASPANOA (association for children with cancer) or La Caridad Foundation.



I INVITE YOU TO DINNER

This solidarity initiative, which was supported for the first time by **Ibercaja Volunteers**, *was carried out in Madrid and allowed more than* **1,000 low-income people to have a Christmas dinner.**

It was attended by more than **500 volunteers** from different companies and was an unforgettable and enriching experience for all those who participated.



DRAWING CONTEST

Once again, the **drawing contest** *was held for the* **children of employees** *of the Ibercaja group aged between 3 and 12.*

This year the theme of the competition reflected the entity's commitment to sustainability: **"At Ibercaja we care about the environment and want to leave a better world for future generations"**.

To promote solidarity among children, this year we collaborated with **Unicef** and its **"blue gifts"** that each participant chose for a child in difficult conditions in another part of the world. In total, 245 survival kits, 77 education kits and 75 game kits were sent.

unicef





DEVELOPMENT OF THE TERRITORY

NETWORK OF CENTRES

Fundación Ibercaja is open to the public through its different **cultural centres**, *which are a sounding board for theirs proposals and a visible face for the people who make the work of the social work possible everywhere the entity is present.*

In addition to **integrating the territory**, these spaces are a **boost for the cultural activity** of cities and regions. The Ibercaja Foundation centres constitute an open window to public participation where coexistence is encouraged, new social relations are woven and **art, science and culture are made available to al**l. At the same time, local entities and any person with concerns find in them perfectly equipped facilities in which to develop their own activities, such as cycles, courses, workshops or exhibitions, with the help and collaboration of an expert team of professionals.

DIGITAL SERVICES

In their commitment to combat school failure and provide alternatives to young people who want to leave their studies early, Fundación Ibercaja and Cepyme launched the digital service **Ibercaja Orienta**, *which has now become a* **powerful guidance** *tool that allows students, families and teachers to make informed decisions about their studies or future career.*

In addition to its questionnaires and resources and having one of the most complete information bases on professional training in Spain, the service offers the possibility of making online queries to the team of counsellors who manage the **platform**, as well as arranging **a free face-to-face interview**.

The digital service **Aula en Red** of Ibercaja Foundation fulfils the dual objective of introducing digital technology as a learning tool in the classroom and providing teachers with educational resources in various subjects, such as humanities, science, art or technology, to contribute to a quality education. The website includes exercises, simulations and activities divided by educational stages that can help to define concepts and knowledge in a more practical and visual way. Aula en red is the complement to the work of the teacher in the classroom and a tool to access a wide range of training that enables them to refresh their knowledge on a permanent basis.

The **Ibercaja Desafío Digital Programme** started at the end of 2017 with the firm purpose of reducing the digital gap between generations and extending technological literacy to all layers of society. The programme includes courses and workshops that meet the training needs of different age groups and other social actors in subjects as diverse as the use of the computer and new digital tools, the creation of video games and applications, the use of social networks to improve business results or technology as an educational tool.

SPONSORSHIP AND PARTNERSHIP

Ibercaja **promotes**, **through its sponsorships,** **sports**, *activities for young people, culture and companies as the best vehicle for conveying our values.*

In 2019, **the solidarity aspect of these sponsorships** was further strengthened, in an effort to raise awareness and to bring together various social causes.

WE DEVELOP OUR **SPONSORSHIP STRATEGY** WITH INTERNAL AND EXTERNAL ACTIVATION.

IN TERMS OF INTERNAL ACTIVATION, ABOUT 1,500 INSTANCES OF EMPLOYEE PARTICIPATION WERE ADDED TO THE EVENTS.

Specifically, in the ESIC Business Race in Zaragoza, first place was achieved as the company with the largest number of participating employees.

With these initiatives, s**ports practice and healthy habits** **are promoted internally**: more and more employees are adopting this lifestyle.



IBERCAJA TEAM, VI ESIC ZARAGOZA RACER

IN EXTERNAL ACTIVATION, THE AIM IS TO IMPROVE THE NOTORIETY AND RETURN RATES THAT EACH EVENT CAN BRING TO THE ENTITY, TAKING INTO ACCOUNT ITS DIFFERENT CHARACTERISTICS:

SPORT. IN 2019, THE ENTITY PARTICIPATED IN PROMINENT SPORTS EVENTS, SUCH AS:

› **IBERCAJA CITY OF ZARAGOZA TROPHIES** (agreement signed with Zaragoza Deporte Municipal, 26 events involving different sports disciplines with over 32,000 spectators). With this programme we give visibility to all kinds of sports that are more marginal or have fewere opportunities to attract economic resources for their activities.

› **CROSS ATAPUERCA:** this event aims to promote and encourage sport from the grassroots to the elite, as well as to publicise the Sierra de Atapuerca World Heritage Sites. In addition to the Cross, a number of activities are carried out, such as cultural contests and a training meeting with several informative talks.

› **MADRID MARATHON, HALF MARATHON AND 10K:** photocall at the Runner's Fair, promotions for customers, hospitality for employees and substantial media coverage. With the **solidarity animation contest** we help and make visible associations. With the donations they receive, they can carry out their own solidarity projects. Any NGO registered in the Registry of Associations (National or regional) with more than 10 participants in the event can participate in this contest. Each participating entity can perform an animation at a point in the race. The six receiving the most votes on the website will receive a financial prize.

› **BOOKS ON THE RUN** is another initiative that forms part of an agreement signed with the Ibercaja Foundation and the Madrid Foundation for Sport to organise an activity to promote culture and sport jointly. It included a race through the streets of Madrid over several distances, literary gatherings with sportsmen, book donations to social entities with different collection points (including some of our offices) and the activity "lucha libro".

› **BONEBREAKER:** our contribution to the race helps it grow and be declared an "Activity of Tourist Interest" as an example of a sustainable event, linked to sport and nature that is respectful and at the same time generates economic development in the areas of action.



› **CURSA DEL NASSOS** (Barcelona): public relations campaigns with customers and internal campaigns with employees. The totality of participants' charitable contributions are allocated to INSERsport, the project of the Social Area of the UFEC (Unió de Federacions Esportives de Catalunya), which works on the training and labour market entry of young people at risk of social exclusion through sport.

› **10K VALENCIA IBERCAJA** with photocall in the runner's fair and special initiatives for customers and employees. There is a solidarity bib that each edition raises money for an Association: in 2019 for Asperger Valencia.

› **SPONSORSHIP OF SPORTS FEDERATIONS,** and for lower categories and schools of sport clubs to promote sport among the youngest members of society and to encourage them to adopt healthy lifestyles from an early age.



› **SNOW:** ARAMON sponsorship for the promotion of Aragonese resorts and collaboration with ski schools, obtaining advantages and discounts for customers and employees. The stations work for **environmental sustainability and reduction of the carbon footprint** in different areas. In addition to separate waste collection, the entity is committed to the elimination of plastic and technical innovations for greater efficiency with lower energy consumption. Among others, there are performances on slopes to open them with less machine hours and snow production.

› **40 YEARS OF THE IBERCAJA POPULAR RACE:** in 2019, the 40th anniversary of the Popular Race was held in Zaragoza, with different commemorative events that culminated in a major party on the day of the race. Ibercaja donated €1 per participant to **social entities such as the Zaragoza Food Bank and Cáritas Teruel**.



FAMILY PHOTO WITH THE HONOREES AT THE 40TH ANNIVERSARY IBERCAJA POPULAR RACE GALA

YOUNG PEOPLE. WE CONTINUE TO SPONSOR THE CARDS OF ARAGON, EXTREMADURA AND CASTILLA Y LEON.

We renewed our commitment for two years with the Government of Aragon in the **School Games** activity, involving some **40,000 children and young people** from Aragon. Different festivals and concerts were sponsored throughout the year.

CULTURE. IBERCAJA COLLABORATES IN THE DISSEMINATION OF CULTURE THROUGH ITS TICKETING SERVICE, CONSOLIDATING ITSELF AS THE LEADING COMPANY IN TICKET SALES IN ARAGON.

This year, major family events were sponsored, such as **"Circlássica"**, designed by Emilio Aragón, and **"Las luces de Navidad"** at the Royal Botanical Gardens in Madrid, with more than 250,000 visits.





CIRCLASSICA PRESENTATION IN IBERCAJA PATIO DE LA INFANTA

COMPANIES AND GROUPS. PARTNERSHIP AGREEMENTS WERE SIGNED WITH DIFFERENT BUSINESS ORGANISATIONS.

- **Mutual guarantee schemes** of different territories in order to bring the financing to the production fabric through small- and medium-sized companies.
- **CEOE-Cepyme** Guadalajara
- **FAE** Burgos
- **FER** Rioja
- AJE. Aragon Association of Employers
- Arrangements with different professional associations
- **FIMA**. Feria de Zaragoza

SECTOR AGRO

In 2019 we maintained our presence at **Agroexpo** (Don Benito), Feria de Zafra, one of the best livestock fairs held in Spain and IFEBA. As a novelty, an **agreement was signed with Feria de Zaragoza** to **sponsor** the next two editions of **FIMA**, the leading agricultural machinery fair in Europe.

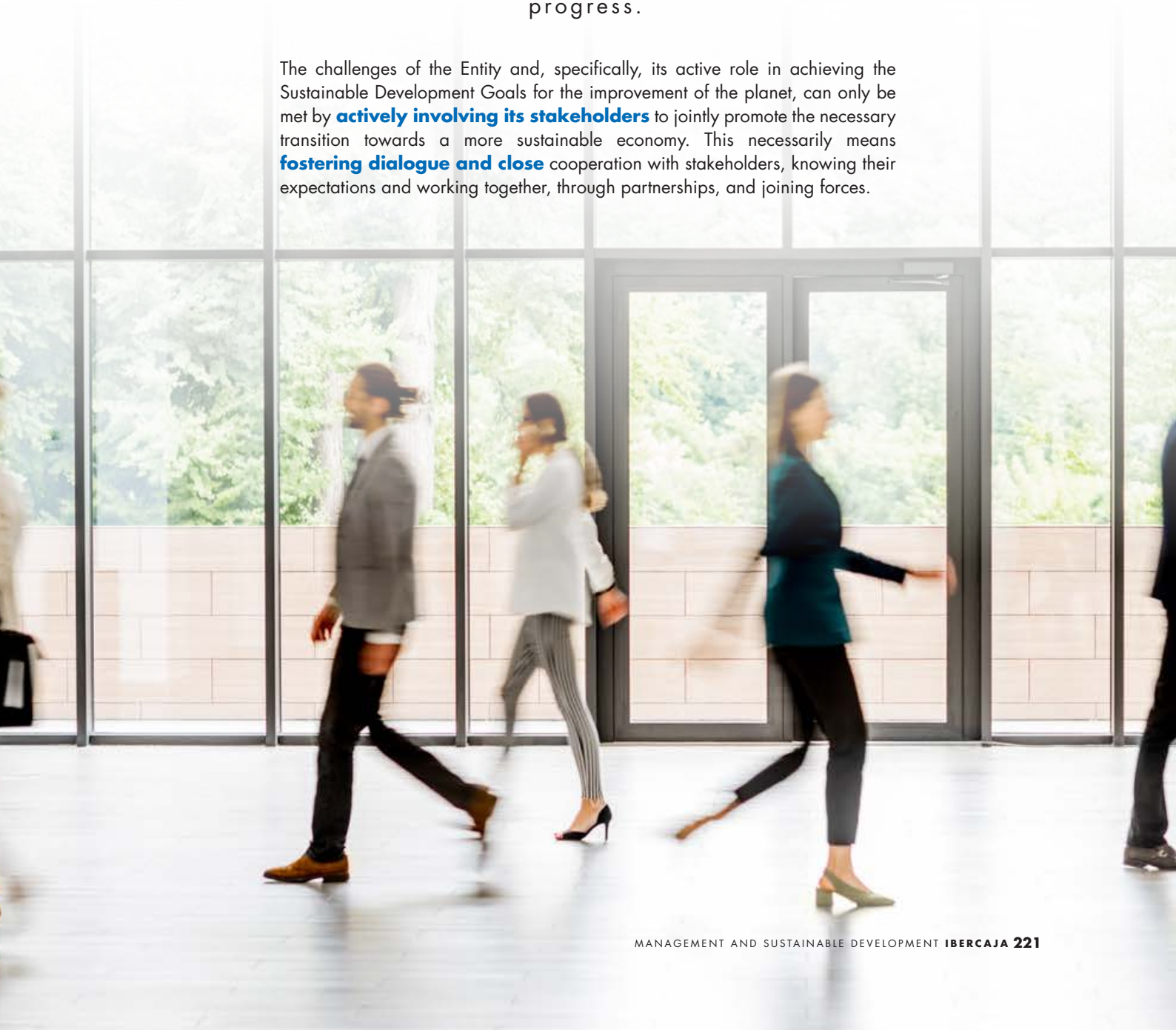


LISTENING TO AND DIALOGUE WITH STAKEHOLDERS

102-40, 102-42, 102-43, 102-44

For Ibercaja, active listening and dialogue with its stakeholders is essential to develop its business model and achieve maximum positive impact and meet their expectations and needs. It is only through alliances and cooperation that we can make progress.

The challenges of the Entity and, specifically, its active role in achieving the Sustainable Development Goals for the improvement of the planet, can only be met by **actively involving its stakeholders** to jointly promote the necessary transition towards a more sustainable economy. This necessarily means **fostering dialogue and close** cooperation with stakeholders, knowing their expectations and working together, through partnerships, and joining forces.



THEREFORE, IT IS ESSENTIAL TO IDENTIFY THE MAIN STAKEHOLDERS WITH WHICH THE ENTITY IS RELATED, WHICH MUST NECESSARILY BE TAKEN INTO ACCOUNT IN ALL THE ACTIVITIES CARRIED OUT BY IBERCAJA.

The Bank has a **stakeholder map** that identifies priority stakeholders: **customers, people, investors and shareholders, suppliers, environment and society**. This selection was made after analysing their expectations and interests and assessing their relationship with the Bank, their capacity to influence and the importance of each group for the Bank.

Stakeholders are persons or groups that have an impact on the Entity and are influenced, directly or indirectly, by its activities, products or services.



IBERCAJA ENHANCES LISTENING AND DIALOGUE WITH THEM TO BEAR IN MIND THEIR NEEDS AND EXPECTATIONS AND ANTICIPATE THEM, DEVELOPING CHANNELS AND SPECIFIC TOOLS THAT FAVOUR BI-DIRECTIONAL ON-GOING COMMUNICATION.

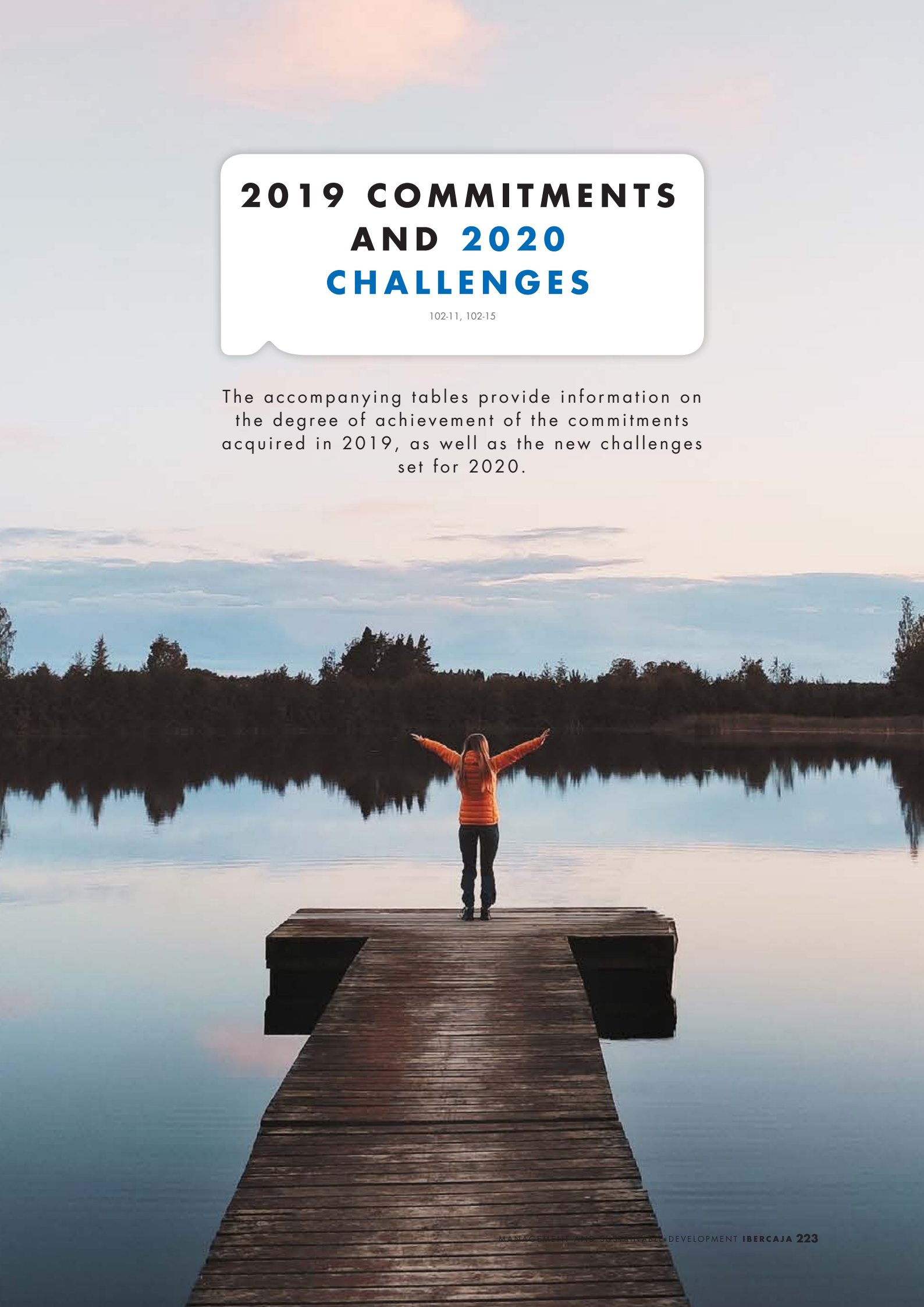
THE MOST SIGNIFICANT COMMUNICATION CHANNELS INCLUDE

- CUSTOMER SERVICE
- CORPORATE WEBSITE AND COMMERCIAL WEBSITE
- SUPPLIERS PORTAL
- ACTIVE LISTENING IN SOCIAL NETWORKS
- CUSTOMER SATISFACTION SURVEYS
  EMPLOYEE SATISFACTION SURVEYS
  REPUTATION MEASUREMENT SURVEYS
  BRAND AWARENESS SURVEYS
- FREE TELEPHONE NUMBERS AND EMAIL INBOXES
- NEWSLETTERS AND ON-LINE ASSESSMENT QUESTIONNAIRES
- MEETINGS AND FOCUS GROUPS WITH EMPLOYEES, CUSTOMERS AND THE PUBLIC AT LARGE
- SYSTEMATIC AND PERMANENT RELATIONSHIPS WITH BODIES, INSTITUTIONS AND SOCIAL AGENTS TO ASCERTAIN TRENDS, EXPECTATIONS AND EXCHANGES OF GOOD PRACTICES (AEC, CEOE, CHAMBERS OF COMMERCE, FORÉTICA, CECABANK, ETC.).

2019 COMMITMENTS AND 2020 CHALLENGES

102-11, 102-15

The accompanying tables provide information on the degree of achievement of the commitments acquired in 2019, as well as the new challenges set for 2020.



RESULTS OF 2019 COMMITMENTS

STAKEHOLDER	2019 CHALLENGES	RESULTS	%
CUSTOMERS	**Personalised management.** Compliance with the review by AENOR of the Management System for the Assessment of Personal Asset Management. Renew for the 7th consecutive year.	Successful revision by AENOR.	**100%**
	Customer experience. Achieve 80% of satisfied or very satisfied customers in post-interaction counselling surveys.	More than 97% of customers are satisfied or very satisfied.	**100%**
	App Ibercaja. Increase active users of the APP by 25%.	Active users of the app have increased by 38.7%.	**100%**
HUMAN RESOURCES	**Integration, diversity and health:** › Actively contribute to the employment integration of people with intellectual disability. › Implement new programmes that improve the health and quality of life of our professionals through the promotion of healthy life habits such as: physical activity through sports, food or health surveillance.	Through different agreements (Adecco Foundation, Human Age Institute) we have collaborated in the training, awareness and labour integration of people with different abilities. In addition, they have launched various initiatives aimed at improving the health and well-being of employees: obtaining EFR seal, health and wellness workshops at the CoffeeWork, creation of the work team Empresa Saludable, etc	**100%**
	Internal communication: Design and implementation of new internal communication channels that allow us to "Empower the employee" and effectively move Ibercaja's strategy, multiplying brand ambassadors and generating a greater link with Ibercaja. In this context, we will continue to work on participation as a means of motivation and recognition, also obtaining a greater use of collective intelligence.	New communication and participation channels were launched in 2019: › Digital Magazine Chronicle of the Transformation › Nueva Flexiplan App › Participation in workshops through streaming › Health and wellness Workshops › 1 new solidarity challenge › 1 new innovation challenge	**100%**

RESULTS OF 2019 COMMITMENTS

STAKEHOLDER	2019 CHALLENGES	RESULTS	%
ENVIRONMENT	**Awareness Initiatives.** Continue with the promotion of internal and external awareness initiatives to protect the environment.	In 2019, a communication timetable was carried out, both internally and externally, on issues related to the environment and its care. Several training sessions were also held on topics such as the carbon footprint and the proper use and recycling of plastics.	**100%**
	Carbon footprint. Continue with the use of the calculator. It makes use of the calculator of the Ministry for Ecological Transition (MITECO) for the calculation of CO2eq emissions, scope 1 + 2. For the calculation of the emissions produced in the displacements, the GHG Protocol is used as a source.	Ibercaja has registered in the Carbon Footprint, Offset and Carbon Dioxide Absorption Projects Register of MITECO for the years 2016, 2017 and 2018.	**100%**
	Waste management internal protocol. Finalise the protocol that serves to coordinate and correctly manage waste at each of the Entity's warehouses in Spain.	In 2019, the internal protocol for waste management was completed and has been communicated and distributed to all the heads of the different units involved in waste production in Ibercaja's warehouses.	**100%**
SUPPLIERS	Review purchasing procedures.	They are being reviewed in the light of the new outsourcing regulations.	**75%**
	Adaptation to the new regulations of suppliers.	A new regulatory framework for governance and supplier risk management has been completed.	**100%**
SOCIETY	**Volunteering.** Prepare a volunteering plan, together with the steps for the implementation of said plan.	The general lines of the Volunteer Plan were drawn up, as well as its objectives, scope and development.	**100%**
	RSA + seal. Renewal of the Seal.	Renewal of the RSA + seal was received.	**100%**
	Obtaining the efr Seal.	The EFR certification was received in July.	**100%**
SHAREHOLDERS AND INVESTORS	**Visibility.** Continue increasing the visibility of Ibercaja among institutional investors, increasing the number of events, meetings and telephone conferences.		**50%**
OTHER COMMITMENTS	**Code of ethics.** Implementation of the code activation plan (communication and implementation).	In 2019 the new Code of Ethics was communicated internally and externally and the Whistleblower Channel was launched.	**100%**
	Organisational purpose. Develop phases 2 and 3 of the activation plan for the Organisational purpose.	Phase 2: the purpose has been integrated into the main projects of the People Area: digital onboarding, EFR plan for work-life balance, leadership model and talent development. Phase 3: this phase is under development.	**50%**

2020 **CHALLENGES**

STAKEHOLDER	2020 COMMITMENTS
CUSTOMERS	**Customer experience.** Achieve 80% of satisfied or very satisfied customers in post-interaction counselling surveys.
	Customer experience. Improve the existing gap between Ibercaja and the sector average in quality of the advice in the saving needs and housing financing.
	App Ibercaja. Increase active users of the APP by 25%.
HUMAN RESOURCES	**Ibercaja Activa.** Implementation of the Empresa Saludable programme in Ibercaja through different areas: sport (Cultural and Recreational Group Evolution), healthy habits (Prevention and Health) and overall well-being (efr).
	New flexible forms of working: Measures aimed at achieving a less rigid distribution and organisation of working time and which seek to unlink work and results from a specific "window" of time, as well as control and management of the employee's physical presence. Generate flexible working environments through measures such as: time flexibility, space flexibility, digital disconnection, agile and efficient meetings.
	Plan LiderA Action plan aimed at women with professional growth potential with the objective of promoting women's access to management positions.
ENVIRONMENT	**Promote, within the framework of the Comprehensive Sustainability Plan**, the inclusion of environmental aspects in the Entity's strategy and decision-making.
	Progress in the analysis of impacts linked to climate change.
	Continue to strengthen the EMS, promoting the entity's Carbon Footprint Reduction Plan.

2020 **CHALLENGES**

STAKEHOLDER	2020 COMMITMENTS
SUPPLIERS	**Finalise purchasing procedures** fully adapted to the new regulations on supplier risk management and outsourcing.
	Implementation and launch of the Supplier Risk Management and the Management of Purchasing and Outsourcing Processes in the new Purchasing tool.
SOCIETY	**RSA + seal:** obtain the Seal.
	Volunteering: broaden the scope and activities to be carried out.
	Reinforce the reporting of information on sustainability management, with the systematic use of non-financial data.
SHAREHOLDERS AND INVESTORS	**Continue increasing the visibility of Ibercaja** among institutional investors, increasing the number of events, meetings and telephone conferences.
	Enhance communication of Ibercaja's ESG commitment among investors and rating agencies.
	Analyse the advantages and drawbacks of a potential ESG emission.
OTHER COMMITMENTS	**Organisational purpose**: continue to move forward with Phase 3 of activation for inclusion in the decision-making process.
	Develop Ibercaja's Sustainability Policy.

6 CONCLUSIONS AND OUTLOOK

In a tough environment for the financial sector due to the impact of the ECB's monetary policy on margins, **Ibercaja managed to stabilise typical banking revenues, maintain progress in personal and private banking lines and continue to improve its drive towards the corporate segment.**

The **asset management and insurance business** achieved **record market shares** in mutual funds, pension plans and life insurance. Steps taken in **the transformation of the operating and customer relationship model**, together with the deployment of projects and **investment in digitalisation**, lay the **foundations for improving the Group's efficiency and competitiveness.**

The **balance sheet clean-up** significantly **reduced** the **weight of non-performing assets** by lowering the non-performing loan ratio to below the average for the Spanish banking sector. **Solvency indicators are evolving favourably**, reaching comfortable levels in relation to the risk assumed by the Bank.



IBERCAJA WILL CONTINUE TO WORK ALONG THE LINES SET OUT SO FAR, WITH THE 2018-2020 STRATEGIC PLAN AS A GUIDELINE. THE MAIN ASPECTS AND OBJECTIVES THAT WILL FOCUS THE ACTIVITY ARE:

ACCELERATE GROWTH OF THE BUSINESS, aiming marketing efforts to cement the Corporate, Personal and Private Banking Plans, as these are the segments that generate the highest levels of profitability.

MAXIMISE PROFITABILITY by increasing loan revenue, with risk-adjusted rates, generating fees for services that provide added value to the customer, mainly through asset management and insurance.

ENHANCE EXCELLENCE in customer service as a guideline for management and an edge in an increasingly competitive market.

IMPROVE BALANCE SHEET QUALITY by reducing non-performing assets through ordinary management and extraordinary sales transactions.

NORMALISE THE COST OF RISK by building upon the work already carried out in write-downs and the reduction of Problem assets.

INCREASE EFFICIENCY AND PRODUCTIVITY by maintaining strict cost control and moving ahead decisively with the digitisation of the business.

SUPPORT THE TRANSITION TO A MORE SUSTAINABLE ECONOMY by allowing the flow of savings to go into sustainable investments.

Finally, the **main corporate challenge** that Ibercaja faces, due to its size and importance for the future of the institution, is to **successfully achieve the planned IPO** in order to comply with the regulations that affect the Ibercaja Banking Foundation and to stand on the same footing as the majority of competitors in Spain and Europe as a listed bank. **With this aim in mind, the Bank will continue to work to meet the expectations of investors.**

Appendix

ADDITIONAL INFORMATION

A. 2019 Annual Report Highlights	231
B. Materiality study	233
C. The 10 Principles of the Global Compact	237
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EL BANCO DEL vamos

A. 2019 ANNUAL REPORT HIGHLIGHTS

102-45, 102-46

INTRODUCTION

The Ibercaja Group's 2019 Annual Report presents, in a single document, relevant financial and non-financial information, with the **objective** *of* **informing** *our stakeholders* **truthfully and transparently**, *according to their needs and expectations.*

The content of the report and of this Appendix is guided by the results of the materiality assessment carried out in 2018, which identifies those aspects that are most relevant to the stakeholders and, therefore, which are reported on.

Its objective is also to address those aspects necessary for its consideration as a **Sustainability Report**, according to the criteria established in the GRI Standards of the **Global Reporting Initiative (GRI)**, whose guidelines have oriented Ibercaja's annual reports since 2005 and, in turn, serve as **"Progress Reports"**, in accordance with the reporting requirements of the Global Compact, relating to the 10 Principles of the United Nations **Global Compact**.

It must be taken into account that, as a company of public interest, with over 500 employees, which meets the requirements demanded, the Ibercaja Group is governed by Law 11/2018, of 28 December, amending the Spanish Commercial Code, the consolidated Spanish Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Audit Law 22/2015, of 20 July, in relation to non-financial information and diversity. Based on this law, the Non-Financial Statement of the Management Report was prepared, a reference document for Ibercaja's consolidated information.

SCOPE

The information contained in this Report and its Appendix relates to the **financial** *and* **extra-financial activity** *of the Ibercaja Group, and it is presented in this manner in order to compare it as far as possible in terms of significance.*

This report, as a whole, presents a **global vision** of the **strategic lines, activities, business model, financial results and sustainable commitment** (environmental, social and personnel issues, human rights and the fight against corruption and bribery).



ANNUAL REPORT AND APPENDIX

Its contents are made public on the **corporate web page** (www.ibercaja.com).

RIGOUR

102-54

This report has been prepared in accordance with the Core option of the GRI Standards.

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

Finally, both the principles of preparation of this Report and its annex, as well as the contents thereof, have been subject to an **external review process** by the audit firm **PricewaterhouseCoopers Auditores, S.L. (PwC)**. The Ibercaja Banco Group's 2019 Legal Documentation details the contractual relationship that Ibercaja maintains with the independent auditor. The Independent Review Report is included in the last section of this appendix.

OTHER CONTENTS

This annex also includes additional sections, such as information on the **materiality study** *conducted in 2018 and actions linked to Human Rights and the Sustainable Development Goals.*

The information on actions related to the principles of the **Global Compact** corresponds to the GRI contents themselves and, in turn, the quantitative information needed to respond to some of the indicators not detailed in the text is expanded, grouping it at the end in data tables.



FURTHER CONTENTS

Further contents can be found on the Corporate Web Page:
Legal Documentation and Corporate Governance Report

B. MATERIALITY STUDY

102-21, 102-40, 102-43, 102-44, 102-46, 102-47, 103-1, 103-2, 103-3

INTRODUCTION

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

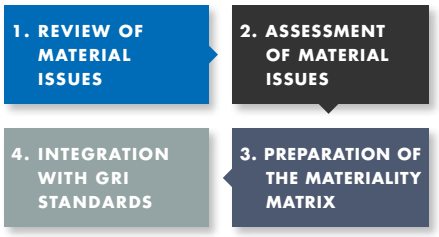
With this approach, in 2015 the first materiality study was drawn up to identify those **aspects that influence the ability to create value** for Ibercaja and that are of interest to the people and / or groups with which it is related. This materiality analysis was valid during the 2015-2017 Strategic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

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

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

METHODOLOGY

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



1. REVIEW OF MATERIAL ISSUES

Based on the material issues identified in the previous matrix, a **review** was carried out, mapping all those aspects that are considered to be material for Ibercaja and that have served as a starting point for consultation with stakeholders.

THE **FOLLOWING POINTS** HAVE BEEN TAKEN INTO ACCOUNT FOR THIS REVIEW:

- **INTERNAL DOCUMENTATION OF THE ENTITY**: strengths, contained in the Strategic Plan, former materiality, previous annual reports, etc.
- **LEGISLATION/REGULATIONS**: analysis of regulatory requirements and recommendations
- **EXTERNAL DOCUMENTATION**: material issues in the financial sector, international standards, tendency reports, Sustainable Development Goals, etc.

THE **MATERIAL ISSUES** IDENTIFIED AFTER THIS ANALYSIS WERE AS FOLLOWS:

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

2. ASSESSMENT OF MATERIAL ISSUES

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



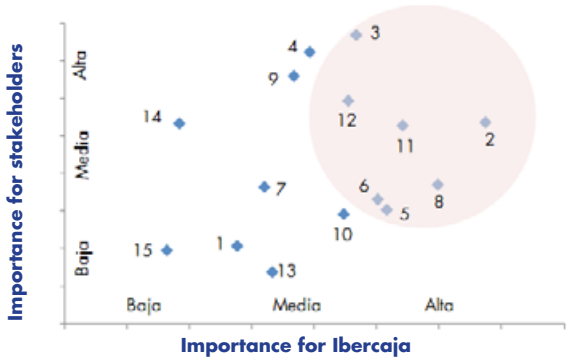
3. PREPARATION OF THE MATERIALITY MATRIX

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

4. INTERRELATION WITH GRI STANDARDS

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

RESULTS OF THE MATERIALITY MATRIX



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

AS REFLECTED IN THE MATERIALITY MATRIX, THE FOLLOWING **MATERIAL ISSUES** WERE IDENTIFIED, WHICH FORM **THE BASIS OF THIS ANNUAL REPORT**:

The materiality matrix remains in force during this Strategic Plan and communication channels with stakeholders remain open to meet their expectations.



RELATIONSHIP OF MATERIAL ISSUES WITH GRI STANDARDS

MATERIAL ISSUES IDENTIFIED	RELATED GRI STANDARDS
GOBIERNO CORPORATIVO DE LA ENTIDAD	Strategy Governance
SOLVENCY/PROFITABILITY/FINANCIAL STRENGTH	Economic performance Market presence
ETHICAL CONDUCT AND INTEGRITY	Ethics and integrity Governance Unfair competition Anti-corruption Audit
RISK MANAGEMENT AND REGULATORY COMPLIANCE	Governance Anti-corruption Strategy Socio-economic compliance
TRANSPARENCY IN CUSTOMER RELATIONS AND COMMUNICATION	Profile of the organisation Customer privacy Health and safety of customers Marketing and labelling
BUSINESS MODEL AND CUSTOMER ADVICE	Health and safety of customers Customer privacy Marketing and labelling Product portfolio
COMPUTER SECURITY AND DATA PROTECTION	Customer privacy Health and safety of customers
DIGITAL TRANSFORMATION AND MULTICHANNEL	Strategy
RESPECT FOR HUMAN RIGHTS	Evaluation of human rights
DIVERSITY AND WORK-LIFE BALANCE	Diversity and equal opportunities Worker-company relations
ATTRACTING AND RETAINING TALENT	Employment Labour/management relations Training and teaching Occupational health and safety
SOCIAL ACTION/COMMUNITY SUPPORT PROJECTS	Local communities Socio-economic compliance Evaluation of human rights
FINANCIAL PRODUCTS WITH HIGH SOCIAL AND / OR ENVIRONMENTAL VALUE	Local communities Profile of the organisation Environmental dimension
ENVIRONMENTAL MANAGEMENT	Materials; Energy; Waters, Emissions; Effluents and Waste Environmental compliance
RELATIONS WITH SUPPLIERS AND COLLABORATORS	Social evaluation of suppliers Environmental evaluation of suppliers Procurement practices Participation of stakeholders

C. THE 10 PRINCIPLES OF THE GLOBAL COMPACT

103-3

	PRINCIPLE OF THE GLOBAL COMPACT	RELATED REPORT CONTENTS	REPORT PAGE	GRI CORRESPONDENCE
HUMAN RIGHTS	**1. Companies must support and respect the protection of fundamental Human Rights, recognised internationally, within their scope of action.**	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Business Shareholdings, Commitment to People - Equality and Work-Life Balance-Occupational Health Prevention, Social Dialogue, Suppliers, Customers, Shareholders, Environment, Society, Other Adjustments.	4, 45, 49, 53, 63, 70, 76, 78, 83, 96, 136, 143, 155, 161, 166, 178, 180, 181, 158, 184, 186, 200	102-8, 102-41, 205-1, 205-2, 205-3, 401-1, 401-2, 402-1, 403-2, 413-1, FS13, FS14
	2. Companies must ensure that their firms are not accomplices to a breach of Human Rights.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	4, 45, 49, 53, 63, 75, 76, 70, 83, 78, 96, 136, 143, 155, 181, 158, 184, 186, 200	102-16, 102-25, 102-31, 205-1, 205-2, 205-3, 413-1, 416-2, 419-1
EMPLOYMENT RULES AND STANDARDS	**3. Companies must support freedom of affiliation and the effective recognition of collective bargaining rights.**	Commitment to People, Social Dialogue.	161, 179	102-41, 402-1
	4. Companies must support the elimination of all forms of forced or coerced labour.	Business Model, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to People-Equality and Work-Life Balance- Remuneration Policy, Suppliers, Society.	96, 136, 143, 155, 161, 166, 178, 181, 200	Ibercaja does not perform its activities in developing countries.
	5. Companies should support the eradication of child labour.	Business Model, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to People, Suppliers, Society.	96, 136, 143, 155, 161, 181, 200	Ibercaja does not perform its activities in developing countries.
	6. Businesses should support the abolition of discriminatory practices in employment and occupation.	Governing Bodies, Internal Control, Suitability Policy, Commitment to Sustainability, CSR Policy, Commitment to Customers, People -Equality and Work-Life Balance-Remuneration Policy-Occupational Health Prevention, Environment, Society.	63, 75, 70, 158, 143, 155, 161, 166, 178, 180, 186, 200	102-8, 102-41, 403-2, 401-1, 404-1, 404-3
ENVIRONMENT	**7. Companies must maintain a preventive approach that favours the environment.**	Risk Prevention, Breaches, Fines and Penalties, Sustainable Development and Management, Commitment to Sustainability, CSR Policy, Commitment to Environment, Society.	78, 86, 140, 143, 155, 186, 200	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	8. Companies must encourage initiatives that promote greater environmental responsibility.	Ibercaja does not perform its activities in spaces or places that affect natural ecosystems. Presentation Letter, Transparency and Strategic Communications, Sustainable Development and Management, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	4, 136, 140, 143, 155, 181, 158, 184, 186, 200	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	9. Companies must favour the development and proliferation of technologies that respect the environment.	2018-2020 Strategic Plan, Technological Progress, Sustainable Development and Management, Commitment to Sustainability, CSR Policy, Commitment to Environment, Society.	90, 132, 140, 143, 155, 186, 200	301-1, 305-1, 305-2, 305-4, 306-2, 307-1, 419-1
	10. Entities must work against corruption in all its forms, including extorsion and bribery.	Presentation Letter, Financing and Liquidity, Income Statement Analysis, Solvency, Governing Bodies, Corporate Ethics, Internal Control, Suitability Policy, Prevention of Money Laundering, Risks, Business Model, Omnichannels, Financial Group, Model aimed at Excellence, Brand and Reputation, Transparency and Strategic Communications, Commitment to Sustainability, CSR Policy, Commitment to Suppliers, Customers, Shareholders, Environment, Society.	4, 45, 49, 53, 63, 70, 76, 78, 83, 96, 120, 110, 128, 134, 136, 143, 155, 181, 158, 184, 186, 200	102-16, 102-17, 205-1, 205-2, 205-3

D. GRI STANDARDS INDEX

102-55



The service was performed on the Spanish version of the Annual Report.

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016	**102-1 Name of the organisation**	12 See Note 1.1 (p. 25) to the Consolidated financial statements at 31 December 2019 (available at the following link to the Ibercaja corporate website: ibercaja.com/public/documentos/ref05739_ccaacc-2019-ingles.pdf).	
	102-2 Activities, brands, products and services	4, 12, 16, 90, 96, 132	
	102-3 Location of headquarters	12 See Note 1.1 (p. 25) to the Consolidated financial statements at 31 December 2019 (available at the following link to the Ibercaja corporate website: ibercaja.com/public/documentos/ref05739_ccaacc-2019-ingles.pdf).	
	102-4 Location of operations	4, 21, 120	
	102-5 Ownership and legal form	4, 12, 19, 96	
	102-6 Markets served	4, 21, 96, 120, 158	
	102-7 Scale of the organisation	34, 158, 161	
	102-8 Information on employees and other workers	161, 249 Ibercaja Banco carries out most of its activities using its own staff, with investees that collaborate in maintenance, editing, logistics and other works. There were no significant changes in the organisation's workforce.	
	102-9 Supply chain	4, 90, 96, 181	
	102-10 Significant changes to the organisation and its supply chain	34, 161, 181	
	102-11 Precautionary principle or approach	186, 223	
	102-12 External initiatives	110, 143, 161, 186	
	102-13 Membership of associations	Ibercaja participates in the sector associations that represent financial activity and other reference associations: Cecabank, AEC, Foretica, Commission for the Integrity of the Financial System for Banks, GREF, etc.	
	102-14 Statement from senior decision-maker	4	
	102-15 Key impacts, risks and opportunities	4, 34, 62, 70, 78, 83, 90, 155, 158, 161, 181, 184, 186, 200, 223	
	102-16 Values, principles, standards and norms of behaviour	16, 62, 63, 75, 76, 155, 181	
	102-17 Mechanisms for advice and concerns about ethics	76	
	102-18 Governance structure	62, 63	
	102-19 Delegating authority	62, 63, 155, 186	
	102-20 Executive-level responsibility for economic, environmental and social topics	62, 63, 143, 155, 186	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016	**102-21 Consulting stakeholders on economic, environmental and social topics**	155, 158, 161, 233	
	102-22 Composition of the highest governance body and its committees	62, 63	
	102-23 Chair of the highest governance body	62, 63 In 2019, the Chairman of Ibercaja Banco did not have any executive functions	
	102-24 Nominating and selecting the highest governance body	62, 63 This report was approved at the Board meeting for the authorisation for issue of the financial statements held on 28 February 2020.	
	102-25 Conflicts of interest	70	
	102-26 Role of the highest governing body in the selection of objectives, values and strategies	62, 63, 70, 155	
	102-28 Evaluation of the performance of the highest governing body	62, 63, 70	
	102-30 Efficiency of risk management processes	62, 63, 75, 155, 186	
	102-31 Review of economic, environmental and social issues	62, 63, 70, 75, 155, 186	
	102-32 Role of the highest governing body in the preparation of sustainability reports	4, 62, 63	
	102-35 Remuneration policies	66, 70	
	102-36 Processes to determine remuneration	66, 70	
	102-40 List of stakeholders	16, 142, 221	
	102-41 Collective bargaining agreements	100% of Ibercaja Banco employees are covered by Collective Agreements and represented on formal committees.	
	102-42 Identification and selection of stakeholders	16, 142, 221 In 2015, the Entity's Stakeholders Map was designed. See p. 47 of the 2015 Corporate Social Responsibility Report, within the Annual Report, at the following link: ibercaja.com/public/documentos/ref04256_annual-report-ibercaja-2015.pdf	
	102-43 Approaches for the participation of stakeholders	155, 158, 161, 181, 184, 186, 200, 233	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
GENERAL DISCLOSURES			
GRI 102: GENERAL DISCLOSURES 2016	**102-44 Key issues and concerns mentioned**	155, 158, 161, 181, 184, 186, 200, 233	
	102-45 Entities included in the consolidated financial statements	231 See p. 175 the consolidated financial statements at 31 December 2019 (available at the following link to the Ibercaja corporate website: ibercaja.com/shareholders-and-investors/financial-information/annual-report)	
	102-46 Definition of the contents of the reports and the Coverage of the topic	231, 233	
	102-47 List of material issues	233	
	102-48 Restatement of information	The possible changes in the criteria applied with respect to the previous report, when they are significant, are reflected in the corresponding section and in the GRI Standards table.	
	102-49 Changes in the preparation of reports	There have been no significant changes in the scope, coverage or valuation methods. 2019 was the second year running that the Bank reported in accordance with the GRI Standards and an in-depth materiality analysis was performed.	
	102-50 Period covered by the report	2019	
	102-51 Date of last report	2018	
	102-52 Report preparation cycle	Annual	
	102-53 Contact point for questions about the report	mcampob@ibercaja.es	
	102-54 Declaration of preparation of the report in accordance with the GRI Standards	232	
	102-55 GRI content index	238	
	102-56 External verification	255	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
ECONOMIC PERFORMANCE			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	34	
	103-2 Management approach and its components	34	
	103-3 Evaluation of the management approach	34, 49	
GRI 201: ECONOMIC PERFORMANCE 2016	**201-1 Direct economic value generated and distributed**	248	
	201-3 Obligations of the defined benefit plan and other retirement plans	100% of serving employees are included in the Pension Plan.	
	201-4 Financial assistance received from government	86	
MARKET PRESENCE			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	4, 21, 30	
	103-2 Management approach and its components	4, 21	
	103-3 Evaluation of the management approach	21	
GRI 202: MARKET PRESENCE 2016	**202-1: Ratio of the standard initial category salary by gender with respect to the minimum local salary**	The range of the relationships between the standard initial salary and the minimum local salary in places in which significant transactions are performed: 126%	
	202-2: Proportion of senior executives recruited in the local community.	Ibercaja Banco recruits 100% of its employees in Spain and 100% of senior executives are Spanish nationals.	
INDIRECT ECONOMIC IMPACTS			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	108	
	103-2 Management approach and its components	108	
	103-3 Evaluation of the management approach	108	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	**203-1: Infrastructure investments and services supported**	254	
PROCUREMENT PRACTICES			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 181	
	103-2 Management approach and its components	181	
	103-3 Evaluation of the management approach	181	
GRI 204: PROCUREMENT PRACTICES 2016	**204-1: Proportion of spending on local suppliers**	The percentage of purchases from local suppliers is 99%.	
ANTI-COMPETITIVE PRACTICES			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	70, 76, 78, 136	
	103-2 Management approach and its components	70, 76, 78, 136	
	103-3 Evaluation of the management approach	77, 78	
GRI 206: ANTI-COMPETITIVE BEHAVIOUR 2016	**206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices**	In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to Anti-competitive practices, monopolistic practices or against free competition.	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
ANTI-CORRUPTION			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	62, 63, 70, 76, 155	
	103-2 Management approach and its components	63, 70, 75, 76, 77, 78, 155, 83	
	103-3 Evaluation of the management approach	70, 75, 77, 78, 83	
GRI 205: ANTI-CORRUPTION 2016	**205-1: Operations assessed for risks related to corruption**	248	
	205-2: Communication and training on anti-corruption policies and procedures	95% of Ibercaja Banco's current workforce has received training in criminal risk prevention, including the crime of corruption and bribery.	
	205-3: Confirmed cases of corruption and measures taken	During 2019, no cases of corruption arose.	
CUSTOMER PRIVACY			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	75, 85, 158	
	103-2 Management approach and its components	75, 76, 85, 155	
	103-3 Evaluation of the management approach	75, 85	
GRI 418: CUSTOMER PRIVACY 2016	**418-1: Claims based on violations of customer privacy and loss of customer data**	In 2019, there were 168 case files relating to GDPR and 3,221 cancellations of online advertising unsubscribes. During 2019, no significant penalties or fines were received of a definitive nature in terms of data protection.	
HEALTH AND SAFETY OF CUSTOMERS			
MANAGEMENT	**103-1 Explanation of the material topic and its Boundary**	75, 85, 158	
	103-2 Management approach and its components	75, 76, 85, 155	
	103-3 Evaluation of the management approach	75, 85	
GRI 416: HEALTH AND SAFETY OF CUSTOMERS 2016	**416-2: Cases of non-compliance related to the health and safety impacts of the product and services categories**	In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to Anti-competitive practices, monopolistic practices or against free competition.	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
MARKETING AND LABELLING			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	136	
	103-2 Management approach and its components	75, 76, 77, 127, 136, 155	
	103-3 Evaluation of the management approach	75, 77, 128	
GRI 417: MARKETING AND LABELLING 2016	**417-1: Information requirements and the labelling of products and services**	75, 77	
	417-2: Cases of breaches related with information and the labelling of products and services	In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to the impact on the use and supply of products and services and in health and safety, or as a result of labelling.	
	417-3: Cases of breaches related with marketing notifications	In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation relating to matters tied to marketing notifications.	
EMPLOYMENT			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	161, 76	
	103-2 Management approach and its components	76, 155	
	103-3 Evaluation of the management approach	237, 249	
GRI 401: EMPLOYMENT 2016	**401-1: New employee hires and staff turnover**	249	
	401-2: Benefits for full-time employees that are not given to part-time or temporary employees	155, 161	
LABOUR/MANAGEMENT RELATIONS			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	161, 179	
	103-2 Management approach and its components	76, 155	
	103-3 Evaluation of the management approach	179	
GRI 402: LABOUR/ MANAGEMENT RELATIONS 2016	**402-1: Minimum notice periods for operational changes**	That stipulated in the prevailing legislation applies with regard to minimum advance notice period(s) relating to organisational changes, including if these notices are specific in the collective bargaining agreements.	
LABOUR PRACTICES AND DECENT WORK			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 161	
	103-2 Management approach and its components	76, 155	
	103-3 Evaluation of the management approach	237, 249	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 161, 180	
	103-2 Management approach and its components	76, 155, 180	
	103-3 Evaluation of the management approach	180, 250	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	**403-2: Types of accidents and accident frequency rates, occupational diseases, days missed, absenteeism and number of deaths due to occupational accidents or occupational diseases**	250	
TRAINING AND EDUCATION			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 161, 176	
	103-2 Management approach and its components	76, 176	
	103-3 Evaluation of the management approach	176, 250	
GRI 404: TRAINING AND EDUCATION 2016	**404-1: Average training hours per year per employee**	The average number of training hours per employee in 2019 was 66 hours. 250	
	404-2: Programmes to improve employee aptitudes and transition assistance programmes	161	
	404-3: Percentage of employees who receive periodic evaluations of professional performance and development	100% of permanent employees receive regular performance and career development assessments.	
DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	63, 76, 161, 178	
	103-2 Management approach and its components	178	
	103-3 Evaluation of the management approach	178	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016	**405-1: Diversity of governance bodies and employees**	63, 161, 249	
NON-DISCRIMINATION			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 161, 178	
	103-2 Management approach and its components	178	
	103-3 Evaluation of the management approach	178	
GRI 406: NON-DISCRIMINATION 2016	**406-1: Incidents of discrimination and corrective actions taken**	There were no incidents of discrimination or, therefore, corrective plans in 2019.	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
LOCAL COMMUNITIES			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	16, 76, 155, 200	
	103-2 Management approach and its components	76, 120, 155, 200	
	103-3 Evaluation of the management approach	200	
GRI 413: LOCAL COMMUNITIES 2016	**413-1: Operations with the participation of the local community, impact assessments and development programmes**	200	
LOCAL COMMUNITIES	**FS13: Access points in sparsely populated or economically disadvantaged areas**	In 2019, Ibercaja provided services in 139 locations as the only entity present.	
	FS14: Iniciativas para mejorar el acceso a servicios financieros a colectivos desfavorecidos.	120, 251	
SOCIO-ECONOMIC COMPLIANCE			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155	
	103-2 Management approach and its components	75, 76, 155	
	103-3 Evaluation of the management approach	78	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	**419-1: Breach of laws and regulations in social and economic areas**	In 2019, no significant sanctions or fines were received following a definitive breach of legislation or regulations, nor was there any knowledge of claims, files, lawsuits or litigation related to Anti-competitive practices, monopolistic practices or against free competition.	
MATERIALS			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	251	
GRI 301: MATERIALS 2016	**301-1: Materials used by weight or volume**	251	
	301-2: Recycled input materials used	251	
ENERGY			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	251	
GRI 302: ENERGY 2016	**302-1: Energy consumption within the organisation**	251	
	302-3: Energy intensity	251	
WATER			
GRI 103: MANAGEMENT APPROACH	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	251	
GRI 303: WATER 2016	**303-1: Water withdrawn by source**	251	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
Emissions			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	252	
GRI 305: EMISSIONS 2016	**305-1: Direct (Scope 1) GHG emissions**	252	
	305-2: Energy indirect (Scope 2) GHG emissions	252	
	305-3: Other indirect (Scope 3) GHG emissions	252	
	305-4: GHG emissions intensity	252	
EFFLUENTS AND WASTE			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	252	
GRI 306: EFFLUENTS AND WASTE 2016	**306-2: Waste by type and disposal method**	252	
ENVIRONMENTAL COMPLIANCE			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 155, 186	
	103-2 Management approach and its components	76, 155, 186	
	103-3 Evaluation of the management approach	186	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	**307-1: Non-compliance with environmental laws and regulations**	No significant penalties, sanctions or fines were received in 2019 for failure to comply with environmental laws and regulations.	
PRODUCT PORTFOLIO			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 90, 155	
	103-2 Management approach and its components	90, 96, 110, 158	
	103-3 Evaluation of the management approach	253, 254	
PRODUCT PORTFOLIO	**FS6: Breakdown of the portfolio for each line of business, by specific region, size (microenterprise, SME, large company) and sector**	90, 96, 110, 155, 158	
	FS7: Monetary value of products and services designed to offer a specific social benefit for each line of business broken down by objectives.	253	
	FS8: Monetary value of products and services designed to offer a specific environmental benefit for each line of business broken down by objectives.	254	

GRI STANDARD	CONTENT	PAGE OR DIRECT RESPONSE	OMISSION
MATERIAL ISSUES			
AUDIT			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	The Environmental Management System extends to the entire organisation, taking care to ensure operations in accordance with the UNE-EN ISO 14001: 2015 standard. The headquarters at Plaza Paraíso 2, Zaragoza, also has ISO certification in environmental management. In 2019, the certification was renewed.	
	103-2 Management approach and its components	67	
	103-3 Evaluation of the management approach	67, 248	
ACTIVE OWNERSHIP			
GRI 103: MANAGEMENT APPROACH 2016	**103-1 Explanation of the material topic and its Boundary**	76, 90, 155	
	103-2 Management approach and its components	76, 90, 155	
	103-3 Evaluation of the management approach	254	
ACTIVE OWNERSHIP	**FS10: Percentage and number of companies in the portfolio with which they have interacted in social or environmental matters.**	254	
	FS11: Percentage of assets subject to positive or negative social or environmental analysis.	254	

E. ANNEX TO GRI STANDARDS INDEX

103-3

201-1

€ THOUSANDS	2018	2019
Gross income	966,594	926,579
Net profit/(loss) discontinued operations	0	0
Gains or (-) losses on the derecognition of net non-financial assets and equity interests	-19,201	-6,544
Gains/(losses) non-current assets held for sale	-30,377	-6,775
Economic value generated	**917,016**	**913,260**
Dividends	17,500	17,500
Other general administrative expenses	172,874	152,149
Personnel expenses	419,505	360,944
Tax on profits and contributions and other taxes	65,203	64,414
Economic value distributed	**675,082**	**595,007**
Economic value withheld (VEG-VED)	**241,934**	**318,253**

205-1

NUMBER OF AUDITS	2018	2019
Distribution Network Audit	426	333 (*)
Credit Risk Audit	12	13
Financial Audit	31	26
Internal Models and Systems Audit	28	25
Technical and Quality Supervision	-	5
TOTAL	**497**	**402**

OFFICE AUDITS	2018	2019
Revised network offices	414	321(*)
Percentage of the average number of offices	35.94%	28.69%

(*) Continuous Audit Project initiated

102-8, 405-1

GROUP	GENDER		AVERAGE AGE	TYPE OF CONTRACT			
				PERMANENT		TEMPORARY	
	MEN	WOMEN		TOTAL EMPLOYEES	AVERAGE	TOTAL EMPLOYEES	AVERAGE
Executives	649	278	47	927	18.17%	0	0%
Middle managers	591	524	46	1,115	21.99%	0	0%
Technicians	699	850	45	1,549	29.71%	0	0%
Clerical staff	709	753	47	1,318	25.32%	144	4.80%

401-1

NUMBER AND RATE OF NEW HIRES (HIRES)

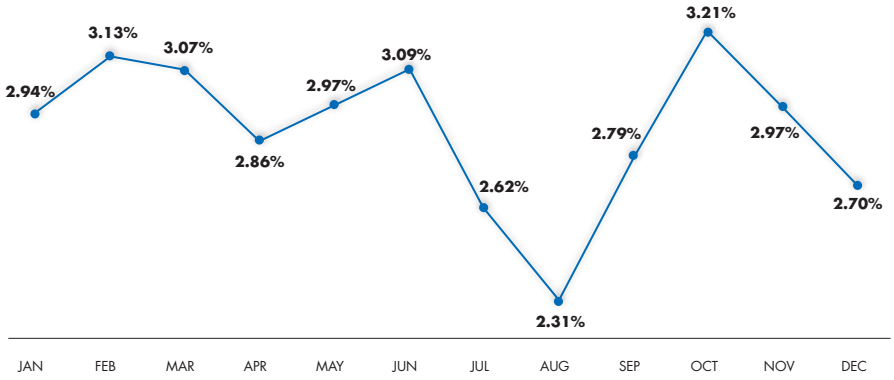
REASON	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
Under 30 years	16	0.62%	19	0.82%	35	0.71%
31-40 years	9	0.35%	12	0.52%	21	0.43%
41-50 years	3	0.12%	15	0.64%	18	0.37%
51-60 years	5	0.19%	4	0.17%	9	0.18%
Over 61 years	0	0.00%	0	0.00%	0	0.00%
TOTAL	**33**	**1.28%**	**50**	**2.15%**	**83**	**1.69%**

NUMBER AND ROTATION RATE (HIRES AND DEPARTURES)

REASON	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
Under 30 years	17	0.66%	22	0.94%	39	0.79%
31-40 years	13	0.50%	22	0.94%	35	0.71%
41-50 years	11	0.43%	30	1.29%	41	0.84%
51-60 years	13	0.50%	9	0.39%	22	0.45%
Over 61 years	1	0.04%	1	0.04%	2	0.04%
TOTAL	**55**	2.13%	**84**	3.61%	**139**	**2.83%**

403-2

TREND ABSENTEEISM %



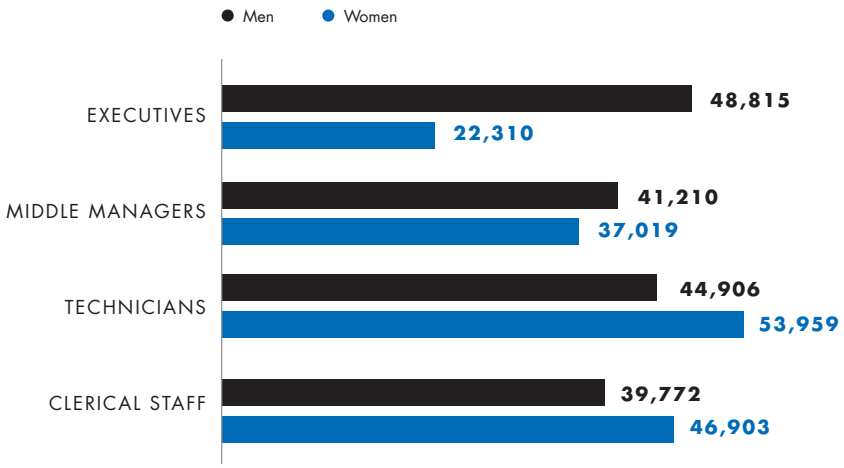
	2016	2017	2018	2019
% ABSENTEEISM (EX MAT/PAT)	2.46%	2.69%	2.72%	2.89%
% ABSENTEEISM (INCL. MAT/PAT)	3.03%	3.37%	3.27%	3.39%

» Absenteeism indicators are prepared monthly so that the absenteeism rate of our Entity can be effectively controlled and monitored.

» With respect to the previous year, an increase of 2.89% (+0.17 points, excluding maternity) was observed in the absenteeism rate, although it continues to be below the absenteeism rate for the Services sector.

404-1

TRAINING HOURS BY GROUPS OF EMPLOYEES



FS14

103-3

CHANNEL OF RELATIONSHIP WITH CUSTOMERS	2018	2019
Number of offices	1,115	1,084
Number of ATMs	1,476	1,316
% over-the-counter transactions	17.57%	12.78%
% transactions carried out by distance banking	64.02%	72.03%
% transactions carried out at ATM	5.59%	4.18%
% transactions carried out at POS	12.51%	10.86%
% operations performed on updater	0.30%	0.15%
Active digital banking users per month	676,754	765,585
Active mobile banking users per month	311,580	432,211
Active mobile payment users per month	26,335	86,040
Total visits to ibercaja.es homepage	25,135,143	26,375,480

301-1, 301-2, 302-1, 302-3, 303-1

CONSUMPTION	2018	2019
WATER CONSUMPTION (m3)		
Water consumption (headquarters)	11,219	11,473
Water consumption (branch network)	29,978	29,978
Average water consumption per employee and year (Entity) (/5,127)	7.94	8.08

Specific observations: The water from the well captured by not being consumed is not included in the table. Water consumption has been estimated in the Branch Network based on an average consumption ratio per unit of surface area.

ENERGY CONSUMPTION (Gj)		
Electricity (headquarters)	31,078.11	30,991.3
Electricity (branch network)	108,386.5	100,164.8
Average electricity consumption per employee and year (Entity)	26.9	25.6
Diesel (central building)	42.5	30.7
Diesel (branch network)	4,133.96	3,199.7
Natural Gas (branch network)	3,561.9	3,720.6
Average consumption of diesel and natural gas per employee and year (Entity)	1.5	1.4
PAPER CONSUMPTION Tm		
Type DIN A4 white (entity)	11.5	8.17
Recycled DIN A4 type (entity)	283.67	257.3
Total type DIN A4 (entity)	295.21	265.4
Type DIN A3 (entity)	0.48	0.4
Envelopes	46.11	26.5
Bovine (insert)	138.93	77.0
Average total paper consumption per employee (Entity)	0.09	0.1
Total paper consumption	**480.73**	**369.3**

Specific observations on envelopes: Indicator based on the most commonly used envelope size (115x225)

General remarks. Entity = headquarters + network of branches. No. of employees at central headquarters is considered to be the average workforce: 805 in 2018 and 822 in 2019. No. employees per entity is considered to be the average workforce: 5,188 in 2018 and 5,127 in 2019

Remarks on branch network electricity consumption: As from 2019, the annual electricity consumption of the branch network is calculated based on the electricity invoices of the various companies for the period from 1 December of the previous year to 30 November of the current year. The 2016, 2017 and 2018 data series was recalculated on that same basis. This is because real calendar year data are not available until March of the current year.

Remarks on natural gas consumption: From 2019 onwards, natural gas consumption will be expressed in terms of LCV. The conversion to LCV was calculated for 2016, 2017 and 2018, expressed in HCV (1kWh (LCV) = 0.901 kWh (HCV))

103-3

305-1, 305-2, 305-3, 305-4

CO2 EMISSIONS*	2018	2019
Emissions from diesel consumption, in Tn of CO2 (total entity)	321.07	250.9
Emissions from natural gas consumption, in Tn of CO2 (total entity)	200.8	209.9
Emissions for electricity consumption, in Tn of CO2 (Central Building)	0.00	0.00
Emissions for electrical consumption, in Tn of CO2 (Branch network)	11,440.8	10,573.0
Emissions in Tn of CO2 by displacement of employees by car	1,089.53	1,133.5
Emissions in CO2 Tn by vehicle displacement (Total Entity)	6153	77.6
missions in Tn of CO2 by messaging service (Total Entity)	441.11	82.42
Emissions in Tn of CO2 by leakage of fluorinated gases (Total Entity)	1,034.90	570.4
Emissions in Tn of CO2 by leakage of fluorinated gases (Central Building)	0.00	0.00
Total emissions, in Tn of CO2	**14,589.78**	**12,897.63**
Average CO2 emissions per employee in Tn CO2 **	2.81	2.52

Specific observations: For the calculation of emissions, the carbon footprint calculation tool of the Ministry for Ecological Transition (MITECO), Scopes 1-2, is used.

The sources of the emission factors for the calculation of the CO2 emissions produced in the displacements are: The GHG Protocol (Greenhouse Gas Protocol) and IDAE (Institute for Energy Diversification and Saving)

Average number of employees: 5,188 in 2018 and 5,127 in 2019

CO2 eq emissions via electricity consumption at head office: the electricity consumed at the head office building comes from renewable energy sources.

CO2 eq emissions via electricity consumption (branch network): From 2019 onwards, the recalculation of electricity consumption for 2016, 2017 and 2018 based on the electricity invoices of the various companies affects the recalculation of CO2 eq. for the same period.

Remarks on CO2 eq emissions via natural gas consumption: CO2 eq emissions associated with the consumption of natural gas in 2016, 2017 and 2018 were recalculated, with consumption values expressed as LCV.

306-2

	2018	2019
Total non-hazardous waste (kg)	280,826	241,183.0
Total hazardous waste (kg)	11,893.9	3,475.59
Confidentially destroyed paper (kg) (*)	317,703.00	285,088.0

(*) In 2019, the figure for 2018 was adjusted to the actual amount of kg of paper destroyed confidentially, as certified.

FS7

103-3

ECONOMIC VALUES IN THOUSAND EURO	2018	2019
LÍNEA JOVEN		
Scholarships, postgraduate, etc.		
No. of transactions	20	27
Financing amount	79	87
Home purchases		
No. of transactions	1,675	2,219
Financing amount	148,514	214,421
Driving license		
No. of transactions	0	0
Financing amount	0	0
INDIVIDUALS		
Citizen Card Zaragoza		
No. of transactions	3,889,098	3,873,480
OPERATIONAL amount	2,506	2,495
Citizen Card Guadalajara		
No. of transactions	35,274	33,577
OPERATIONAL amount	15	14
CORPORATIONS		
ICO Lines-Companies and Entrepreneurs		
No. of transactions	616	526
Financing amount	26,839	29,504
EIB agreements		
No. of transactions	2,484	1,963
Financing amount	139,856	111,342
AGRO SECTOR		
No. of transactions	4,244	3,598
Financing amount	166,683	137,198
Young Farmers and Cattle Ranchers		
No. of transactions	76	109
Financing amount	4,584	10,211

FS8

103-3

PARTICIPATED COMPANY	ENVIRONMENTAL PROJECT	INVESTMENT FINANCED BY IBERCAJA 2019
Rioja Nueva Economía, S.A.	Bio-diesel plant in Calahorra and wind farm	7,124
Solavanti	9 photovoltaic projects	6,030
Foresta Project	Forest plantations in Extremadura	4,553
Energías Alternativas de Teruel	Promotion and exploitation of wind power	26
Prames	Mountain landscape improvement	816
TOTAL INVESTMENT IBERCAJA		**18,549**

FS10, FS11

IBERCAJA INVESTMENTS IN COMPANIES AT WHICH CSR IS OF SIGNIFICANCE

IBERCAJA'S INVESTMENTS IN COMPANIES IN WHICH CSR IS SIGNIFICANT (THOUSANDS OF EUROS)	2018	2019
Amounts	112,848	107,306
Corporations	21	20
% OF TOTAL EQUITY INTERESTS	**39%**	**39%**

203-1

	2018			2019		
BUSINESS SHARES (THOUSANDS OF EUROS)	**INVESTMENT MADE**	**DIRECT WEALTH GENERATION**	**JOB CREATION** DIRECT AND INDIRECT	**INVESTMENT MADE**	**DIRECT WEALTH GENERATION**	**JOB CREATION** DIRECT AND INDIRECT
Tourist industry	66,647	31,496	13,615	66,647	28,175	13,596
Logistics industry	-	-	-	-	-	-
Food and agriculture industry	1,306	6,165	1,143	1,306	25,292	1,147
Other sectors	6,600	817	4,811	6,600	1,173	5,570
TOTALES	**74,553**	**38,477**	**19,569**	**74,553**	**54,640**	**20,313**

INVESTMENT IN STRATEGIC SECTORS (THOUSANDS OF EUROS)	2018	2019
Amounts	83,012	77,880

This document includes additional disclosures to those reported by the company in the Consolidated Non-Financial Statement, which forms part of the Management Report of the Ibercaja Banco Group. The additional disclosures correspond to the following GRI standard contents: 102-5, 102-10, 102-11, 102-14, 102-18 a 102-40, 102-42 a 102-56, 201-1, 201-3, 202-1, 202-2, 302-3, 305-3, 305-4, 306-2, 307-1, 401-1, 401-2, 404-2, 404-3, 205-1 a 205-3, 206-1, 416-2, 417-1 a 417-3, 418-1, 419-1, FS6 a FS11, FS13 and FS14. Moreover, itemised disclosures on the workforce, dismissals, employee remuneration, senior management and directors, pay gap, occupational accidents, customer complaints and tax information can be consulted in the Consolidated Non-Financial Statement.

F. INDEPENDENT REVIEW REPORT

102-56

A free translation from the original in Spanish

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

Independent Limited Assurance Report on the Corporate Social Responsibility Indicators

To the Management of Ibercaja Banco, S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in the 'GRI Standards Index', included in the 'Appendix. Additional information' of the 2019 Annual Report (hereinafter 'CSR indicators') of Ibercaja Banco, S.A. (the Parent company) and its subsidiaries (hereinafter, 'Ibercaja Banco' or 'the Group') for the year ended 31st December 2019, prepared in accordance with the content proposed in the GRI Standards of the Global Reporting Initiative (GRI) (hereinafter, 'GRI Standards') and the Financial Services Sector Disclosures of the GRI G4 Guidelines (hereinafter, 'Financial Services Sector Disclosures').

Responsibility of the Management

The Management of Ibercaja Banco is responsible for the preparation, content and presentation of the Annual Report, in accordance with the Core option of the GRI Standards and the Financial Services Sector Disclosures. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

In addition, and in accordance with Article 49 of the Commercial Code, the directors of Ibercaja Banco have prepared the Consolidated Non-Financial Information Statement of Ibercaja Banco (hereinafter, CNFS) corresponding to the year ended 31st December 2019, which forms part of the Consolidated Management Report thereof, on which, on March 2nd 2019, we issued an independent verification report in which an unqualified conclusion is expressed. The 'GRI Standards Index' section of the 2019 Annual Report of Ibercaja Banco explains the differences with respect to the aforementioned CNFS.

The Management of Ibercaja Banco is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators is obtained.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in CSR indicators' reviews and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to issue a limited assurance report based on the work carried out. Our limited assurance engagement has been carried out in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) (Reviewed), 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Ibercaja Banco units that were involved in the preparation of the 2019 Annual Report, in the review of the processes for compiling and validating the information presented in the 2019 Annual Report, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Ibercaja Banco's personnel from various units who have been involved in the preparation of the 2019 Annual Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.
- Analysis of the Ibercaja Banco's CSR indicators adaptation to the guidelines established by the GRI Standards for the preparation of sustainability reports and to the Financial Services Sector Disclosures.
- Verification, through sample testing, of the quantitative and qualitative information related to the CSR indicators of Ibercaja Banco and its adequate compilation using data supplied by the Group's sources of information.
- Obtainment of a management representation letter from the Management of Ibercaja Banco.

Limited assurance conclusion

Based on the procedures performed and the evidence we have obtained, no matters have come to our attention which may lead us to believe that Ibercaja Banco's CSR indicators for the year ended 31st December 2019, contain significant errors or have not been prepared, in all their significant matters, in accordance with the GRI Standards and the Financial Services Sector Disclosure.

Use and distribution

Our report is only issued to the Management of Ibercaja Banco, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Ibercaja Banco's Management.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Marga de Rosselló Carril

June 8th, 2020

Grupo
ibercaja

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PARA ESTAR SIEMPRE
CONECTADOS A TI

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