2022

CaixaBank

Pillar 3 **Disclosures**

CaixaBank Group

As at 31 December 2022

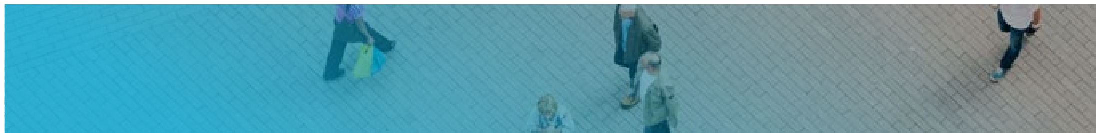
Pillar 3 Report is originally published and prepared in Spanish.
This English version is a translation of the Spanish report for informational purposes only. In case of discrepancy, the original version in Spanish will prevail.

Document amended on 26 October 2023.

Amendments are made to page 150 (Table 7.12. EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry) and page 203 (Table 7.51. Template 2: Banking book - transition risk of climate change: Loans secured by immovable property - Energy efficiency of collateral).

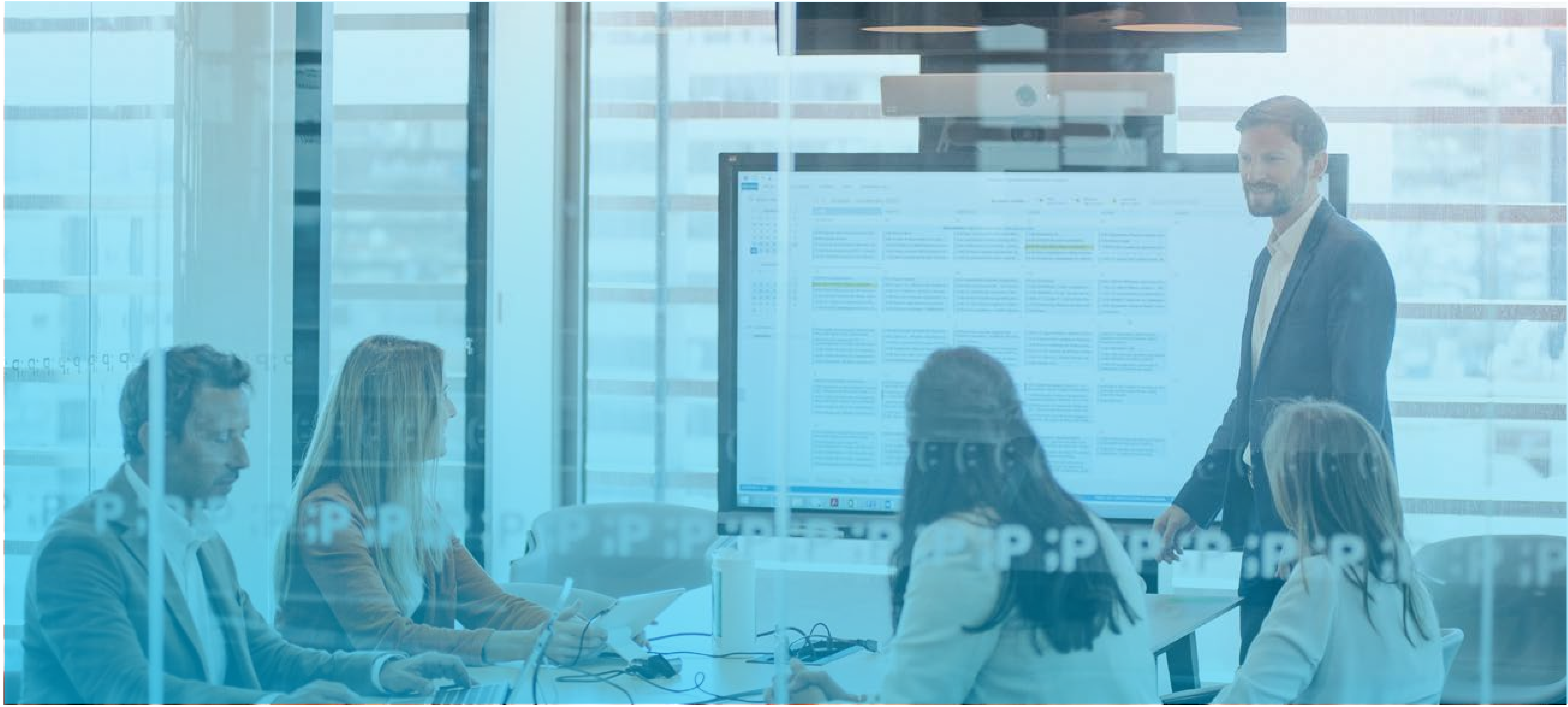
Interactive document

CaixaBank



CaixaBank

Statement by the Board of Directors



Statement by the Board of Directors

On 24 November 2022, the Board of Directors of CaixaBank S.A. (hereinafter "CaixaBank" or "the Entity") approved the update to the **Corporate Policy for Managing and Controlling the Reliability of Information**, which sets out how the information that the CaixaBank Group or its subsidiaries (hereinafter, together with CaixaBank, "the CaixaBank Group" or "the Group") discloses to the market is governed.

This Policy depends on the **Pillar 3 Disclosure Regulation**, which stipulates that, in application of Articles 431 (3) and 434 (1) of Part Eight of the CRR[1], entities shall have procedures to verify the information disclosed. In these procedures, the Entity will ensure that the information disclosed is subject, at least, to the same degree of internal review and to the same internal control processes as those applied to any other public financial information.

At its meeting on **23 March 2023**, the Board of Directors approved this document on Pillar 3 Disclosures for the 2022 financial year (hereinafter, “P3D 2022”), having been previously verified by the Audit and Control Committee, pursuant to the provisions of Article 435(1)(e),(f) of the CRR.

The Board of Directors, in its role[2] supervising both the disclosure process and the Group's risk profile, states the following in relation to the P3D 2022 (hereinafter, the **“Concise Statement”)**:

- The P3D 2022 has been prepared **in accordance with the Corporate Policy for Managing and Controlling the Reliability of Information**.
- **The disclosures published are truthful** and accurately reflect the Group's risk profile.
- **The Group's risk management framework is considered adequate** in relation to the risk appetite approved by the Board of Directors.
- **The CaixaBank Group maintains a medium-low risk profile, with solvency, leverage and liquidity levels in line with the business model and risk appetite defined by the CaixaBank Board of Directors.**

The personnel of the second line of defence[3] have verified and assured that the information presented complies with the control and verification procedures laid out in the Corporate Policy for Managing and Controlling the Reliability of Information.

Before the Board of Directors approved this Concise Statement, Internal Auditing, as a third line of defence, reviewed the content of the 2022 P3D and its compliance with the regulatory requirements, as well as the control structures that have been implemented.

The CaixaBank Group maintains a medium-low risk profile, with **solvency, leverage and liquidity** levels in line with the business model and risk appetite defined by the CaixaBank Board of Directors.

[1] *CRR - Capital Requirements Regulation.*

[2] *For further information on the duties and responsibilities of the Board of Directors, see the Board of Directors Regulations: https://www.caixabank.com/en/shareholders-investors/corporate-governance/regulation-board-directors.html, specificaly, articles 4 and 36.*

[3] *The second line of defence contains the risk management and compliance functions.*

Key elements of the risk management framework

As part of the internal control framework and in accordance with the provisions of the Corporate Global Risk Management Policy approved by the Board of Directors on 28 October 2021, the Group has a risk management framework that allows it to make informed decisions when assuming risks. This framework contains following elements: **(i)** governance and organisation, **(ii)** strategic processes to identify, measure, monitor, control and report risks, including the Risk Appetite Framework (hereinafter, "RAF") and a **(iii)** risk culture.

Conservative risk profile

The CaixaBank Board of Directors, through the Risk Appetite Framework (RAF), which contains a consolidated view[1] of risks, has set the Group's objective to maintain a medium-low risk profile and comfortable capital and liquidity.

The most significant risk from a regulatory perspective (Pillar 1) is credit, inherent in banking activity, which includes counterparty risk, securitisation risk and equity portfolio risk as individual cases.

As it concerns market risk, the Group's activity in financial markets is focused on serving its customers and minimising exposure to risk.

Operational risk, which from a regulatory perspective encompasses different risks of a non-financial nature (e.g., conduct and compliance or technological risk), uses a common management and control infrastructure and framework for all risks in line with industry best practices, in an effort to minimise potential financial, reputational or strategic impacts.

Structural interest rate risk is among the Pillar 2 risks. In this regard, the balance sheet interest rate risk metrics are at comfortable levels, with a moderate positioning of the Group with respect to interest rate increases.

The financial and risk metrics included in the P3D 2022 show that the Group meets the objectives set by the CaixaBank Board of Directors in relation to the risk profile.

1. Solidity in solvency

Capital is managed so as to ensure compliance with both regulatory requirements and the CaixaBank Group's internal capital targets.

One of CaixaBank's strategic objectives is to maintain the strength of its capital position, thereby maintaining sufficient headroom to deal with a stress scenario.

In 2022, the Group's capital ratios sit above the minimum requirements of the Supervisory Review and Evaluation Process (SREP) and are in line with its management objectives and the risk appetite laid down by the Board of Directors, thus providing support to its dividend policy. The CaixaBank Group has a margin of 445 basis points, i.e. 9,565 million euros, over the minimum requirements and prudential buffers, also known as the MDA (Maximum Distributable Amount).

In relation to the dividend policy for the financial year 2022, the Board of Directors agreed to a cash distribution of 55% of the consolidated net profit, payable in a single payment in April 2023.

In addition, a EUR 1.8 billion share buy-back programme (SBB) was carried out in 2022, which was approved by the Board of Directors in May and completed in December. After redemption of all the treasury shares acquired (558.5 million shares), the resulting share capital is 7,502 billion euros.

In relation to the minimum requirement for own funds and eligible liabilities (MREL) ratios, as at 31 December 2022, the CaixaBank Group met all the requirements in place for January 2024.

> In 2022, the Group's capital ratios sit above the minimum requirements of SREP and are in line with its management objectives and the risk appetite laid down by the CaixaBank Board of Directors.

[1] *Without prejudice to the consolidated view of risks, there is management and control of intra-group transactions in place. The corporate policy to manage the risk of shareholding covers the treatment of intra-group transactions, which is reported in a specific note for Autonomous Communities 2022 (Note 41 - Related party transactions) and the transactions executed by any CaixaBank subsidiary or investee company that may have a material impact on the Group's risk profile.*

2. Comfortable liquidity metrics

The CaixaBank Group's objective is to always be able to meet its obligations and funding needs in a timely manner, even under adverse market conditions. Thus, its goal is to always have a stable and diversified funding base to protect and safeguard its depositors' interests.

The liquidity metrics are comfortable vis-à-vis payment commitments, with a stable funding structure and comfortable maturity profile over the coming years.

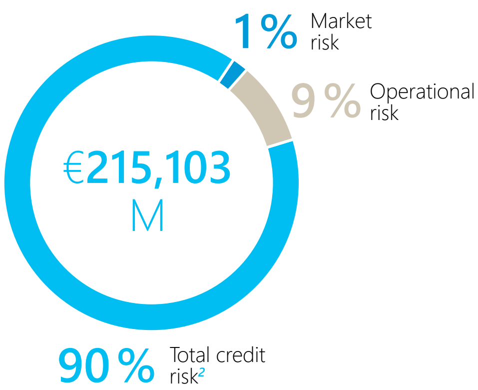
As regards the contents of this Concise Statement and the full text of the P3D, the Group has coherent liquidity metrics that are consistent with its management policies and which are considered to be aligned with the Risk Appetite Framework established by the Board of Directors.

As at 31 December 2022, the Group has consistent liquidity metrics that are in keeping with its management policies and aligned with the risk appetite established by the **Board of Directors**.

Risk profile

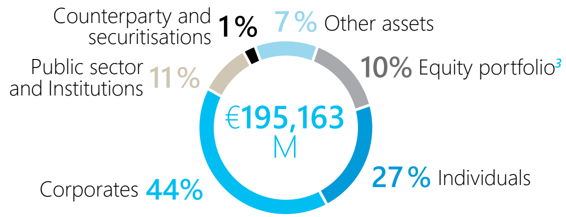
Total RWA[1]

Distribution by type of risk, %



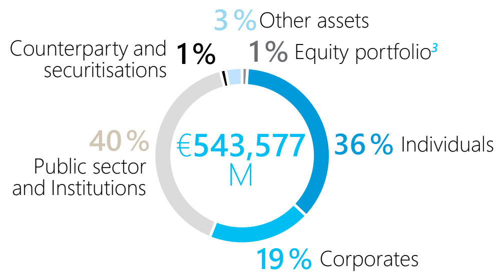
RWA[1] by total Credit Risk[2]

Distribution by type of risk or sector, %



EAD[1] by total Credit Risk[2]

Distribution by type of risk or sector, %



[1] *RWA: Risk-weighted assets (regulatory). EAD: Exposure at default.*

[2] *Includes credit, equity, counterparty and securitisation risk.*

[3] *The equity portfolio includes the investees business, as well as holdings in other listed and unlisted companies and in subsidiaries not consolidated by the full equity method for prudential purposes (mainly VidaCaixa).*

	2020	2021	2022
NPL (%)	3.3 %	3.6 %	**2.7 %**
Coverage ratio (%)	67 %	63 %	**74 %**
Cost of risk (bps)[1]	75	23	**25**
12-month cumulative ROTE[2]	6.1 %	7.6 %	**9.8 %**
Efficiency ratio[3]	54.5 %	57.7 %	**51.9 %**

[1] *The figures for 2020 include the allocation of a COVID-19 reserve of 1,252 million euros.*

[2] *The ratio for 2021 does not include in the numerator the results generated by Bankia before 31 March 2022, which is the recognition date of the merger for accounting purposes or, for consistency, the contribution of the incorporated RWAs or balance items in the denominator. The ratio considers the extraordinary impacts associated with the merger.*

[3] *Excluding extraordinary expenses. Including extraordinary expenses, the efficiency ratio stands at 52.4 % in 2022.*

Solvency

	2020[1]	2021	2022	Req. Min. 2022
CET 1 (%)	13.6 %	13.1 %	**12.8 %**	8.34 %
Tier 1 (%)	15.7 %	15.5 %	**14.8 %**	10.15 %
Total capital (%)	18.1 %	17.9 %	**17.3 %**	12.56 %
MREL[2]	26.3 %	25.7%	**25.9 %**	22.36 %
Leverage ratio (%)[3]	5.6 %	5.3 %	**5.6 %**	3.00 %
Coverage ratio of the conglomerate (%)[4]	147.3 %	143.8 %	**133.9 %**	100.00 %

[1] *In 2020 CaixaBank joined the progressive adaptation mechanism of IFRS9.*

[2] *MREL requirement as at 1 January 2022.*

[3] *Leverage ratio requirement as of June 2021.*

[4] *The ratio is calculated according to the minimum regulatory requirements that apply each year.*

Liquidity

In millions of euros	2020	2021	2022	Req. Min. 2022
Net Stable Funding Ratio (NSFR)	145 %	154 %	**142 %**	100 %
Liquidity coverage ratio (LCR)	276 %	336 %	**194 %[1]**	100 %
Loan-to-Deposits (LTD) Ratio	97.0 %	88.7 %	**90.8 %**	
High-quality liquid assets (HQLAs)	95,367	167,290	**95,063**	

[1] *Average 12-month LCR 291 %.*

1. **Pillar 3**
CaixaBank Group

1. **Pillar 3** CaixaBank Group

The purpose of this document is to disclose market-relevant information on the CaixaBank Group's risk profile, risk management and control system and solvency levels. All of this is in accordance with the Corporate Policy on Management and Control of the Reliability of Information approved on 24 November 2022 by the Board of Directors, which establishes the governance of the information that the CaixaBank Group discloses to the market.

In preparing this information, part eight of EU Regulation 575/2013 of the European Parliament and of the Council (hereinafter CRR), which constitutes Basel Pillar 3 disclosure requirements, and its amendment by Regulation (EU) No 2019/876 of 20 May 2019 (CRR2), have been taken into account. In addition, the guidelines on disclosure requirements under Part Eight of the CRR issued by the EBA (European Banking Authority):

1. Disclosure of qualitative and quantitative information as per the guidelines of the technical implementing disclosure standard of Part Eight of EU Regulation 575/2013 (EBA/ITS/2020/04), which entered into force in June 2021.

2. Disclosure of interest rate risk exposures in positions not held in the trading portfolio (IRRBB), as per the EBA guidelines (EBA/ITS/2021/07).

3. Disclosure and information of the minimum requirement for own funds and eligible liabilities (MREL) and the total loss absorption requirement (TLAC), the technical implementing standard for which also entered into force in June 2021[1].

In addition, the recommendations of the ECB's March 2017 guidance on non-performing loans for credit institutions have been taken into account.

In January 2022, the supervisor confirmed that institutions should maintain the disclosure of information on exposures subject to COVID measures under guideline EBA/GL/2020/07, which was originally intended to be in place for 18 months, to ensure the monitoring of exposures and the credit quality of loans with public support measures in member states, where they were still relevant. Given the reduced importance of public support measures related to COVID-19, in December 2022 the EBA published its report on the closure of COVID-19 measures where it decided to repeal the Guidelines on reporting and disclosure of information on COVID-19 as of 1 January 2023.

The information in this report has been prepared at the consolidated level, under a prudential scope, in compliance with CRR requirements[2]. Moreover, due to the relevance of the insurance business headed by the subsidiary VidaCaixa, the CaixaBank Group has the status of a financial conglomerate subject to additional supervision, pursuant to Act 5/2005 and Royal Decree 1332/2005. Accordingly, and in order to cover the additional monitoring requirements mentioned, the document also contains information regarding capital adequacy and risk management in the financial conglomerate as a whole. CaixaBank declares that it has not omitted any of the information items required because it regarded them as confidential or proprietary.

This report can be accessed on the CaixaBank website[3].

As a supplement to the information set out in this annual document, the entity deems it appropriate to publish some of the quantitative information included in this report more frequently, pursuant to Article 433 of the CRR and the disclosure requirements set by the EBA.

Specifically, an Excel file with the main tables from this report are published on a quarterly basis, which can be accessed on the same website as this document.

[1] In addition, Annex X of this document includes information on the CaixaBank Group's systemic risk indicators, as indicated in Implementing Regulation (EU) 2021/1018.
[2] Appendix XI shows a map with compliance with the guidelines in force. Appendix XII shows the different articles of Part Eight of EU Regulation 575/2013 and the section of the P3D where this regulation is complied with.
[3] https://www.caixabank.com/en/shareholders-investors/economic-financial-information/other-financial-information.html

As established in the corporate Policy for Managing the Risk of the Reliability of Financial Information, this report has been prepared on the basis of the various verification and control processes established in each of the three lines of defence outlined in CaixaBank's Internal Control Framework, as well as in compliance with the Bank's internal governance procedures.

This document, which contains data taken at 31 December 2022, was approved by CaixaBank's Board of Directors at its meeting on 23 March 2023, after having been verified by the Audit and Control Committee.

The amounts in the tables in this report are, for the most part, in millions of euros. In one group of tables, the amounts are in thousands of euros to provide the reader with more detailed information. This is clearly indicated in title of the table.

Notable new features in this IRP 2022 include:

1. Modification in the structure of the risks in the table of contents of this report, due to changes in the Group's Corporate Risk Catalogue (see section 3.2.2).
2. The disclosure of qualitative and quantitative prudential ESG (environmental, social and governance) risk information is included, following the EBA/ITS/2022/01 guideline of 24 January 2022 and in accordance with article 449a of the CRR. This information has been incorporated in sections 3.4 and 7.1.4 of this report.

EBA Guideline ITS/2022/01 Disclosure on ESG risks

Breakdown Qualitative information

Environmental risks	Social risks	Governance risks
How environmental risks affect the business model and strategy, governance and risk management	How social risks affect the business model and strategy, governance and risk management	How governance risks affect risk management and governance.
Section 3.4.1 Environmental risk	Section 3.4.2 Social risk	Section 3.4.3 Governance risk

Breakdown Quantitative information[1]

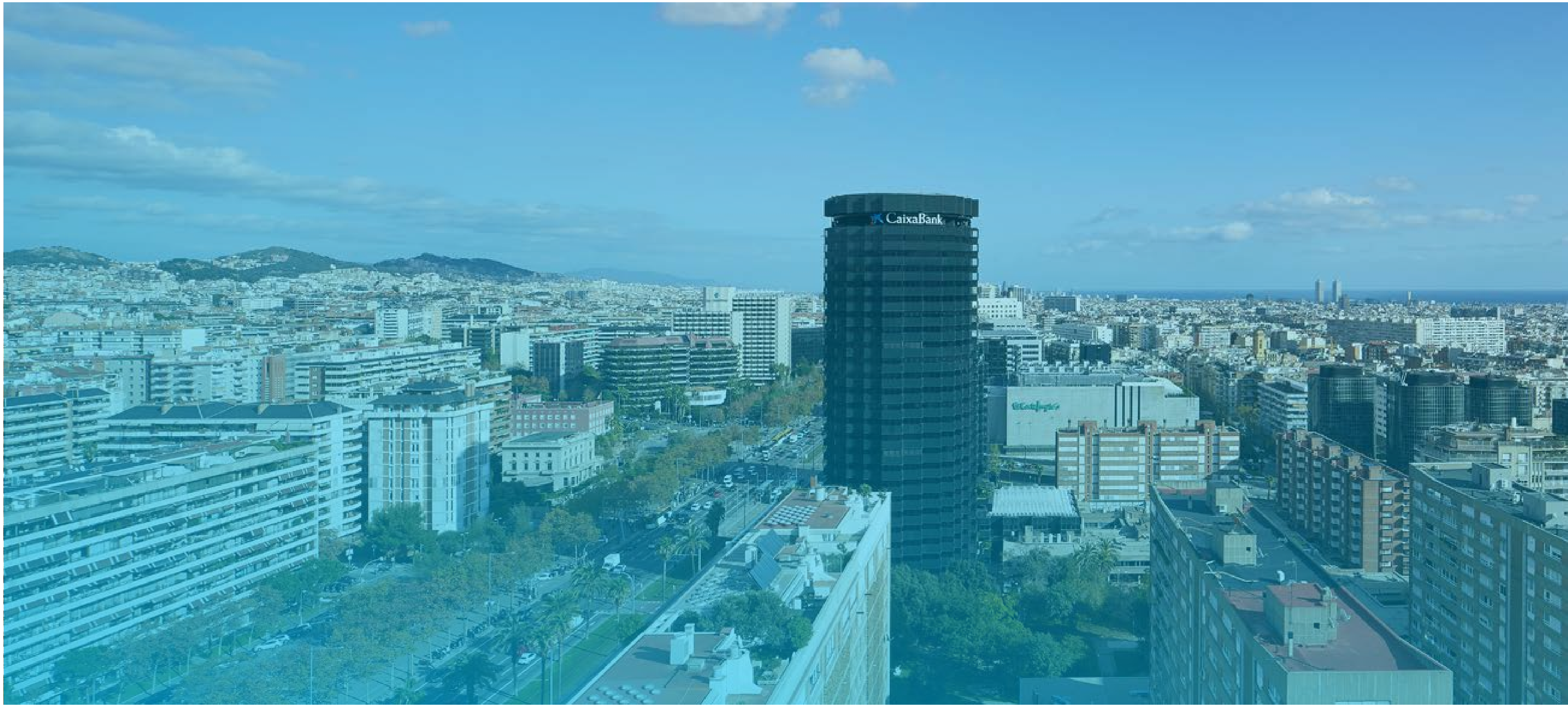
Transition risks	Physical risks	Mitigation measures
Transition risks, linked to the transformation towards a decarbonised economy, arise from the regulatory and technological changes required to achieve the decarbonisation target, and market risks (*templates* 1-4).	**Physical risks**, which arise from the direct effects of climate change (*template* 5).	**Mitigation measures**, adopted by financial institutions with the aim of contributing to adapting and mitigating climate change (*templates* 6-10).

1 ✓	2 ✓	3 ✓	4 ✓	5 ✓	6 7 8	9 ✓	10 ✓
Credit quality of exposures by sector, emissions and maturity	Mortgage-backed loans (by EPC)	Alignment metrics	Exposures to the 20 most carbon-intensive companies	Exposures to physical risks	*Green Asset Ratio*	***Banking Book Taxonomy Alignment Ratio***	Other mitigation measures

✓ Section 7.1.4 Credit risk

[1] *The disclosure of templates 3, 6, 7 8, 9 is not mandatory at 31/12/2022.*

2. CaixaBank **Group**



2. CaixaBank Group

2.1. Regulatory environment

A. Prudential and supervisory framework

Financial entities are subject to a regulatory capital framework known as Basel III, which went into effect in the European Union on 1 January 2014 through a legislative package comprising Regulation 575/2013 (CRR) and Directive 2013/36 (CRD IV). The CRR is directly applicable in Spain, while CRD IV was implemented through Royal Decree-Act 14/2013, Act 10/2014 and Royal Decree 84/2015, in addition to other lower level provisions such as Bank of Spain (BoS) Circular 2/2016.

In Europe, the review of the Basel III framework has been introduced partially through the amendment to CRR (CRR 2) and the amendment to CRD IV (CRD V). Both regulations came into force in June 2019, whereby CRR 2 is generally applicable from June 2021 (with certain exceptions that postponed its implementation until 2023) and CRD V from the end of 2020. Nationally, CRD V became law in Spain through Royal Decree-Law 7/2021, which amended Act 10/2014, among others. Likewise, Royal Decree 970/2021 amended Royal Decree 84/2015, among others. Finally, with the approval of the new Bank of Spain Circular 3/2022, which amends Circular 2/2016, the transposition of CRD V into Spanish law was completed.

In 2020, in order to curb the economic impact of COVID-19 on the financial sector, in June, the European Commission, the Council of the European Union and the European Parliament approved an amendment to CRR 2 (known as CRR 2.5 or "quick fix") generally introducing temporary measures. The measures introduced include, but are not limited to, the anticipation of aspects already foreseen in CRR 2 (such as the factors for reducing capital consumption in financing infrastructure and SMEs and the modification of deductions for software), an adjustment to the application of IFRS9 accounting standards (includes an extended transition period and modifications in the calculation), and other voluntary measures, such as preferential treatment for the purpose of the non-performing loan allocation schedule (prudential backstop) for loans that are backed by public institutions, as well as the flexibilisation of the leverage ratio calculation.

Similarly, following the transposition to European legislation of 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of own funds. This means that procedures are constantly being updated, and therefore the Group continuously adapts its processes and systems to ensure the calculation of capital consumption and direct deductions from own funds are fully aligned with the new established requirements. CaixaBank closely monitors - and actively participates in - the groups in which the various regulatory frameworks are discussed and approved.

In the macroprudential field, in March 2019, the Spanish Macroprudential Authority Financial Stability Council (AMCESFI) was created by Royal Decree 102/2019, which laid out its legal regime and detailed certain aspects relating to the macroprudential tools contained in Royal Decree-Law 22/2018. Accordingly, in December 2021, the Bank of Spain published Circular 5/2021 on macroprudential tools, which amends Circular 2/2016. This circular defines the measures that the Bank of Spain can take, such as the countercyclical buffer against a particular sector, sector limits on the concentration of exposures and the establishment of limits and conditions for granting of loans and other operations.

Subsequently, the COVID-19 crisis highlighted some macro-prudential issues that have been the subject of international debate, such as the usability of capital buffers in times of crisis. In this regard, the European Commission carried out a review of the prudential framework in 2022 with the aim of improving the flexibility of the use of capital buffers by national authorities and clarifying the uses and levels of capital buffers. The Commission is expected to publish a report in 2023 for inclusion in the negotiations on the revision of the "Banking Package" (Capital Requirements Regulation - CRR III and Capital Requirements Directive - CRD VI), known as Basel IV.

In addition, as the parent company of the financial conglomerate it forms mainly with VidaCaixa, CaixaBank is subject to an additional supervisory framework pursuant to Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

Under the first pillar of the European Banking Union, the Single Supervisory Mechanism (SSM), the ECB is directly responsible for supervising the largest financial institutions, including CaixaBank.

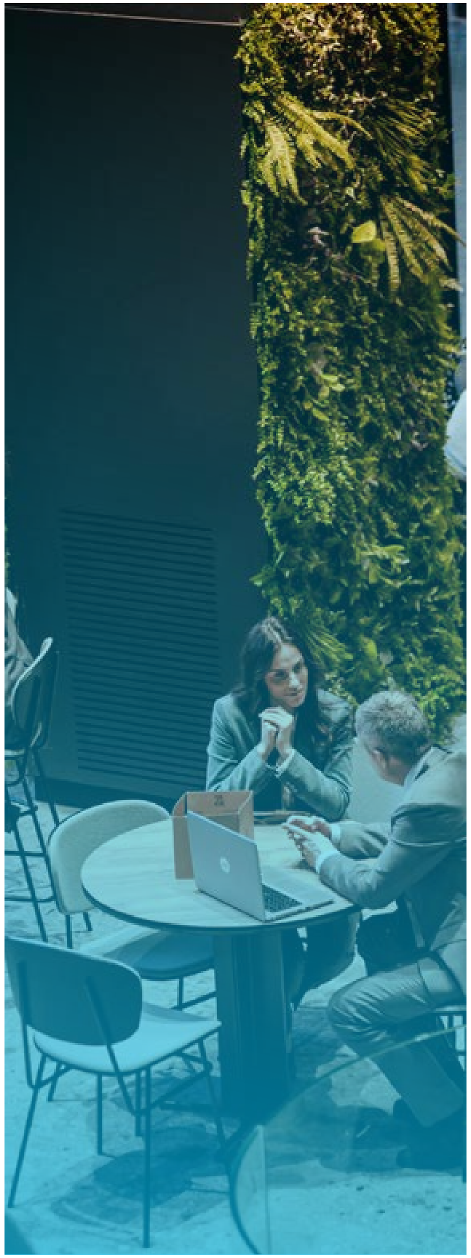
The ECB follows an annual cycle, known as the “Supervisory Review and Evaluation Process (SREP)” , which gives shape to Pillar II of the regulatory framework of the Basel Committee on Banking Supervision.

The SREP is a supervisory process aimed at examining in a consistent manner the risk profiles of credit institutions and taking the necessary supervisory measures, based on the assessment of their business models, internal governance, capital risks (credit risk, market risk, interest rate risk in the non-trading book (IRRBB) and operational risk) and liquidity risk. To carry out this process, the ECB uses a unique methodology based on the European Banking Authority's EBA “Guidelines on Common procedures and methodologies for the supervisory review and evaluation process and supervisory stress testing”(EBA/GL/2014/13). These guidelines were revised in 2018 (EBA/GL/2018/03), in 2020 (EBA/GL/2020/10) as a consequence of the COVID-19 crisis, and in 2022 (EBA/GL/2022/03) in order to incorporate regulatory changes introduced in the CRR V Directive and the CRR2 Regulation as well as to incorporate supervisory best practices.

The SREP process may require additional capital or liquidity, or other qualitative measures in response to any risks and weaknesses detected by the supervisor in an entity. The SREP seeks to assess financial institutions' viability on an individual basis (microprudential supervision), also considering comparisons against their peers.

Any additional capital requirements under the SREP process (Pillar 2R requirements) may also be supplemented by combined capital buffer requirements (CBR) comprising potential capital conservation, countercyclical capital, systemically important institution, and systemic risk buffers. In addition, the supervisor also establishes a bank-specific recommendation, known as Pillar 2G, which indicates the level of capital that the ECB expects banks to hold in addition to their mandatory capital requirements. Pillar 2G is non-binding and not complying it would not imply automatic actions by the supervisor on profit-sharing capacity. However, it could lead to stricter individual supervisory measures. The basis for determining Pillar 2G levels is the performance of institutions in the regular EU-wide stress tests, known as the EBA stress test exercises. Pillar 2G is not in general, public information.

In addition to the prudential supervision framework, in 2014, Directive 2014/59/EU - otherwise known as the Bank Recovery and Resolution Directive (BRRD) - was approved, establishing a framework for the restructuring and resolution of credit institutions. In 2015, the BRRD was transposed into the Spanish regulatory framework through Act 11/2015 and other lower level regulations. The BRRD, together with Directive 2014/49/EU, on the Deposit Guarantee Scheme, enhances the capacity of the banking sector to absorb the impact of economic and financial crises, and the capacity of financial institutions to wind up their busi-



ness in an orderly fashion, while maintaining financial stability, protecting depositors and avoiding the need for public bailouts. The BRRD requires Member States to ensure that institutions prepare and regularly update a Recovery Plan setting out the measures that may be taken to restore their financial position following a significant deterioration thereof. In addition to the BRRD and national legislation, the EBA has issued several guidelines on the definition of a recovery plan.

The BRRD also introduced the framework to create a Single Resolution Mechanism (SRM), the second pillar of the European Banking Union, which was also developed through Regulation EU 806/2014 (also known as SRMR, Single Resolution Mechanism Regulation). In the scope of the SRM, decisions are taken by the Single Resolution Board and are implemented by the National Resolution Authority (in Spain, the FROB as the executive authority and the BoS as the preventive authority). These authorities also draw up the Resolution Plan for each financial institution, which cooperate by providing the necessary information. The BRRD also introduces a Minimum Requirement for Own Funds and Eligible Liabilities (MREL) with the capacity to absorb loss and to recapitalise. The SRM came into force on 1 January 2016. The Commission's Delegated Regulation (EU) 2016/1450 of 23 May 2016, which is complemented with Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities (MREL), was approved to provide resolution authorities with detailed guidance on establishing MREL requirements for banks. In particular, this Regulation grants resolution authorities discretionary powers to set the appropriate minimum level and composition of MREL for each bank.

In parallel to the review of the capital framework, the BRRD has also been reviewed in the scope of resolution (leading to BRRD 2), introducing, among other new developments, a MREL requirement based not only on risk-weighted assets (RWAs) but also on exposure to calculate the leverage ratio, as well as minimum subordination levels, and new criteria for eligibility of eligible instruments such as MREL. It also grants more powers to the resolution authority to penalise any breaches of the requirements established by this authority (restriction on the distribution of dividends, etc.). Nationally, BRRD 2 became law in Spain in 2021 through Royal Decree-Act 7/2021 (which amended, among others, Act 11/2015) and RD 1041/2021 (which amends, among others, Royal Decree 1012/2015).

B. Main regulatory developments in 2022

Among the proposed legislative and regulatory changes, as well as the new laws and regulation approved in 2022, we could highlight the following:

Prudential regulation: Basel IV

One of the main goals of revising the Basel III framework is to reduce the excessive variability of the risk-weighted assets (RWAs) of entities. RWAs represent the basis (denominator) of capital ratios, which is why fostering a greater degree of homogenisation in this area should provide for better comparability of capital ratios between institutions and countries. In this sense, the regulation introduces an output floor for RWAs. It also amends other aspects involving the calculation of RWAs by credit risk (limiting the use of internal models for certain categories of exposures), operational risk (by applying a single calculation methodology), market risk and capital requirements for CVA.

On 8 November 2022, the European Council agreed its legislative position on the review of the "Banking Package" (Capital Requirements Regulation - CRR III and Capital Requirements Directive - CRD VI) ahead of the forthcoming negotiations between EU Member States and the European Parliament. This is a milestone for the adoption by the EU of the final Basel III framework, as the Council's "General Approach" represents a compromise reached by all 27 EU Member States and therefore has a strong influence on the shaping of the final rules. This approach follows the European Commission's proposal for the revised Banking Package, published in 2021:

- An implementation date of 1 January 2025 for most elements of the Basel reforms (two years later than the Basel Committee on Banking Supervision (BCBS) target of 1 January 2023).

- A five-year phase-in of the Standardised Output Floor, from 1 January 2025 to 1 January 2030 (ending two years later than the BCBS's 1 January 2028 phase-in target).

- A mechanism to delay the implementation of the revised Market Risk requirements by up to two years if other jurisdictions do not implement their respective rules in time.

- A deadline of 18 months for the transposition and implementation of the Directive (CRD VI), which in turn contains an implementation period of 24 months for the provisions related to the third country branch framework after its implementation.

Banking crisis

In this regard, the European resolution authority (Single Resolution Board, SRB) continues to make progress to ensure the implementation of the "Expectations for banks", which it published in April 2020. CaixaBank continues to work to meet all the expectations set out in the guide.

In 2022, in line with the SRB planning, the following guidelines were published:

- Guidelines for the identification and mobilisation of collateral focused on analysing banks' ability to identify and mobilise specific asset classes that could be used as collateral to support financial continuity.

- Update of the MREL 2022 policy, which takes into account new regulatory developments such as: changes to the Capital Requirements Regulation (CRR), internal MREL, among others.

- Guidance on the operationalisation of the bail-in resolution tool, which compiles the main elements that banks should consider to improve their internal recapitalisation plans and the operationalisation of their bail-inable instruments.

COVID-19

Due to the reduced importance of public support measures in the wake of COVID-19, the EBA has decided to repeal its Guidelines (EBA/GL/2020/07) on COVID-19 information and disclosure, as of 1 January 2023.

Regulation in response to the geopolitical and macroeconomic environment

As a result of the conflict between Ukraine and Russia, a number of regulatory measures were put in place, among which we highlight the following:

- Royal Decree-Law (RDL) 6/2022 and the amendment of the Code of Good Practice provided for in RDL 5/2021, which set up a package of emergency measures to address the economic and social consequences of the war in Ukraine.

- Five legislative sanctions packages against Russia for the armed conflict against Ukraine, including, among others, restrictions on the provision of credit rating services to any person or Russian entity; restrictions on new investments in the Russian energy sector; freezing of assets and the prohibition of making funds or other financial resources available to sanctioned persons and entities; and restriction of the provision of specialised financial messaging services (SWIFT) to certain Russian and Belarusian banks.

- Consultation of the European Commission on the process of implementing the sanctions imposed on Russia and Belarus.

- Royal Decree-Law 19/2022, which establishes a Code of Good Practices to alleviate the rise in interest rates on mortgage loans on primary residences, in a context of tightening monetary policy in the face of inflationary pressure.

Sustainable finance and environmental, social and governance (ESG) factors

The legislation around the concept of sustainability is seeing significant regulatory activity at the global, European and national levels, the goal being to define a regulatory framework that encourages the transformation towards a sustainable economy in which credit institutions must play a key role in channelling resources to sustainable investments.

In Europe, legislative initiatives in this area address developments framed within the European Commission's Sustainable Finance Action Plan, subsequently revised through the Renewed Sustainable Finance Strategy. The ultimate objective of all these regulations is to reach the volume of investments necessary to transform the economy pursued by the European Green Deal.

In the prudential area, regulatory developments are based on various mandates received by the EBA to incorporate ESG risks into the three pillars of banking regulations. Thus, in May 2022, the EBA published a public consultation on the role of environmental risks in the prudential framework of credit institutions and investment firms. The paper explores whether and how environmental risks should be incorporated into the Pillar 1 prudential framework. Initiates discussion on the possible incorporation of a forward-looking perspective into the prudential framework. It also underlines the importance of collecting relevant and reliable information on environmental risks and their impact on institutions' financial losses.

In relation to Pillar 2, in June 2021, the EBA published a report in which it makes a series of recommendations to entities and supervisors involving the integration of ESG risks into business strategies, governance and risk management, establishing common definitions of ESG risks and methods for measuring them. In order for these recommendations to be made enforceable, the European Commission has included in the proposed revision of the Capital Requirements Directive (CRD VI) a section that includes all the recommendations in the EBA report, which, for the significant institutions, had previously been included in the guide that the ECB published in November 2020 on climate and environmental risks for banks. This guide reflects the supervisor's expectations for how credit institutions should manage these risks, and the mechanisms to report them transparently.

In 2022, the ECB will continue with a series of supervisory actions aimed at assessing the status of banks in terms of the degree of compliance with the guide and its future action plans. These actions include:

- First climate risk stress test. The purpose of this climate risk stress test is to provide the supervisor with an approximate understanding of the state of the banking system and the resilience of its capital to climate stress scenarios. Unlike financial stress tests, their results have not constituted a direct input in the supervisory review and evaluation process (SREP).

- Thematic review on climate and environmental risks of a total of 186 banks whose results were published by the ECB in November 2022. In this ECB report, the ECB highlights that banks still need to continue to work on adequate management of climate and environmental risks, setting individualised staggered deadlines for each bank to progressively meet all the supervisory expectations it set in its Guidance on climate-related and environmental risks by the end of 2024.

- Ahead of the publication of this report, the ECB launched a first set of climate-related statistical indicators in January 2023 to better assess the impact of climate risks on the financial sector and to monitor the development of sustainable and green finance, thus fulfilling another commitment of its climate action plan.

Finally, with regard to Pillar 3, the EBA published the technical disclosure requirements on ESG risks in January 2022, which contains the quantitative and qualitative information to be disclosed in the P3D in order to comply with Article 449a of Regulation (EU) No 575/2013.

The banking package published by the European Commission on 27 October introduces requirements for identifying, disclosing and managing environmental, social and governance (ESG) risks in the CRR and CRD IV prudential banking regulations, and it moves up from 2025 to 2023 the deadline for the EBA to present the report describing its findings on this issue.

Other regulatory developments in the area of sustainable finance and environmental, social and governance factors include:

- Reports of authorities subject to public consultation: **i)** Consultation of the Platform on Sustainable Finance relating to the draft report on minimum guarantees; **ii)** Public consultation of the European Information Advisory Group (EFRAG) on sustainability disclosure standards;

- Legislative and regulatory proposals under discussion: **(i)** the proposed Regulation on a European green bond standard; **ii)** European Commission Proposal for a Directive on Corporate Sustainability Due Diligence Directive (CSDDD);

- Legislative and regulatory texts that entered into force/application: Sustainable Finance Disclosure Regulation (SFDR). As well as the public consultations to update the ESMA Guidelines on certain aspects of MiFID suitability requirements with the objective of setting common provisions for institutions to consider clients' sustainability preferences when assessing their suitability.

- Other important texts and milestones: **i)** ISSB consultation on the proposal to create a global basis for sustainability disclosure.

At the national level is noteworthy the Law 7/2021, on climate change and the ecological transition. The articles of this standard state that credit institutions must draw up, within the framework of the prudential relevance report, an annual report whose content shall be determined by new legislation within 2 years.

C. Other

Cryptoassets

The rapid and constant evolution of digital assets and blockchain technology, as well as the possible appearance of global stable coins, have led to the need to develop a common approach at the European level with regard to cryptoassets, in order to **(i)** ensure a sound legal framework that offers legal certainty, **(ii)** support innovation and fair competition, **(iii)** establish adequate levels of protection for consumers and investors and for market integrity, and **(iv)** guarantee financial stability.

As part of its Digital Finance Strategy, the European Commission published in September 2020 its proposal for a regulation on markets in crypto-assets (MiCA). From a prudential standpoint, the proposal sets minimum permanent capital requirements and prudential safeguards for own funds consisting of common Tier 1 capital elements for cryptographic service providers.

In June 2022, the Basel Committee published a second consultation on the prudential treatment of cryptoasset exposures which includes, among others, amendments in relation to the classification of cryptoassets, delimitation of the classification system, incorporation of an add-on to the RWA for infrastructure risk, elimination of the accounting classification link, revision of the RWA calculation models for Group 2 cryptoassets and, finally, a limit on Group 2 cryptoasset exposures (including unbacked coins and those stablecoins that do not have a stabilisation mechanism that meets the established test (e.g. Bitcoins).

Furthermore, as part of the legislative position on the review of the "Banking Package" issued on 8 November 2022 by the European Council, a deadline of 31 December 2025 is set for determining the need to establish a specific prudential framework for cryptoassets, with the possibility of submitting legislative proposals.

2.2. Scope

CaixaBank is a Spanish public limited company registered in the Mercantile Register of Valencia, Volume 10370, Sheet 1, Page V-178351, and the Special Administrative Register of the Bank of Spain under number 2100. The Legal Entity Identifier (LEI) of CaixaBank and its tax identification number (NIF) are 7CUNS533WID6K7DGFI87 and A08663619, respectively.

CaixaBank shares have been admitted to trading on the Madrid, Barcelona, Valencia and Bilbao stock exchanges and the continuous trading market since 1 July 2011. CaixaBank's company and fiscal domicile is Calle Pintor Sorolla, 2-4, Valencia (Spain).

The corporate object of CaixaBank mainly entails:

- All manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and performance of the activities of an insurance agency;

- Receiving public funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, and other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and the acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.

CaixaBank and its subsidiaries make up CaixaBank Group.

CaixaBank, S.A. (CaixaBank) is the parent company of the financial conglomerate formed by the Group's entities that are considered to be regulated, recognising CaixaBank as a significant supervised entity, whereby CaixaBank comprises, together with the credit institutions of its Group, a significant supervised group of which CaixaBank is the entity at the highest level of prudential consolidation.

As a listed bank, it is subject to oversight by the European Central Bank and the Spanish national securities market regulator (*Comisión Nacional del Mercado de Valores*, CNMV), however, the entities of the Group are subject to oversight by supplementary and industry-based bodies.

As a Spanish corporate entity, legally constituted as a public limited company, CaixaBank is governed by the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and implementing regulations. Additionally, as a listed company, it is also governed by the Consolidated Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and implementing regulations.

2.3. Other general information

As at 31 December 2022, the following credit institutions or credit financial establishments of CaixaBank Group meet the minimum capital requirements that apply to them at the individual level: CaixaBank, Banco BPI, CaixaBank Wealth Management Luxembourg and Telefónica Consumer Finance. Additionally, as at the date of reference, CaixaBank and BPI meet the capital requirements at the consolidated and sub-consolidated level, respectively.

The following credit institutions or credit financial establishments of CaixaBank Group are exempt from capital requirements: Nuevo MicroBank, CaixaBank Payments & Consumer, Corporación Hipotecaria Mutual and Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria (Credifimo).

Furthermore, all the other regulated entities of the Group (insurers, asset management companies and others) meet the own funds requirements established in the various sectorial regulations that apply to them.

Considering the applicable regulations, it should be noted that there are no significant current or foreseeable practical or legal obstacles preventing CaixaBank from immediately transferring capital to CaixaBank Group subsidiaries or from paying off its liabilities with third parties. With regard to the capacity of CaixaBank Group subsidiaries to distribute dividends or, in any form, transfer capital to the parent company, those companies that must meet the minimum capital requirements at the individual level in order to meet those requirements, may find their capacity to distribute or transfer capital limited.

With regard to the other subsidiaries, including those that are exempt from capital requirements, there are no significant current or foreseeable practical or legal obstacles for the distribution of dividends nor, in any form, the transfer of capital beyond those deriving from the company's regulations or, as the case may be, applicable agreements between partners.

2.4. Description of the consolidated group for regulatory purposes

Pursuant to prevailing accounting regulations, which follow the criteria laid down in International Financial Reporting Standards (particularly IFRS 10), a consolidated group is considered to exist when a dominant entity exercises direct or indirect control over the other entities (subsidiaries).

This relationship basically exists when a dominant entity is exposed to - or has the right to variable returns from - its involvement therein, and also has the ability to influence these returns, as a result of having power over the dependent entity.

The following provides a summary of the main differences in relation to the consolidation scope and methods applied in preparing information on CaixaBank Group in this report and to prepare its consolidated financial statements:

- For the preparation of CaixaBank Group's consolidated financial statements, all the subsidiary undertakings (companies controlled by the parent undertaking) were consolidated using the full consolidation method. However, associates (over which the parent exercises significant influence and which are not subsidiaries or joint ventures) and joint ventures (joint management by the parent and other shareholders) were accounted for using the equity method.
- For prudential purposes, subsidiary undertakings with a different activity to that of a credit, investment or financial institution, as defined in prudential regulatory framework, are accounted for using the equity method. Jointly-owned businesses that are financial institutions are consolidated using the proportionate consolidation method, regardless of the method applied in the annual financial statements.

Appendix VIII lists the companies with differing prudential and accounting consolidation treatment.

2.5. Accounting reconciliation between the financial statements and regulatory statements

As set out in the EBA document on disclosing information in titles II and III of part eight of Commission Implementing Regulation (EU) 572/2013, the following table reconciles the regulatory own funds with the balance in the audited financial statements.

The main difference between both scopes is that Group companies do not consolidate globally for regulatory purposes due to their activity, mainly VidaCaixa.

Table 2.1 EU CC2 - Reconciliation of regulatory own funds with the balance in the audited financial statements

Amounts in millions of euros	Balance as per the financial statements published	In the regulatory area of consolidation	
Assets – Breakdown by type of asset as per the balance in the financial statements published	**At period end**	**At period end**	**Reference[1]**
Cash and cash balances at central banks and other demand deposits	20,522	19,933	
Financial assets held for trading	7,382	13,785	
Financial assets not held for compulsory trading at fair value with changes in profit/loss	183	188	
Financial assets designated at fair value through profit or loss	0	0	
Financial assets at fair value with changes in other comprehensive income	12,942	12,942	
Financial assets at amortised cost	442,754	443,029	
Derivatives - Hedge accounting	649	641	
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(753)	(753)	
Investments in joint ventures and associates	2,034	5,027	
Associate companies	1,990	748	
of which: Goodwill (net of correction)	369	69	8
Multi-group entities	44	11	
of which: Goodwill (net of correction)[2]	0	22	8
Group entities	0	4,269	
Assets under insurance or reinsurance contracts	68,534	0	
Tangible assets	7,516	7,312	
Intangible assets[3]	5,219	3,862	8
Tax assets	20,457	20,106	
Other assets	2,371	4,654	
Financial Non-current assets and disposed groups elem. classified as held for sale	2,426	2,414	
Total Assets	**592,234**	**533,141**	

The insurance business of VidaCaixa is integrated using the equity method within the reserved perimeter.
[1] Reference with the corresponding line of the information provided in Appendix I. EU CC1 Composition of required equity.
[2] For deduction purposes, 21.8 millions euros are included for goodwill, which are not included in the balance sheet.
[3] Part of the software activated during the last 3 years is not deducted and is weighted by RWA at 100%.

Amounts in millions of euros	Balance as per the financial statements published	In the regulatory area of consolidation	
Liabilities – Breakdown by type of liability as per the balance in the financial statements published	**At period end**	**At period end**	**Reference[1]**
Financial liabilities held for trading	4,030	10,432	
Financial liabilities designated at fair value through profit or loss	0	0	
Financial liabilities at amortised cost	482,501	483,208	
Derivatives - Hedge accounting	1,371	1,371	
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(5,736)	(5,736)	
Liabilities under insurance or reinsurance contracts	65,654	0	
Provisions	5,263	5,264	
Tax liabilities	2,113	1,506	
Other liabilities	2,760	2,842	
Liabilities included in disposal elem. classified as held for the sale	16	0	
Total Liabilities	**557,972**	**498,888**	

Amounts in millions of euros	Balance as per the financial statements published	In the regulatory area of consolidation	
Liabilities – Breakdown by type of liability as per the balance in the financial statements published	**At period end**	**At period end**	**Reference[1]**
Shareholders' equity	36,639	36,639	
Other comprehensive income	(2,409)	(2,409)	3
Minority interests (non-controlling interests)	32	23	
Total net equity	**34,263**	**34,253**	
Total equity and total liabilities	**592,234**	**533,141**	

The insurance business of VidaCaixa is integrated using the equity method within the reserved perimeter.

[1] Reference with the corresponding line of the information provided in Appendix I. EU CC1 Composition of required equity.

CaixaBank

Table 2.2 EU LI1 - Differences between the areas of accounting and prudential consolidation and the correspondence of the categories of financial statements with the risk categories in the prudential regulation

			Carrying amount of items				
Amounts in millions of euros	Accounting values as published in the financial statements	Accounting values in the field of regulatory consolidation	Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or to capital deduction[3]
Cash and cash balances at central banks and other demand deposits	20,522	19,933	19,933	—	—	—	—
Held-for-trading financial assets[1]	7,382	13,785	—	13,366	—	13,785	—
Financial assets not held for compulsory trading at fair value with changes in profit/loss	183	188	188	—	0	—	—
Financial assets designated at fair value through profit or loss	0	0	0	—	—	—	—
Financial assets at fair value with changes in other comprehensive income	12,942	12,942	12,942	—	—	447	—
Financial assets at amortised cost	442,754	443,029	434,715	8,065	108	—	140
Derivatives - Hedge accounting	649	641	—	641	—	—	—
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(753)	(753)	—	—	—	—	(753)
Investments in joint ventures and associates	2,034	5,027	5,027	—	—	185	—
Assets under insurance or reinsurance contracts	68,534	—	—	—	—	—	—
Tangible assets	7,516	7,312	7,313	—	—	—	—
Intangible assets	5,219	3,862	540	—	—	—	3,322
Tax assets	20,457	20,106	15,433	—	—	—	4,672
Other assets	2,371	4,654	2,205	—	—	—	2,448
Financial Non-current assets and disposed groups elem. classified as held for sale	2,426	2,414	2,414	—	—	—	—
Total assets	**592,234**	**533,141**	**500,712**	**22,072**	**108**	**14,417**	**9,829**
Financial liabilities held for trading[2]	4,030	10,432	—	10,374	—	10,432	59
Financial liabilities designated at fair value through profit or loss	0	0	—	—	—	—	0
Financial liabilities at amortised cost	482,501	483,208	—	11,814	14	—	471,380
Derivatives - Hedge accounting	1,371	1,371	—	1,371	—	—	—
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(5,736)	(5,736)	—	—	—	—	(5,736)
Liabilities under insurance or reinsurance contracts	65,654	—	—	—	—	—	—
Provisions	5,263	5,264	547	—	—	—	4,717
Tax liabilities	2,113	1,506	440	—	—	—	1,066
Other liabilities	2,760	2,842	—	—	—	—	2,842
Liabilities included in disposal elem. classified as held for the sale	16	—	—	—	—	—	—
Total Liabilities	**557,972**	**498,888**	**987**	**23,559**	**14**	**10,432**	**474,329**
Total Net Equity	**34,263**	**34,253**	**—**	**—**	**—**	**—**	**—**
Total liabilities + Net Equity	**592,234**	**533,141**	**987**	**23,559**	**14**	**10,432**	**474,329**

[1] *In the portfolio held for trading, the exposure of derivatives is doubled, both counterparty credit risk and market risk.*
[2] *The exposure of equity instruments in foreign currencies doubles, both credit risk and market risk.*
[3] *Of which €5,223 million is subject to deductions.*

Table 2.3 (LI2) shows how to get to the exposure amounts used for regulatory purposes starting from the carrying values in the consolidated financial statements following the requirements in Part One, Title II, Section 2 and Section 3 of the CRR, which are defined as follows:

- **Total net amount under regulatory scope of consolidation:** The amount after on-balance-sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities of the specific netting rules in the application of Part Three, Title II, Chapters 4 and 5, as well as of Title IV in the CRR.

- **Exposure amounts considered for regulatory purposes:** The expression designates the aggregate amount considered as a starting point of the RWA (risk weighted assets) calculation before the application of CRM methods other than netting in Part Three, Title II, Chapter 4 of the CRR but after the application of netting requirements in Part Three, Title II, Chapters 4 and 5 and Title IV of the same Regulation for each of the risk categories. Under the credit risk framework, this should correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 in Part Three, Title II, Chapter 2 of the CRR) or to the EADs in the credit risk – IRB approach.

The breakdown of the columns according to the risk category of each exposure of the regulatory balance sheet is explained below:

- The exposures subject to the credit risk framework correspond to the exposure amount applied in the standard credit risk method (specified in Part Three, Title II, Chapter 2, Article 111 of the CRR) and the exposures at default (EAD) in the IRB method for credit risk (as per articles 166, 167 and 168 in Part Three, Title II, Chapter 3 of the CRR).

- The counterparty credit risk framework corresponds to the exposures mentioned in Part Three, Title II, Chapter 6 of the CRR.

- The securitisation framework corresponds to exposures from the non-trading book given in Part Three, Title II, and Chapter 5 of the CRR.

- The market risk framework corresponds to the exposures in Part Three, Title IV of the CRR.

The main sources of reconciliation between the carrying value and exposure, which are reflected in the different rows of the LI2, are:

- **Off-balance-sheet amounts:** These include original off-balance-sheet exposures after the application of the corresponding conversion factors of the columns. The conversion factor for off-balance-sheet items to be risk-weighted in the application of Part Three, Title II of the CRR is defined in Articles 111, 166, 167 and 182 (as applicable for credit risk), Article 246 (as applicable for securitisation risk), Articles 274 and 276 and Article 283 of the same Regulation (as applicable for counterparty credit risk).

- **Differences in valuation:** They include impact of the carrying amount of value adjustments, in accordance with Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105, of the CRR on the trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework.

- **Differences due to different netting rules, other than those already included in row 2 of table LI2:** These refer to the net on-balance-sheet and off-balance-sheet exposure amounts after the application of the specific netting rules in Part Three, Title II, Chapters 4 and 5 as well as of Title IV in the CRR. The impact of the application of the netting rules can be negative (in case more exposures have to be netted than the on-balance sheet netting in row 2), or positive (in the case of the application of netting rules in the CRR leading to a lower amount being netted out than on-balance-sheet netting in row 2).

- **Differences due to the consideration of provisions:** discloses the re-integration in the exposure value of specific and general credit risk adjustments (as defined in the Commission Delegated Regulation (EU) No 183/2014) that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Part Three, Part II, Chapter 3 of the CRR for risk-weighting purposes. With regard to the risk-weighted exposures according to the provisions of Part three, Part II, Chapter 2 of the CRR, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned delegated regulation, these elements have to be re-integrated in the exposure value.

- **Differences due to prudential filters:** These include the impact on the carrying amount under the regulatory scope of consolidation of the prudential filters listed in Articles 32, 33 and 35 in Part Two, Title I, Chapter 2 of the CRR and applied in accordance with the requirements in Part Ten, Title I, Chapter 1, Articles 467 and 468 in the CRR and CEBS 04/91 Guidelines on prudential filters for regulatory capital.

Table 2.3 EU LI2 - Main sources of discrepancies between the amounts of exposures for regulatory purposes and the accounting values in the financial statements

		Items subject to			
Amounts in millions of euros	Total	Credit risk risk	Counterparty credit risk framework	Securitisation framework	Credit risk framework
Amount corresponding to the carrying amount of the asset in the scope of regulatory consolidation (as per form LI1)	537,309	500,712	22,072	108	14,417
Amount corresponding to the carrying amount of the liability in the scope of regulatory consolidation (as per form LI1)	34,991	987	23,559	14	10,432
Total net amount in the scope of regulatory consolidation	502,317	499,725	(1,487)	94	3,984
Amount of off-balance sheet items	147,284	143,055	4,229	—	—
Risk transfers via securitisations.	(229)	(2,303)	—	2,074	—
Differences due to netting rules (netting, long/short positions, diversification).	(2,185)	—	1,799	—	(3,984)
Consideration of Provisions for the purposes of EAD.	6,566	6,586	—	(20)	—
Risk mitigators in the Standard Portfolio (Guarantees).	(2,997)	(2,997)	—	—	—
Amount corresponding to credit conversion factors (CCF).	(108,395)	(108,395)	—	—	—
Other.	5	5	—	—	—
Amount of exposures for regulatory purposes	542,366	535,676	4,541	2,149	—

Does not include balances not subject to capital requirements. The portfolio held for trading doubles the exposure of derivatives to both counterparty credit risk and market risk. Currency exposures also double their exposure to credit risk and market risk.

3. Governance, organisation and risk management

3. **Governance,** organisation and risk management

The Board of Directors states that **the risk management framework of CaixaBank Group is appropriate in relation to its profile and strategy.**

The Board of Directors, the Senior Management at CaixaBank and the Group as a whole are firmly committed to risk management.

The CaixaBank Group's risk management framework, as part of the internal control framework based on the three-line defence model, is built around the following central elements:

- The established governance and organisation, risk infrastructures and capabilities of its human resources.
- Strategic risk management processes to identify, measure, monitor, control and report risks. Specifically: Risk Assessment, Corporate Risk Catalogue and Risk Appetite Framework (RAF).
- The risk culture, which constitutes a differential element in the Group's decision-making and business management.

The Group's risk management framework, which is contained in the Corporate General Risk Management Policy, is subject to ongoing review, and no significant amendments were made in 2022. Of note is the identification of strategic risk events[1] as a result of the Risk Assessment process, as well as the identification of sustainability risks (ESG, environmental, social and governance) as material transversal factors for the risks of the credit catalogue, reputational and other operational risks, incorporating mentions of climate change and other environmental risks in the definitions of legal and regulatory risk.

[1] *Relevant events that may result in a significant impact for the Group in the medium term.*

Internal Control Framework based on the three lines of defence model that provides a reasonable degree of assurance that the Group will achieve its objectives.

Governance and organisation

This is done through internal policies, rules and procedures that ensure the adequate supervision by the governing bodies, committees, and CaixaBank's specialised human resources department.

Risk culture

The Group's risk culture is imparted through training, communication and the performance-based assessment and remuneration of staff.

Strategic risk management processes

Identification and assessment of risks: *Risk Assessment*

A six-monthly risk self-assessment of the Group's risk profile. Its objective is to identify material risks, assessing for these the inherent risk situation and its trend, as well as their management and control, and emerging risks. This involves identifying strategic events affecting one or more risks which, due to their potential impact in the medium term, should be specifically monitored.

Classification and definition of Risks: Risk taxonomy

An annually-reviewed list and description of the material risks identified in the Risk Assessment. It facilitates the monitoring and reporting of the Group's risks and consistency, both internally and externally.

Risk monitoring: Risk Appetite Framework (RAF)

A comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds it is willing to assume in achieving the Group's strategic objectives concerning all risks included in the Risk Taxonomy.

3.1. Governance and organisation

3.1.1 Corporate governance

Robust corporate governance enables companies to maintain an efficient and methodical decision-making process, as it incorporates clarity in the allocation of roles and responsibilities and, in turn, fosters proper management of risks and efficient internal control, which promotes transparency and limits the occurrence of potential conflicts of interest.

As part of our commitment to our mission and vision, we implement good Corporate Governance practices in our activity. This enables us to be a well-governed and coordinated company that is recognised for its good practices.

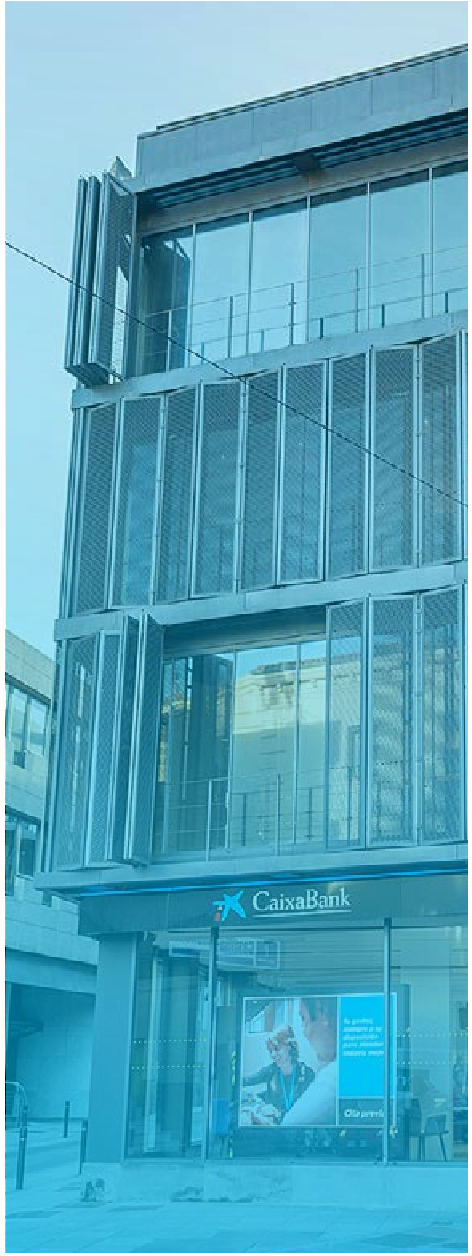
The information included in this report concerning corporate governance at the Bank is complemented by the following publicly-available documents that are made available on the CaixaBank website (www.caixabank.com):

- The 2022 **Annual Corporate Governance Report** (ACGR), which forms part of this Management Report and has been drawn up by the Board of Directors.
- The 2022 **Annual Corporate Remuneration Report** (ACRR), which is part of this Management Report and has been drawn up by the Board of Directors, and is submitted to a non-binding vote at the Annual General Meeting.
- The **Policy for the selection, diversity, and assessment of the suitability** of directors, members of Senior Management, and other key function holders of CaixaBank and its Group.
- CaixaBank's **Registration Document** (which includes all board members' positions on other boards of directors, communicated to the Registry of Senior Positions of the Bank of Spain, for the last 5 years, with the exception of asset-holding companies, subsidiaries of an issuer of which the person is also a director or in companies of CaixaBank Group).

CaixaBank's Corporate governance policy, which is based on the Bank's corporate values and also on the best practices of good governance, particularly recommendations in the Good Governance Code of Listed Companies. This policy establishes the action principles that regulate the Company's corporate governance.

Principles and practices of Corporate Governance

1. Competencies and efficient self-governance of the Board of Directors.
2. Diversity and balance in the composition of the Board of Directors.
3. Professionalism for the proper performance of the duties of members of the Board of Directors.
4. Balanced remuneration aimed at attracting and retaining the appropriate profile of members of the Board of Directors.
5. Commitment to ethical and sustainable action.
6. Protection and promotion of shareholders' rights.



7. Prevention, identification and appropriate treatment of conflicts of interest, in particular with regard to operations with related parties, considering intragroup relations.

8. Compliance with current regulations as the guiding principle for all people who form part of CaixaBank.

9. Achievement of corporate interest under the acceptance and update of good governance practices.

10. Information transparency covering the financial and non-financial activity.

Milestones in 2022

Changes in the composition of the Board of Directors and its committees On 17 February 2022, the Board of Directors agreed to appoint María Amparo Moraleda as a member of the Appointments and Sustainability Committee, expanding the number of members by one and providing the Committee with a female presence.

The 2022 General Shareholders' Meeting, held on 8 April, approved the re-election of Tomás Muniesa as a proprietary director and Eduardo Javier Sanchiz as an independent director. Following the General Shareholders' Meeting and at a session held on the same day, the Board of Directors agreed to the re-election of Tomás Muniesa as a member of the Executive Committee.

Tomás Muniesa maintained his position as Deputy Chairman of the Board of Directors and member of the Risk Committee, and Eduardo Javier Sanchiz maintained his position as Chairman of the Risk Committee, member of the Audit and Control Committee and member of the Appointments and Sustainability Committee.

On 22 December, the Board of Directors agreed, following a favourable report from the Appointments and Sustainability Committee, to appoint independent director Eduardo Javier Sanchiz as the new Coordinating Director. The appointment will take effect at the next General Shareholders' Meeting, on the occasion of the expiry of the term of office of John S. Reed, the current Coordinating Director, who shall not be reappointed as he will soon complete 12 years as an independent director.

There were no resignations from the Board of Directors during 2022.

Corporate governance structure

At CaixaBank, the management and control functions in the Bank are distributed among the General Shareholders' Meeting, the Board of Directors, and its committees.

ANNUAL GENERAL MEETING >> << **EXTERNAL AUDIT**

BOARD OF DIRECTORS

- **Executive Committee**
- **Appointments Sustainability Committee**
- **Risk Committee**
- **Remuneration Committee**
- **Audit and Control Innovation, Technology and Digital Transformation**
- **Audit and Control Committee**

>> Designates/
>> Reports to/

MANAGEMENT BODIES

CEO and Management Committee

Gonzalo Gortázar Rotaeche
CEO

Jordi Mondéjar López
Managing Director of Risks

Iñaki Badiola Gómez
Managing Director of *CIB and International Banking*

Luis Javier Blas Agüeros
Media Director

Matthias Bulach
Director of Accounting, Management and Capital Control

Óscar Calderón de Oya
General Secretary and Secretary to the Board of Directors

Manuel Galarza Pont
Director of Compliance and Control

David López Puig
Director of Human Resources

María Luisa Martínez Gistau
Director of Communications and Institutional Relations

Javier Pano Riera
Financial Director

Marisa Retamosa Fernández
Director of Internal Auditing

Eugenio Solla Tomé
Sustainability Director

Javier Valle T-Figueras
Insurance Director

N.B.: (*) On 11 January 2023, CaixaBank announced through OIR that its Board of Directors had agreed to three new appointments in the Business area who, by joining the Management Committee, will assume, among others, the functions that had been carried out by the General Manager of Business, Juan Antonio Alcaraz, who left the bank. Following a favourable report by the Appointments and Sustainability Committee, subject to the Supervisor's verification of suitability, the following have been appointed: Jaume Masana Ribalta, as Business Director; María Vicens Cuyás, as Director of Digital Transformation and Advanced Analytics; and Jordi Nicolau Aymar, as Director of Payments and Consumer.

Board of Directors

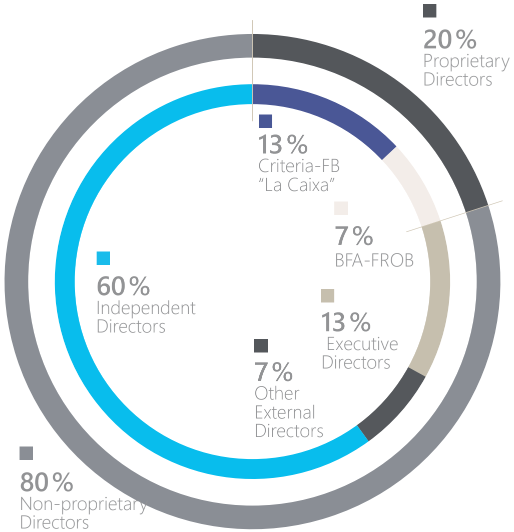
The Board of Directors is the Company's most senior representative, management and administrative body, with powers to adopt agreements on all matters except those that fall within the purview of the Annual General Meeting (AGM). It approves and oversees the strategic and management directives established in the interest of all Group companies, and it ensures regulatory compliance and the implementation of good practices in the performance of its activity, as well as adherence to the additional principles of social responsibility that it has voluntarily assumed.

At CaixaBank, the Chairman and CEO have different yet complementary roles. There is a clear division of responsibilities between each position. The Chairman is the Company's senior representative, performs the functions assigned by the By-laws and current regulations, and coordinates together with the Board of Directors, the functioning of the Committees for a better performance of the supervisory function. Furthermore, the Chairman carries out these functions together with certain executive functions within the scope of the Board's Secretariat, External Communications, Institutional Relations and Internal Audit (notwithstanding this area reporting to the Audit and Control Committee). The Board has appointed a CEO, the main executive director of the Company who is responsible for the day-to-day management under the supervision of the Board. There is also a delegated committee, the Executive Committee, which has executive functions (excluding those that cannot be delegated). It reports to the Board of Directors and meets on a more regular basis.

There is also an Independent Coordinating Director appointed from among the independent directors who, in addition to leading the periodic assessment of the Chairman, also chairs the Board in the absence of the Chairman and the Deputy Chairman, in addition to other assigned duties.

The CaixaBank Board of Directors strives for an adequate balance in its composition at all times, with a large majority of non-executive directors and promoting diversity with regard to gender, experience and knowledge. Within this framework and in accordance with the verification of compliance with the policy for the selection of directors and the individual suitability re-evaluation undertaken for each director, the Appointments and Sustainability Committee has concluded that the structure, size and composition of the Board of Directors is adequate.

Board at end of 2022 - Categories of members of the CaixaBank Board of Directors



The CaixaBank Board of Directors strives for an adequate balance in its composition at all times, with a large majority of non-executive directors and **promoting diversity with regard to gender, experience and knowledge.**

Committees of the Board of Directors

As part of its self-governance activities, the Board of Directors of CaixaBank has a number of specialised committees, with supervisory and advisory powers, as well as an Executive Committee.

60 % Independent Directors

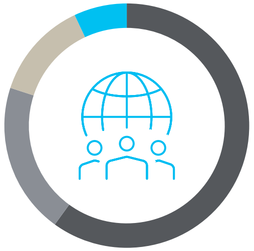
20 % Proprietary Directors

13 % Executive Directors

7 % Other External Director

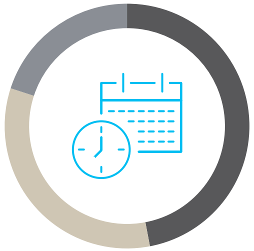
5 years Term of office of 5.4 years in the case of Independent Directors

Directors in each category, as at 31 December

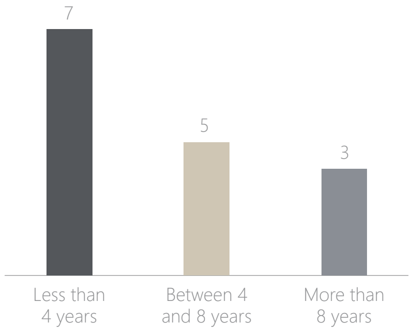


- 60 % Independent Directors
- 20 % Propietary Directors
- 13 % Executive Directors
- 7 % Other External Director

Time in role as at 31 December



- 47 % Less than 4 years
- 33 % Between 4 and 8 years
- 20 % More than 8 years



02	09	03	01
Executive	Independent	Proprietary	Other external

As a consequence of the gradual reduction in the size of the Board in recent years and the appointments made as a result of the takeover merger of Bankia registered in March 2021, 7 directors (practically half of the Board members) have been in their roles for less than 4 years, 5 directors between 4 and 8 years and 3 directors have been more than 8 years on the Board.

Diversity Board of Directors

In order to ensure an appropriate balance in the composition of the Board at all times, promoting diversity in gender, age and background, as well as in education, knowledge and professional experience that contributes to diverse and independent opinions and a sound and mature decision-making process, CaixaBank has a Selection, Diversity and Suitability Assessment Policy in place for directors, members of Senior Management and other people in key roles at CaixaBank and its Group, which is updated regularly.

The Policy is part of the Company's corporate governance system, and it includes the main aspects and commitments of the Company and its Group regarding the selection and evaluation of the suitability of directors and members of senior management and holders of key functions. The company agreed to review and update certain aspects of it in 2022.

As provided for in article 15 of the Regulations of the Board of Directors, the Appointments and Sustainability Committee is responsible for supervising compliance with this Policy. This Committee must, among other duties, analyse and propose the profiles of candidates to fill Board positions, considering diversity as an essential factor in the selection process and suitability, with a particular focus on gender diversity.

Within the framework of the Policy, and with a view to diversity, the following measures are established:

- Consideration, during the director selection and re-election procedures, of the goal of ensuring a governing body composition that is suitable and diverse, particularly in terms of diversity of gender, knowledge, training and professional experience, age and geographical origin in the composition of the Board, ensuring a suitable balance and facilitating the selection of candidates from the gender with the least representation. For this purpose, the candidate's suitability assessment reports shall include an assessment of how the candidate contributes to ensuring a diverse and appropriate composition of the Board of Directors.
- Annual assessment of the composition and competencies of the Board, considering the diversity aspects discussed previously and, in particular, the percentage of Board members of the less represented gender, taking action when there is a discrepancy.
- Preparation and update of a competency matrix, the results of which may serve to detect future needs relating to training or areas to improve in future appointments.

The CaixaBank Selection Policy[1] and, in particular, section 6.1 of the policy regarding the fundamental elements of the diversity policy in the Board of Directors and the Protocol on Procedures for assessing suitability and appointing directors and senior management, along with other key positions in CaixaBank and its group establish the obligation of the Appointments and Sustainability Committee to assess the collective suitability of the Board of Directors each year.

Adequate diversity in the composition of the Board is taken into account throughout the entire process of selection and suitability assessment at CaixaBank, considering, in particular, diversity of gender, training, professional experience, age, and geographic origin.

Recommendation 15 of the Good Governance Code currently establishes that the percentage of female directors should never be less than 30% of the total number of members of the Board of Directors and that by the end of 2022, the number of female directors should be at least 40% of the members of the Board of Directors. The percentage of women on the Board of Directors after the Ordinary General Shareholders' Meeting in May 2020 was 40%, above the target of 30% set by the Appointments Committee in 2019 to achieve in 2020. Following the extraordinary General Shareholders' Meeting of December 2020, the presence of female directors in CaixaBank's management body accounted for and continues to account for 40% of its members. This shows the Company's concern and firm commitment to meeting the target of 40% female representation on the Board of Directors.

In the annual evaluation of compliance with the above-mentioned Policy, the structure, size and composition are also deemed to be suitable, particularly with respect to gender diversity and diversity in training and professional experience, age and geographical origin, and also taking into account the individual suitability re-assessment of each director carried out by the Appointments Committee, which leads to the conclusion that the overall composition of the Board of Directors is suitable. And, it is noted that the operation, as well as the composition of the Board of Directors, have been suitable for the exercise and performance of its functions, in particular for the proper management of the company, especially taking into account the exceptional circumstances that have characterised the 2022 financial year.

[1] https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Espacio_accionista/Politicadeseleccionconsejoadmrev2020vaprobada17dic_en.pdf

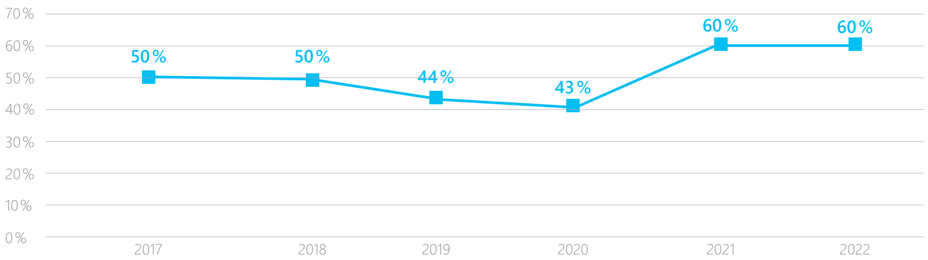
Matrix of the CaixaBank Board of Directors 2022

(Order of names according to corporate website page)

		José Ignacio Goirigolzarri	Tomás Muniesa	Gonzalo Gortázar	John S. Reed	Joaquín Ayuso	Francisco Javier Campo	Eva Castillo	Fernando María Ulrich	María Verónica Fisas	Cristina Garmendia	Mª Amparo Moraleda	Eduardo Javier Sanchiz	Teresa Santero	José Serna	Koro Usarraga
Position and category		Executive Chairman	Deputy Chairman Proprietary	CEO	Lead Independent Director	Independent	Independent	Independent	Other external	Independent	Independent	Independent	Independent	Proprietary	Proprietary	Independent
Training	Law			■				■		■					■	
	Economics, business	■	■	■				■	■	■	■	■	■	■	■	■
	Mathematics, physics, engineering, other science degrees				■	■	■				■	■				
	Other university degrees				■											
Senior management experience (Senior management board or senior management)	In Banking/Financial Sector	■	■	■	■			■	■						■	
	Other sectors					■	■	■	■	■	■	■	■			■
Experience in the financial sector	Credit institutions	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	Financial markets (other)	■	■	■	■	■	■	■	■		■		■		■	
Other experience	Academic sector - Research	■									■			■		
	Public Service/ Relations with Regulators		■		■				■		■			■	■	
	Corporate governance (including membership of governing bodies)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	Audit	■	■	■	■	■	■	■	■		■		■		■	■
	Risk management/ compliance	■	■	■	■	■	■	■	■	■		■	■			■
	Innovation and Technology	■		■				■			■	■				
	Environment, Climate Change						■				■	■				
International experience	Spain	■	■	■	■	■	■	■		■	■	■	■	■	■	■
	Portugal	■	■	■		■	■	■	■			■	■			
	Rest of Europe (including European institutions)	■		■		■	■	■	■		■	■	■	■		
	Other (USA, Latin America)	■		■	■	■	■	■	■	■	■	■	■	■		
Diversity of gender, geographical origin, age	Gender diversity							■		■	■	■		■		■
	Nationality	EN	EN	EN	USA	EN	EN	EN	PT	EN	EN	EN	EN	EN	EN	EN
	Age	68	70	57	83	67	67	60	70	58	60	58	66	63	80	65

In the last few years, the presence of independent directors and the gender diversity of the Board has progressively increased, and the target set in Recommendation 15 of the GCBG of having at least 40% female directors on the Board has been reached ahead of schedule as of the AGM in May 2020:

Evolution of independence



(C.1.4)	Number of female directors Financial year 2022	Financial year 2021	Financial year 2020	Financial year 2019	% of total Directors of each category Financial year 2022	Financial year 2021	Financial year 2020	Financial year 2019
Executive	-	-	-	-	0.00	0.00	0.00	0.00
Proprietary	1	1	2	2	33.33	33.33	28.57	25.00
Independent	5	5	4	4	55.55	55.55	66.67	57.14
Other external	-	-	-	-	0.00	0.00	0.00	0.00
Total	6	6	6	6	40.00	40.00	42.86	37.50

40% women
on the Board.

50% women
on the Remuneration Committee.

57% women
on the Executive Committee.

60% women
on the Innovation, and Digital Transformation Committee.

33% women
on the Risk Committee.

50% women
on the Audit and Control Committee.

20% women
on the Appointments and Sustainability Committee.

As a result, the CaixaBank Board can be said to be within the upper band of IBEX 35 companies in terms of the presence of women, according to the public information available on the composition of Boards of Directors of IBEX 35 companies at year-end 2022 (the average of which is 37.38%)[1].

[1] Average number of women sitting on the Board of IBEX 35 companies, calculated according to the public information available on the websites of the companies.

Executive Committee

7 Number of members

4 Independent Directors

Average attendance at sessions

No. of meetings in 2022[1]	22
José Ignacio Goirigolzarri	22/22
Tomás Muniesa	22/22
Gonzalo Gortázar	22/22
Eva Castillo	21/22
María Verónica Fisas	22/22
María Amparo Moraleda	20/22
Koro Usarraga	22/22

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

Composition

The composition of this committee, which is made up of the Chairman and CEO, must have at least two non-executive directors, at least one of whom is independent. The appointments of its members requires a vote in favour from at least two-thirds of the Board members.

Functions

The Executive Committee will be delegated all the responsibilities and powers available to it both legally and under the Bank's articles of association, and it will report back to the Board on the matters dealt with and the decisions made.

Appointments Committee Sustainability Committee

5 Number of members

4 Independent Directors

Attendance of members, in person or by proxy, at the Committee's meetings during 2022 was as follows:

No. of meetings in 2022[1]	11
John S. Reed	11/11
Francisco Javier Campo	10/11
Fernando María Ulrich[2]	11/11
María Amparo Moraleda[2]	9/11
Eduardo Javier Sanchiz	10/11

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

[2] Appointed on 17 February 2022.

Composition The Appointments and Sustainability Committee comprises a number of non-executive directors determined by the Board of Directors, with a minimum of 3 and a maximum of 5 members. A majority of its directors must be independent.

Members of the Appointments Committee are appointed by the Board of Directors at the proposal of the Committee itself, and the Chair of the Committee will be appointed from among the independent Directors that form part thereof.

Functions

Its duties include:

- Evaluating and proposing to the Board the assessment of skills, knowledge and experience required of Board members and key personnel.
- Submitting to the Board the proposals for the nomination of the independent directors to be appointed by co-option or for submission to the decision of the AGM, as well as the proposals for the reappointment or removal of such directors.
- Reporting on the appointment and, as the case may be, dismissal of the Coordinating Director, the Secretary and the Deputy Secretaries for approval by the Board.
- Reporting on proposals for the appointment or removal of senior executives, with the capacity to carry out such proposals directly when the Committee deems this necessary in the case of senior executives as a result of to their control or support duties concerning the Board or its committees. Propose the basic terms of the contracts of senior executives other than their pay and remuneration, and reporting those terms once they have been established.
- Examining and organising, under the supervision of the coordinating director and with the support of the Chairman of the Board, the succession of the latter and of the Company's chief executive and, as the case may be, sending proposals to the Board so that the succession process is suitably planned and takes place in an orderly fashion.

- Reporting to the Board on gender diversity issues, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge, and facilitate the selection of female directors, while establishing a representation target for the less represented sex on the Board, as well as preparing guidelines on how this should be achieved.

- Periodically evaluate, at least once a year, the structure, size, composition and actions of the Board and of its committees, its Chairman, CEO and Secretary, making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the coordinating director when assessing the performance of the Chairman. Evaluating the composition of the Management Committee, as well as its replacement lists, to ensure coverage as members come and go.

- Periodically reviewing the Board selection and appointment policy in relation to senior executives and making recommendations.

- Overseeing the compliance with the Company's rules and policies in environmental and social matters, regularly evaluating and reviewing them, with the aim of confirming that it is fulfilling its mission to promote the corporate interest and catering, where appropriate, to the legitimate interests of remaining stakeholders, as well as submitting the proposals it considers appropriate on this matter to the Board and, particularly, submitting the sustainability/corporate responsibility policy for approval. In addition, the Committee will ensure the Company's environmental and social practices are in accordance with the established strategy and policy.

- Reporting on the sustainability reports made public by the Company, prior to being submitted to the Board of Directors, including the review of the non-financial information contained in the annual management report; the socio-economic impact report and the master plan for socially responsible banking, ensuring the integrity of its content and compliance with applicable legislation and international benchmarks.

- Supervising the Company's activities with regards to responsibility, and submit to the Board the corporate responsibility/sustainability policy for approval.

Risk committees

6 Number of members

4 Independent Directors

Attendance of members, in person or by proxy, at the Committee's meetings during 2022 was as follows:

No. of meetings in 2022[1]	13
Eduardo Javier Sanchiz	12/13
Joaquín Ayuso	12/13
Fernando María Ulrich	13/13
María Verónica Fisas	13/13
Tomás Muniesa	13/13
Koro Usarraga	13/13

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

Composition

The Risk Committee is exclusively formed of Non-Executive Directors, with the relevant knowledge, skills and experience to fully understand and manage the Company's risk strategy and appetite, in the number determined by the Board of Directors, between a minimum of 3 and a maximum of 6 members, the majority of which being Independent Directors.

Functions

Its duties include:

- Advising the Board of Directors on the overall susceptibility to risk, current and future, of the Company and its strategy in this area, reporting on the risk appetite framework, assisting in the monitoring of the implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and implementing the monitoring of the appropriateness of the risks assumed and the profile established.

- Proposing the Group's risk policy to the Board.

- Ensuring that the pricing policy of the assets and liabilities offered to the clients fully consider the Company's business model and risk strategy.

- Working with the Board of Directors to determine the nature, quantity, format and frequency of the information concerning risks that the Board should receive and establishing the information that the Committee should receive.

- Regularly reviewing exposures with its main customers and business sectors, as well as broken down by geographic area and type of risk.

- Examining risk reporting and control processes, as well as its information systems and indicators.
- Overseeing the effectiveness of the risk control and management function.
- Appraising and making decisions in relation to regulatory compliance risk within the scope of its remit, broadly meaning the risk management of legal or regulatory sanctions, financial loss, material or reputational damage that the Company could sustain as a result of non-compliance with laws, rules, regulations, standards and codes of conduct, detecting and monitoring any risk of non-compliance and examining possible deficiencies.
- Overseeing the effectiveness of the regulatory compliance function.
- Report on new products and services or significant changes to existing ones.
- Cooperating with the Remuneration Committee to establish sound remuneration policies and practices. Examining if the incentive policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits, among other things.
- Assisting the Board of Directors in setting up effective reporting channels, ensuring the allocation of suitable resources the risk management and for the approval and periodic review of the strategies and policies with regard to risk assumption, management, supervision and reduction.
- Any others attributed to it by the law, the By-laws, the Regulations of the Board and other regulations applicable to the Company.

Remuneration Committee

4 Number of members

3 Independent Directors

Member attendance in 2022 was as follows:

No. of meetings in 2022[1]	9
Amparo Moraleda	9/9
Joaquín Ayuso	9/9
Cristina Garmendia	9/9
José Serna	8/9

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

Composition

The Remuneration Committee comprises a number of non-executive directors determined by the Board, with a minimum of 3 and a maximum of 5 members. A majority of its members must be independent directors. The Chair of the Committee will be appointed from among the Independent Directors sitting on the Committee.

Functions

Its duties include:

- Drafting the resolutions related to remuneration and, particularly, reporting and proposing to the Board the remuneration policy for the directors and senior management, the system and amount of annual remuneration for directors and senior managers, as well as the individual remuneration of the executive directors and senior managers, and the conditions of their contracts, without prejudice to the competences of the Appointments and Sustainability Committee in relation to any conditions not related to remuneration.
- Ensuring compliance with the remuneration policy for directors and senior managers, and reporting on the basic terms set out in the contracts of those individuals and the compliance thereof.
- Reporting and preparing the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the customers.
- Analysing, formulating and periodically reviewing remuneration programmes, weighing their adequacy and performance and ensuring compliance.
- Proposing to the Board the approval of the remuneration reports or policies that it is required to submit to the Annual General Meeting, as well as reporting to the Board on any remuneration-related proposals the Board may intend to bring to the Annual General Meeting.
- Ensuring that any conflicts of interest do not impair the independence of the external advice given to the Committee related to the exercise of its functions.
- Considering the suggestions it receives from the Company's Chairman, Board members, executives, and shareholders.

The Board committees, in accordance with the provisions of the Regulations of the Board and applicable legislation, draw up an annual report on its activities, which includes the assessment of its performance during the year. The annual reports on the activity of the Appointments and Sustainability Committee, the Remuneration Committee and the Audit and Control Committee are available on the Company's corporate website. www.caixabank.com.

Audit and Control Committee

6 Number of members

4 Independent Directors

Member attendance in 2022 was as follows:

No. of meetings in 2022[1]	13
Koro Usarraga	13/13
Francisco Javier Campo	12/13
Cristina Garmendia	13/13
Eduardo Javier Sanchiz	12/13
Teresa Santero	13/13
José Serna	13/13

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

Composition

The Audit and Control Committee comprises exclusively non-executive directors, in the number determined by the Board, between a minimum of 3 and a maximum of 7 members. The majority of the members of the Audit and Control Committee are independent directors.

The Committee will appoint a Chairman from among the independent directors. The Chairman must be replaced every 4 years and may be re-elected once a period of 1 year from his/her departure has transpired. The Chairman of the Committee acts as a spokesperson at meetings of the Board, and, as the case may be, at the Company's AGM. It may also appoint a Secretary and may appoint a Deputy Secretary. If no such appointments are made, the Secretary to the Board will assume these roles.

The Board will ensure that members of the Committee, particularly its Chairperson, have sufficient knowledge and experience in accounting, auditing or risk management, and in any other areas required for the Committee to fulfil all its duties.

Functions

Its duties include:

- Reporting to the AGM about matters raised that are within the Committee's remit, particularly on the result of the audit, explaining how this has contributed to the integrity of the financial information and the Committee's role in this process.
- Overseeing the process of elaborating and presenting mandatory financial and non-financial information regarding the Company and, where relevant, the Group, reviewing the accounts, compliance with regulatory requirements in this area, the adequate definition of the consolidation perimeter, and the correct application of generally accepted accounting criteria.
- Ensuring that the Board submits the annual Financial Statements and the management report to the AGM, without qualified opinions or reservations in the audit report and, if there are reservations, ensuring that the Committee's Chair and the auditors clearly explain the content and scope of those qualified opinions or reservations to shareholders.
- Reporting to the Board, in advance, on the financial information and related non-financial information that the Company must periodically disclose to the markets and its supervisory bodies.
- Overseeing the effectiveness of internal control systems, and discuss with the auditor any significant weaknesses identified in the internal control system during the audit, all without compromising its independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board and set a deadline for follow-up.
- Overseeing the effectiveness of the internal audit.
- Establishing and overseeing a mechanism enabling the Company's employees, or those of the group to which it belongs, to confidentially (and anonymously, if deemed appropriate) notify of any potentially significant irregularities they may observe within the Company, particularly those of a financial and accounting nature, receiving periodical reporting on its functioning and being able to propose the relevant measures for improvement and reduction of the risk of irregularities in the future.
- Monitoring the effectiveness of risk management and control systems, in coordination with the Risk Committee, where necessary.
- Establishing appropriate relationships with the external auditor and evaluating and monitoring these relationships.
- Monitoring compliance with regulations with respect to Related-Party Transactions and, previously, informing the Board of Directors on such transactions.

Innovation, Technology and Digital Transformation Committee

5 Number of members

3 Independent Directors

No. of meetings in 2022[1]	5
José Ignacio Goirigolzarri	5/5
Gonzalo Gortázar	5/5
Eva Castillo	5/5
Cristina Garmendia	5/5
Amparo Moraleda	5/5

[1] The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2022.

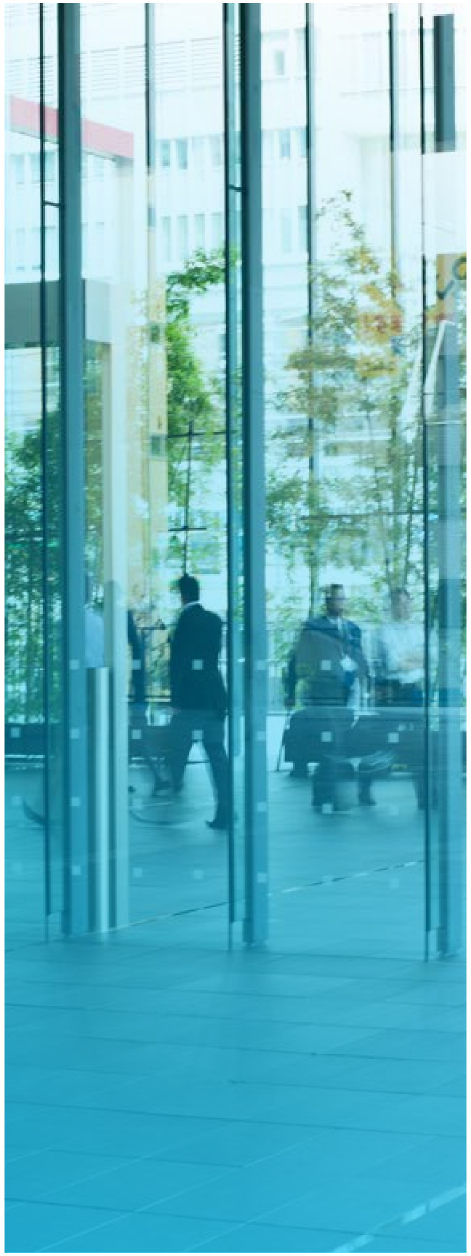
Composition

The Innovation, Technology and Digital Transformation Committee will be formed of a minimum of 3 and a maximum of 6 members. In all cases, the Chairman of the Board of Directors and the CEO shall sit on the Committee. The other members are appointed by the Board, on the recommendation of the Appointments and Sustainability Committee, paying close attention to the knowledge and experience of candidates on the subjects that fall within the Committee's remit.

Independent

Its duties include:

- Advising the Board on the implementation of the strategic plan in aspects relating to digital transformation and technological innovation and, in particular, reporting on plans and projects designed by CaixaBank in this field, as well as any new business models, products, customer relationships, etc. that may be developed.
- Fostering a climate of debate and reflection to allow the Board to spot new business opportunities emerging from technological developments, as well as possible threats.
- Supporting the Board of Directors in identifying, monitoring and analysing new competitors, new business models and the advances and main trends and initiatives relating to technological innovation while studying the factors that make certain innovations more likely to succeed and increase their transformation capacity.
- Supporting the Board of Directors in analysing the impact of technological innovations on market structure, the provision of financial services and customer habits. Among other aspects, the Committee will analyse the potential disruption of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and matters relating to the protection of privacy and data usage.
- Stimulating discussion and debating on the ethical and social implications deriving from the use of new technologies in the banking and insurance businesses.
- Supporting, in the exercise of their advisory functions, the Risk Committee and the Board of Directors in relation to the supervision of technological risks and aspects relating to cybersecurity, when they deem it appropriate.



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A.

Positions of directors in other listed or unlisted entities

Name of Director	Corporate name of the company	Position	Paid or not
José Ignacio Goirigolzarri	A.I.E. Advantere School of Management	Director	No
	Asociación Madrid Futuro	Member (CaixaBank Representative)	No
	Asociación Valenciana de Empresarios	Member (CaixaBank Representative)	No
	Spanish Chamber of Commerce	Member (CaixaBank Representative)	No
	Spanish Businessmen's Association	Member (CaixaBank Representative)	No
	Basque Businessmen's Association	Member	No
	Confederación Española de Cajas de Ahorro (CECA)	Vice-Chairman (CaixaBank Representative)	Yes
	Confederación Española de Directivos y Ejecutivos (CEDE)	Trustee (CaixaBank Representative)	No
	Confederación Española de Organizaciones Empresariales (CEOE)	Member of the Advisory Board (CaixaBank Representative)	No
	Consejo Empresarial Español para el Desarrollo Sostenible	Director (CaixaBank Representative)	No
	Deusto Business School	Chairman	No
	Foment del Treball Nacional	Member (CaixaBank Representative)	No
	Fundación Aspen Institute	Trustee (CaixaBank Representative)	No
	Fundación CaixaBank Dualiza	Chairman (CaixaBank Representative)	No
	Fundación Consejo España-EEUU	Honorary Trustee (CaixaBank Representative)	No
	Fundación COTEC para la Innovación	Vice-Chairman (CaixaBank Representative)	No
	Fundación de Ayuda contra la Drogadicción (FAD)	Trustee	No
	Fundación de Estudios de Economía Aplicada (FEDEA)	Chairman (CaixaBank Representative)	No
	Fundación Instituto Hermes	Member of the Advisory Board (CaixaBank Representative)	No
	Fundación LAB Mediterráneo	Trustee (CaixaBank Representative)	No
	Fundación Mobile Wold Capital Barcelona	Trustee (CaixaBank Representative)	No
	Fundación Pro Real Academia Española	Trustee	No
	Fundación Real Instituto Elcano	Trustee (CaixaBank Representative)	No
	Garum Fundatio Fundazioa	Chairman	No
	Institute of International Finance	Member (CaixaBank Representative)	No
	Instituto Benjamin Franklin - UAH	Chairman[1]	No

[1] *On 24 January 2023, he left the post of Chairman and remains a Member.*

Positions of directors in other listed or unlisted entities

Name of Director	Corporate name of the company	Position	Paid or not
Tomás Muniesa	Companhia de Seguros Allianz Portugal S.A.	Director (CaixaBank Representative)	No
	Fundación ESADE	Trustee (CaixaBank Representative)	No
	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Vice-Chairman (CaixaBank Representative)	Yes
Gonzalo Gortázar	Spanish Businessmen's Association	Member (CaixaBank Representative)	No
	Eurofi	Member (CaixaBank Representative)	No
	Fundación Consejo España-China	Trustee (CaixaBank Representative)	No
	Institute of International Finance	Member (CaixaBank Representative)	No
John S. Reed	American Cash Exchange Inc. (ACE)	Chairman	No
	Boston Athenaeum	Board Member	No
	National Bureau of Economic Research	Trust beneficiary	No
	American Academy of Arts and Sciences	Member	No
	American Philosophical Society	Member	No
Joaquín Ayuso	Adriano Care Socimi, S.A.	Chairman	Yes
	Club de Campo Villa de Madrid	Director	No
	Instituto Benjamin Franklin - UHA	Member of the Advisory Board	No
	Real Sociedad Hípica Española Club de Campo	Chairman	No
Francisco Javier Campo	Asociación Española de Codificación Comercial (AECOC)	Vice-chair and member of the Board of Directors (representative of CaixaBank)	No
	Asociación para el Progreso de la Dirección (APD)	Director	No
	Fundación CaixaBank Dualiza	Trustee (CaixaBank Representative)	No
	Fundación F. Campo	Trustee	No
	Fundación Iter	Trustee	No
	Meliá Hotels Internationals, S.A.	Director	Yes
Eva Castillo	A.I.E Advantere School of Management	Director	No
	Consejo para la Economía de la Santa Sede	Director	No
	Fundación Entreculturas Fé y Alegría	Trustee	No

Positions of directors in other listed or unlisted entities

Name of Director	Corporate name of the company	Position	Paid or not
Eva Castillo	Fundación Universitaria Comillas- ICAI.	Trustee	No
	International Consolidated Airlines Group, S.A. (IAG)	Director	Yes
María Verónica Fisas	National Association of Perfumery and Cosmetics (STANPA)	Chair of the Board of Directors	No
	Fundación Ricardo Fisas Natura Bissé	Trustee	No
	Fundación STANPA	Trustee (Representative of Asociación Nacional de Perfumería y Cosmética - STANPA)	No
	Natura Bissé Int. Dallas (USA)	Chairwoman (Representative of Natura Bissé International S.A.)	No
	Natura Bissé Int. LTD (UK)	Director (Representative of Natura Bissé International S.A.)	No
	Natura Bissé Int. S.A. de CV (México)	Chairwoman (Representative of Natura Bissé International S.A.)	No
	Natura Bissé International S.A.	CEO (Representative of Natura Bissé International S.A.)	Yes
	NB Selective Distribution S.L.	Joint Managing Director (Representative of Natura Bissé International S.A.)	No
	Natura Bissé International Trading (Shangai), CO., LTD	Joint Managing Director (Representative of Natura Bissé International S.A.)	No
Cristina Garmendia	Compañía de Distribución Integral Logista Holdings, S.A.	Director	Yes
	Fundación COTEC para la Innovación	Chairwoman (Representative of Ysios Capital Partners SGEIC, S.A.)	No
	Fundación España Constitucional	Trustee	No
	Fundación Pelayo	Trustee	No
	Fundación SEPI FSP	Trustee	No
	Jaizkibel 2007, S.L. (holding company)	Sole administrator	Yes
	Mediaset España Comunicación, S.A.	Director	Yes
	Ysios Asset Management, S.L.	Director	No
	Ysios Capital Partners CIV I, S.L.	Director	No
	Ysios Capital Partners CIV II, S.L.	Director	No
	Ysios Capital Partners CIV III, S.L.	Director	No
	Ysios Capital Partners SGEIC, S.A.	Director	Yes
	Asociación Española contra el Cáncer (AECC)	Member of the Advisory Board	No
	Fundación Mujeres por África	Member of the Advisory Board	No
	UNICEF, Comité español	Member of the Advisory Board	No

Positions of directors in other listed or unlisted entities

Name of Director	Corporate name of the company	Position	Paid or not
María Amparo Moraleda	Airbus Group. S.E.	Director	Yes
	Airbus Foundation	Trustee	No
	Fundación Curarte	Trustee	No
	Fundación MD Anderson International España	Trustee	No
	IESE	Board Member	No
	A.P. Møller-Mærsk A/S A.P.	Director	Yes
	Vodafone Foundation	Trustee	No
	Vodafone Group PLC	Director	Yes
Eduardo Javier Sanchiz	Pierre Fabre, S.A.	Director	Yes
	Sabadell - Asabys Health Innovation Investments 2B, S.C.R, S.A.	Director	Yes
José Serna	Asociación Española de Seniors de Golf	Deputy Chairman	No
Koro Usarraga	2005 KP Inversiones, S.L.	Solidarity Administrator	No
	Vehicle Testing Equipment, S.L. (wholly owned subsidiary of 2005 KP Inversiones, S.L.)	Solidarity Administrator	No
	Vocento, S.A.	Board member	Yes

Paid activities other than those listed above

Name of Director	Corporate name of the company	Position
Joaquín Ayuso	AT Kearney S.A.	Member of the Advisory Board
Francisco Javier Campo	AT Kearney S.A.	Member of the Advisory Board
	Grupo Empresarial Palacios Alimentación. S.A.	Partner and Member of the Advisory Board
	IPA Capital S.L. (Pastas Gallo)	Partner and Member of the Advisory Board
Cristina Garmendia	Integrated Service Solutions, S.L.	Member of the Advisory Board (Representative of Jaizkibel 2007, S.L.- Equity Company)
	Mckinsey & Company	Member of the Advisory Board
	S2 Grupo de Innovación en Procesos Organizativos, S.L.U.	Member of the Advisory Board
	Universidad Europea de Madrid, S.A.	Member of the Advisory Board
María Amparo Moraleda	Kearney, S.A.	Member of the Advisory Board
	ISS España	Member of the Advisory Board
	SAP Ibérica	Member of the Advisory Board
	Spencer Stuart	Member of the Advisory Board
Teresa Santero	Instituto de Empresa Madrid	Teacher

3.1.2 Internal control framework

The internal control framework is the set of strategies, policies, systems and procedures that exist in CaixaBank Group to ensure prudent business management and efficient operations. It is implemented through:

- adequate identification, measurement and mitigation of the risks to which the Group is or may be exposed
- the existence of complete, relevant, reliable and timely financial and non-financial information
- the adoption of sound administrative and accounting procedures, and
- compliance with supervisory regulations and requirements, codes of ethics and internal policies, processes and standards.

It is integrated into the Group's internal governance system and aligned with the business model, and is in accordance with: **i)** the regulations applicable to financial institutions; **ii)** the EBA Directives on Internal Governance of 21 July 2021, implementing internal governance requirements established in Directive 2013/36/EU of the European Parliament; **iii)** the recommendations of the CNMV on this matter and **iv)** other regulatory guidelines on control functions applicable to financial institutions.

The guidelines for the Group's internal control framework are set out in the Corporate Internal Control Policy, and are structured around the "three lines of defence model".

First line of defence

It comprises the business lines and units, together with the areas providing support, which give rise to the Group's exposure to risks in the performance of their operations. They assume risk, considering the Group's existing risk appetite, authorised risk limits and policies, existing procedures and controls, and managing these risks is part of their responsibility. They are therefore responsible for developing and implementing control processes and mechanisms to ensure that they identify, manage, measure, control, mitigate and report the main risks arising from their activities.

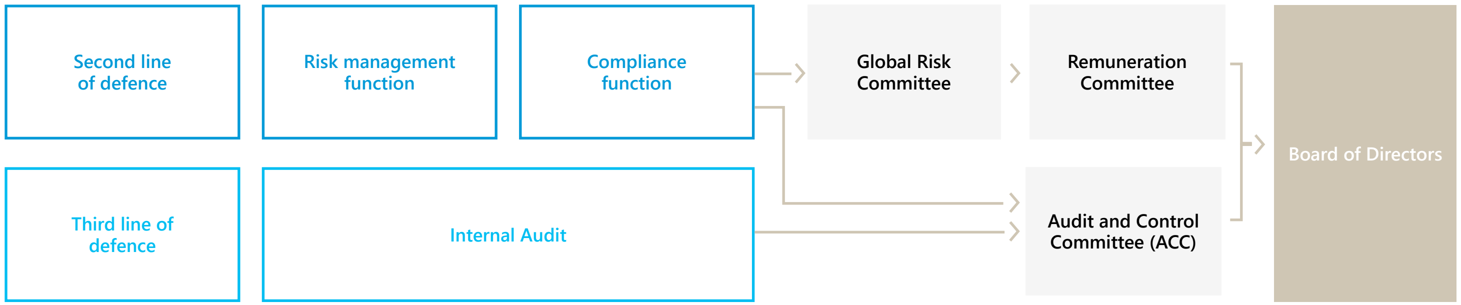
The business lines and support units integrate control into their daily activity as a basic element that reflects the Group's risk culture.

These functions may be embedded in the business units and support areas. However, when a situation's complexity or intensity require it, specific control units with greater specialism are set up to ensure that the risks are properly controlled.

Second line of defence

Consists of the risk management and compliance functions. They are responsible, among others, for:

- Establishing, in coordination with the first line of defence, risk management policies that are consistent with the RAF, and for assessing their compliance afterwards.
- Identifying, measuring and monitoring the risks (including emerging risks), and helping to define and implement risk indicators.
- Periodically monitoring the effectiveness of indicators and controls of the first line of defence, as well as indicators and controls inherent to the second line of defence.
- Monitoring control weaknesses that are identified, as well as establishing and implementing action plans to correct them.
- Expressing an opinion on the suitability of the risk control environment.



The activities of the second line of defence, as well as i) the identified weaknesses, ii) the monitoring of action plans and iii) the opinion on the adequacy of the control environment in the Group, are regularly reported to the bodies responsible for the control environment, following the established hierarchy, as well as to supervisory bodies.

- **Risk management function**

In addition to identifying, defining approval limits, measuring, monitoring, managing and reporting risks under its remit, it is responsible for i) ensuring all the risks to which the Group may be exposed are suitably identified, assessed, monitored and controlled; ii) providing the Governing Bodies with an aggregated view of all the risks to which the Group is or may be exposed, including an aggregated view of the operational oversight of risk processes; iii) monitoring the risk generating activities, assessing their adjustment to the approved risk tolerance and ensuring the prospective planning of the corresponding capital and liquidity needs in normal and adverse circumstances; iv) monitoring compliance with the risk appetite limits approved by the Board of Directors, and v) validating and ensuring the proper operation and governance of risk models, verifying their suitability in accordance with regulatory practices.

At CaixaBank, the risk management function is carried out by the Corporate Risk Management Function & Planning and Compliance and Control divisions, in accordance with the Risk Function Charter approved by the Board of Directors in January 2022, which is reviewed every two years. In March 2022, the first activity plan for the CaixaBank Group's risk management function for 2022 was presented, which has a global approach to risks, as established by this statute.

The **Corporate Risk Management Function & Planning** Division is responsible for coordinating the risk management function in CaixaBank Group; the direct exercise of the second line of defence functions for risks of a financial nature, as well as being responsible for setting the general risk management framework and other common aspects for financial and non-financial risks, and any cross-cutting aspects affecting the risk management activities carried out in the Group's companies. The manager of the Corporate Risk Management Function & Planning division is considered responsible for the risk management function of CaixaBank Group, and is thus the one who complies with the supervisor's requirements in this regard and performs the functions assigned to this position by the applicable regulations.

For its part, the **Compliance and Control Division** is responsible for the direct exercise of the second line of defence functions for non-financial risks; the Group-wide function of promoting, coordinating and governing the internal operational control activity for all the risks of the Entity, the reliability of the information and the risk model and model validation functions.

Information Reliability is defined as the absence of errors in the information, both financial[1] and non-financial[2], generated throughout the set of critical processes and activities for managing the risks to which CaixaBank Group is subject.

The Entity has a **Corporate Policy for the management and control of the reliability of information**, approved by the Board of Directors, which establishes a **reference framework** that allows for adequate management and control to guarantee the reliability of the relevant information generated in the Entity, standardising the criteria for control and verification activities.

[1] *Data and information necessary to assess CaixaBank Group's financial and equity position.*

[2] *Information that provides a holistic view of positioning in terms of environmental sustainability and which is directly related to environmental, social and governance aspects (ESG principles).*

With regard to the reliability of financial information, CaixaBank Group has established and formalised an Internal Control over Financial Reporting System (hereinafter, ICFR[1]), which is defined as the set of processes carried out to provide reasonable assurance regarding the reliability of the financial information published by the entity in the markets.

With regard to the Pillar 3 Disclosures, the second line of defence, which is responsible for providing reasonable assurance over the reliability of its financial information, has validated the existence of the necessary controls. These controls are in place to ensure the information's quality and integrity, thus guaranteeing that the information presented is accurate.

- **Compliance function**

The purpose of the compliance function is to identify, evaluate, oversee and report on the risks of sanctions or financial losses to which the entity is exposed as a result of its failure to comply or improper compliance with laws, regulations, legal or administrative requirements, codes of conduct, ethical standards and good practices involving its area of activity with reference to the legal/regulatory risks and conduct/compliance risks (jointly, "compliance risk"); as well as to advise, inform and assist senior management and governing bodies in regulatory compliance by promoting, through training, information and awareness-raising activities, a culture of compliance throughout the organisation.

The compliance function is carried out by the Compliance Division, which is part of the Compliance and Control Division, and which reports directly to the governing and supervisory bodies: Bank of Spain, Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (SEPBLAC), Treasury, CNMV and others.

The compliance function management model relies on two basic pillars: the taxonomy of compliance risks and the model of three lines of defence. The function uses the following key elements to ensure adequate coverage of the Compliance Risk: compliance programme, annual compliance plan and monitoring of gaps (control deficiencies or regulatory breaches) identified, and the action plans for mitigating them. The function also carries out advisory activities on the matters that fall under its responsibility, and carries out actions to foster a culture of compliance throughout the organisation (corporate training, awareness and challenges).

In January 2022, the Board of Directors approved the charter of the risk management function covering the second line risk management activities performed by the Compliance and Control function.

To enable compliance with the applicable regulations and codes of conduct, CaixaBank has a confidential whistleblowing and query channel that adheres to best practices and that may be used to ask questions about their interpretation and report possible irregularities that could result in breaches.

Finally, after CaixaBank obtained ISO 37301 certification for the Compliance Management System in July 2021, which entailed a comprehensive review of the elements that make up the function in order to confirm alignment with best regulatory practices, between June and July 2022 the annual monitoring audit was carried out by AENOR, confirming that CaixaBank's Compliance Management System complies with the requirements of the Standard and with the rest of the audit criteria.

Third line of defence

The Internal Audit is the third line of defence, independently overseeing the activities of the first and second lines of defence so as to provide reasonable certainty to Senior Management and the Board of Directors and Delegated Committees.

In order to set up and preserve the independence of the function, the Internal Audit Directorate functionally reports to the Chairman of the Audit and Control Committee of the Board of Directors, without prejudice to its reporting obligations to the Chairman of the Board of Directors for the due compliance of the Chairman's duties.

Internal Audit has a rule book governing how it operates, which has been approved by the Board of Directors. It establishes that it is an independent and objective assurance and consultation function, established to add value and improve operations. Its objective is to provide reasonable assurance to Senior Management and the Governing Bodies with regard to:

[1] *The ICFR is designed in accordance with the guidance established by the Spanish National Securities Market Regulator (CNMV) in its document "Guidelines on Internal Control over Financial Reporting in Listed Companies". Details of this function are presented in the Annual Corporate Governance Report for 2022, available on the corporate website, along with the activities carried out during the period.*

- The effectiveness and efficiency of internal control systems in offsetting the risks associated with the Group's activities.

- Compliance with prevailing legislation, especially the requirements of supervisory bodies and the appropriate application of the defined global management framework and risk appetite framework.

- Compliance with internal policies and regulations, and alignment with best practices and uses in the sector, for adequate internal governance of the Group.

- The reliability and integrity of information, including the effectiveness of the Internal Control over Financial and Non-Financial Reporting (ICFR and ICNFR).

Its main supervisory functions include:

- The adequacy, effectiveness and implementation of policies, regulations and procedures.

- The effectiveness of controls.

- Adequate measurement and monitoring of first line of defence and second line of defence indicators.

- The existence and correct implementation of action plans to remedy weaknesses of controls.

- The validation, monitoring and assessment of the control environment by the second line of defence.

Its functions also include:

1. Writing the Annual Audit Plan with a multi-year outlook based on the risk assessments, including requirements of regulators and tasks or projects requested by Senior Management and the Audit and Control Committee. In this regard, the 2022 Annual Audit Plan focused on six areas of special relevance: the post-merger with Bankia, the Entity's governance, the evolution of the loan portfolio in the macroeconomic environment (post-COVID portfolio quality and the Russia-Ukraine conflict), cybersecurity, profitability and sustainability.

2. Periodically reporting on the findings of works carried out and weaknesses detected to the Board of Directors and Delegated Committees, senior management, external auditors, supervisors and all other relevant control and management bodies.

3. Adding value by proposing recommendations to address weaknesses detected in reviews, and monitoring their implementation by the appropriate centres.

To this end, with regard to the risks of the Corporate Risk Taxonomy, Internal Audit assesses:

- The control environment and the functions assigned to the various units responsible for risks in the first and second line of defence.
- The procedures implemented for measuring, assessing and managing risks, and considering the relevant risk factors.
- Compliance with the internal regulations and the regulatory requirements in force.
- Economic regulatory capital calculation procedures.
- The adequacy of the reporting to Management and Governing Bodies and Delegated Committees for decision-making and regulatory reporting.
- The technology environment and applications used, both as regards information integrity and coherence of data used, as well as confidentiality of information, system availability and business continuity.

Meanwhile, with regard to Legal/Regulatory Risks, it reviews the control environment put in place to offset risks deriving from changes in legislation and the regulatory framework, and in the management of court proceedings. Likewise, for conduct and compliance risk, it verifies that the policies and procedures established in the Group are in line with the legal and regulatory framework and internal codes and standards.

In addition, Internal Audit reviews the internal capital and liquidity adequacy processes (ICAAP and ILAAP), the Recovery Plan, as well as this document, providing an objective and independent assessment of the compliance with governance established for each process and of the efficacy and efficiency of the control framework applied by the various areas involved.

3.1.3 Relevant committees in risk management and control

Below is the organisational diagram for risk management governance purposes:

Annual General Meeting

Directors

Board of Directors (BoD)

The Board of Directors is the highest decision making body, except for matters reserved for the annual general meeting. It decides on and tracks the business model, and is responsible for implementing a risk governance framework in line with the Company's risk propensity level. It includes the dissemination of a solid and diligent risk culture by setting the risk appetite defined in the Risk Appetite Framework. It monitors the result of the risk assessment process, establishes the Corporate Risk Catalogue, the internal governance and risk management and control policies.

Executive Committee

Representative body of the BoD that meets more often than the Board. It has delegated all the powers of the BoD that can be delegated.

Risk Committee

The Risk Committee advises the Board of Directors on the bank's risk strategy and global risk propensity, reports on the risk appetite framework and proposes the Group's risk policy to the Board.

Audit and Control Committee (ACC)

It oversees the effectiveness of the internal control, internal audit and financial and non-financial risk management systems. It oversees the process of preparing and submitting financial and non-financial information.

Remuneration and Sustainability Committee

It evaluates and proposes to the BoD its assessment of skills, knowledge and experience required of Board members and key CaixaBank personnel. It monitors and ensures the proper functioning of CaixaBank's corporate governance system, as well as compliance with environmental and social policies and rules.

Remuneration Committee

It establishes the general principles and governance framework of the remuneration policy for senior executives, and informs the general remuneration policy.

Remuneration Innovation, Technology and Digital Transformation Committee

It assists the BoD in all matters involving technological innovation and digital transformation, as well as in monitoring and analysing those trends and innovations that can affect the business strategy.

Senior Management[1]

Management Committee

The Chief Risk Officer and the Compliance and Control Director are members of the Management Committee.

- ALCO "Assets and Liabilities Committee"
- Transparency Committee
- Sustainability Committee
- Effectiveness Committee
- Regulation Committee
- Information Governance and Data Quality
- Committee Internal Control Body
- Recovery and Resolution Plans
- Committee Capital Committee

Permanent Lending Committee

Jointly approves asset operations, in compliance with the powers conferred to it by the Board of Directors.

Global Risk Committee

Under the presidency of the Corporate Risk Management Function & Planning (CRMF&P) and the vice-president of Compliance, the Global Risk Committee controls and monitors the general risks in the Group's Corporate Risk Catalogue, as well as the implications for managing liquidity, solvency and capital consumption.

- Credit Risk Policies Committee
- Global Recovery and Default Committee
- Operational Risk Committee
- Models Committee
- Impairment Committee
- Corporate Criminal Management Committee
- Reputational Risk Committee

[1]Acting within the framework of the assigned duties, it comprises several committees for risk governance, management and control.

N.B.: Not all committees are shown.

1. CaixaBank corporate bodies in the field of risk management:

Management Committee

The Management Committee is responsible for drafting the consolidated Strategic Plan and Budget for the Group, which are approved by the CaixaBank Board of Directors. It does so by adopting agreements, directly or through its delegated committees, that affect or may affect risk management.

It adopts agreements that affect the Group's organisational life. It also approves structural changes, appointments, expense lines and business strategies.

Permanent Credit Committee (PCC)

A committee that is responsible for officially approving loan, credit and guarantee operations, as well as investment operations in general that are specific to the Bank's corporate objective, pursuant to the powers vested in it by the Board of Directors, and its approval level is defined in the Bank's internal regulations.

Global Risk Committee (GRC)

Reports to the Risk Committee and is responsible for the overall management, control and monitoring of risks that may affect CaixaBank Group, as well as for assessing their implications for liquidity and solvency management, and regulatory and economic capital. It does so by analysing the Group's global risk position, directly or through its delegated committees, and it establishes policies or procedures to optimise their management, monitoring and control within the framework of the Group's strategic objectives.

The Global Risk Committee has the specific goal of adapting the risk strategy to the RAF set out by the Board of Directors, coordinating measures to mitigate any breaches and reactions to early warnings of the RAF, as well as keeping CaixaBank's Board of Directors informed, through the Risk Committee, of the main actions being carried out by the Group and the status of its risks.

The Global Risk Committee is not responsible for the approval or rejection of new operations, renewals, renegotiations, refinancing or restructuring.

2. Committees reporting to the Management Committee:

ALCO *"Assets and Liabilities Committee"*

This committee is responsible for the management, monitoring and control of structural liquidity, interest rate and exchange rate risks relating to CaixaBank's balance sheet. It is responsible for optimising the financial structure of the CaixaBank Group's balance sheet and making it more profitable, including the net interest margin and the windfall profits in the Profit from Financing Operations; determining transfer rates with the various lines of business (IGC/MIS); monitoring prices, terms and volumes of the activities that generate assets and liabilities; and managing wholesale financing. All of this, under the Risk Appetite Framework. and the risk limits approved by the Board of Directors.

Transparency Committee

Its function is to ensure that all aspects that have or may have an impact on the marketing of products and services are covered in order to ensure the appropriate protection of customers, through the transparency and understanding thereof, especially by retailers and consumers, and the suitability to their needs.

It is tasked with ensuring the transparent marketing of the Bank's products by defining policies covering marketing, the prevention of conflicts of interest, the safeguarding of customer assets and enhanced execution of transactions.

It also validates the classification of new financial instruments, banking products and savings and investment plans on the basis of their risk and complexity, in accordance with the provisions of MiFID and banking and insurance transparency regulations.

Reporting to the Transparency Committee, the Product Committee is the body responsible for approving any new product or service that is designed or marketed, after analysing its characteristics and associated risks as well as its suitability for the customer group for which it is intended. All of this is performed taking into account customer protection and transparency regulations.

Sustainability Committee

It is responsible for approving CaixaBank's strategy and practices and tracking them, as well as for proposing and presenting for approval by the corresponding Governing Bodies the general policies for managing corporate responsibility and reputation.

Its mission is to help CaixaBank to be recognised for its excellent sustainability management, strengthening the Bank's position through its socially responsible banking model.

Efficiency Committee

Its mission is to improve the organisation's efficiency, and it is responsible for proposing and agreeing with the Divisions and Subsidiaries the proposed annual cost and investment budgets, which are presented to the Management Committee for approval.

Regulation Committee

This committee is the decision-making body for all aspects related to financial regulation.

Its functions include spearheading the activity to represent the Bank's interests, as well as the systematisation of regulatory activities, and periodically assessing the initiatives carried out in this field. In addition, this committee coordinates the participation of the executives in associations and forums at national and international level.

Information and Data Quality Governance Committee (IDQGC)

This committee's function is to oversee the coherence, consistency and quality of the information reported to the supervisor and to the Group's management, providing a cross-cutting view at all times.

Among its main functions, the Committee defines the data management strategy, promoting the value of information and data as a corporate asset, and critical and differentiating factor; promotes the definition of the policy regulating the information and data quality governance framework; and approves data quality targets (criticality, indicators, tolerance thresholds, quality plans), monitoring these and reporting to the various governing bodies.

Internal Control Group

Responsible for promoting the development and implementation of AML/TF policies and procedures for the Group.

This is a collegiate body at the Group level, responsible for deliberating on and taking decisions as set out in Act 10/2010 of 28 April on Anti-money laundering and prevention of terrorism financing.

Recovery and Resolution Plan Committee (RRPC)

This committee is responsible for preparing, approving, reviewing and updating plans to minimise the impact of future financial crises on contributors.

In the preparation process of the Recovery Plan, the RRPC determines the scope of the plan and the areas that are implicated, it proposes updates at least annually in accordance with the applicable regulations, and it leads the project, supervising and monitoring the drafting process, which is performed by the Project Office. This Office comprises a specialised team from the Solvency and Results Department and it is responsible for the operational coordination of most aspects relating to the Recovery and Resolution Plan, as well as for ordinary communications with the supervisor and monitoring regulations in this sphere. The RRPC also coordinates all information requests sent by both Spanish and European resolution authorities such as the Bank of Spain, FROB or the Single Resolution Board.

Capital Committee

Its function is to give capital management a systematic and exhaustive level of analysis, in order to encourage a comprehensive vision, debate and decision-making, from all points of view and with the involvement of all the organisational groupings whose sphere of management has a direct impact on the Entity's capital management.

3. Committees reporting to the Global Risk Committee:

Credit Risk Policy Committee

Its mission is to approve, or where applicable, take note of, and monitor the policies and criteria related to the granting and management of credit risk.

Its competences include approving the general principles, guidelines and policies involved in granting credit risk, as well as those involved in mitigating and managing non-performing assets and recovering impaired risks.

The Credit Risk Policy Committee, together with the Product Committee, must ensure that the risk and operational components of new products are adapted to and aligned with the framework established by Management.

Global Recovery and Delinquency Committee

It is responsible for reviewing and monitoring aspects related to non-performing and foreclosed assets.

It proposes policies to mitigate and manage non peroforming assets (NPAs) and recover impaired assets and it oversees and monitors compliance with the recovery and default targets set, and liaises with the various areas to take the steps needed to redress any deviations.

Operational Risk Committee

It analyses and monitors the Group's operational risk profile, and proposes the corresponding management measures.

It is responsible, within the comprehensive operational risk management framework, for implementing, reviewing and communicating the operational risk management framework, as well as identifying critical points and establishing operational risk control and mitigation procedures.

Models Committee

It is responsible for reviewing and formally approving, as well as managing, controlling and monitoring the models and parameters of regulated and non-regulated credit risk, (including admission, monitoring and recovery), market risk (including counterparty – credit risk in the Treasury activity), operational risk, liquidity risk, structural balance risk, planning and studies, as well as for any methodology derived from the control function that it carries out. These include calculating economic capital, regulatory capital and expected loss, and estimating risk metrics (risk-adjusted return – RAR).

Impairment Committee

It is responsible for establishing and monitoring the accounting translation of the credit quality impairment of the risks assumed (classification of impairment and determination of provisions), both arising from the use of collective models and the individual analysis of exposures.

Corporate Criminal Management Committee

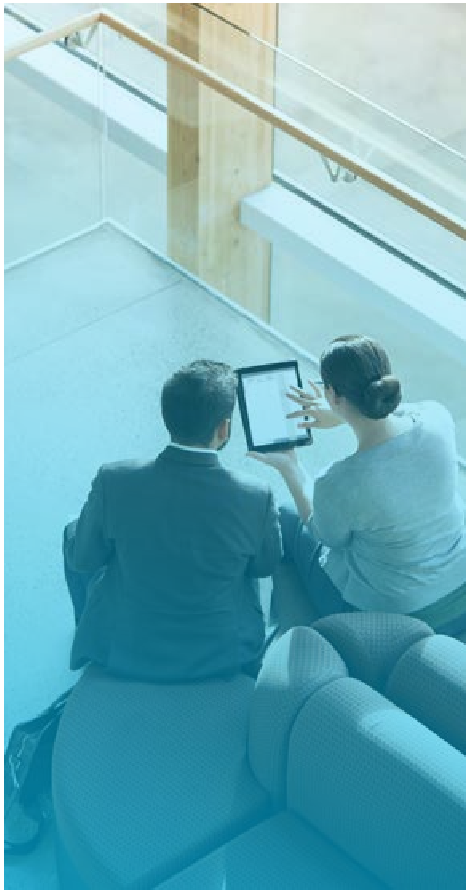
It manages any observations or reports made through any channel regarding the prevention of and response to criminal conduct. The Committee's main functions are: prevention, detection, response, report and monitoring of the model.

This committee is responsible for organising and managing crime-prevention activities, including all procedures, measures and controls that exist in the Group. Its main purpose is to devise a system for preventing and responding to any criminal conduct applicable to legal entities; it achieves all this through taking action and implementing controls to reduce the risk of any such crimes being perpetrated.

Reputational Risk Committee

It is responsible for coordinating, approving, managing and promoting the CaixaBank Group's initiatives and strategies in the area of reputation and reputational risk, and to track its management, as established by the Board of Directors in the Risk Appetite Framework (RAF).

Its mission is to help CaixaBank be recognised for its excellent reputation, as well as to prevent and mitigate any reputational risk resulting from its activity.



3.1.4 Organisational structure

Risk Directorate

The Risk Directorate is structured as follows:

- **Retail Lending Office,** responsible for the comprehensive management of the retail portfolio, promoting risk transformation and innovation projects, providing credit risk characterisation and quantification models and metrics, accompany the teams in defining the needs in information systems, promote the use of the corporate data model as a single corporate source of reliable data for the use of information and reporting, and conducting end-to-end control and monitoring of non-performing loan portfolios.

- **Company Lending Office:** Responsible for the comprehensive management of the portfolio of all other business segments and specialised sectors (Businesses; Corporate; Institutional; Sovereign, Country and Financial Institution; Real estate; Project Finance, Tourism and Agri-Food).

- **Retail Default and Recovery:** responsible for managing and monitoring exposures over 90 days past due, including positions that have been classified as written-off risk. This management involves both the management of the teams of specialists of the recovery function located in the regional network, and the centralised management of the management processes that they decide to outsource at any given time.

  Includes negotiating solutions with these customers and, where applicable, applying non-amicable solutions to recover the debt (recovery of collateral, insolvency proceedings, legal actions, etc.).

- **Non-performing Loans and Corporate Restructuring:** responsible for managing and monitoring the corporate portfolio (except large corporates) with unpaid exposures over 90 days past due, including positions that have been classified as written-off risk.

  This management involves both the management of the teams of specialists of the recovery function located in the regional network, and the centralised management of the management processes that they decide to outsource at any given time. Includes negotiating solutions with these customers and, where applicable, applying non-amicable solutions to recover the debt (recovery of collateral, insolvency proceedings, legal actions, etc.).

- **Restructuring of Large Corporates and Singular Portfolios:** responsible for managing and monitoring the large corporates portfolio that have operations that evidence signs of deteriorating credit rating, and thus independently of whether the operations have defaults over 90 days old, including positions that have been classified as written-off risk.

  This management involves the centralised oversight of the management processes that are decided to be outsourced at any given time. Includes negotiating solutions with these customers and, where applicable, applying non-amicable solutions to recover the debt (recovery of collateral, insolvency proceedings, legal actions, etc.).

- **Foreclosed Real Estate Assets:** responsible for defining, implementing and monitoring policies associated with property management and integrating the real estate activity into global NPL management. It also monitors and tracks property investments and divestments, verifies compliance with regulatory requirements in real estate activity and reports to Governing Bodies on real estate activity.

- **Corporate Risk Management Function & Planning (CRMF&P):** its responsibilities include coordinating the risk management function in CaixaBank Group; the direct exercise of the second line of defence functions for risks of a financial nature, as well as being responsible for setting the general risk management framework and other common aspects for financial and non-financial risks, and any cross-cutting aspects affecting the risk management activities carried out in the Group's companies.

  It is responsible for determining limits and defining risk concession, management and mitigation policies, and it acts independently from the risk-taking areas and has direct access to the Group's Governance Bodies, especially the Risk Committee, reporting regularly to the members thereof on the status of and expected changes to the Group's risk profile.

  The manager of the Corporate Risk Management Function & Planning division is considered responsible for the risk management function of CaixaBank Group, and is thus the one who complies with the supervisor's requirements in this regard and performs the functions assigned to this position by the applicable regulations.

It is organised in six areas:

Structural and Market Risks

Responsible for the valuation of financial instruments, as well as the quantification and monitoring of market, counterparty, liquidity, structural rate, actuarial and fiduciary risk assumed; this area also strives to ensure compliance with general policies and authorised management models in order for them to be accepted, which includes monitoring compliance with approved limits. Likewise, its coordination with the Compliance and Control team allows it to have a holistic view of the assumption, management and control of non-financial risks, exercising second-line functions linked to these risks, including sustainability, when they have a cross-cutting impact on the positioning and management of financial risks and the business model.

Enterprise Risk Management & Planning

It coordinates risk identification, laid out in the Corporate Risk Catalogue, it updates and tracks the Risk Appetite Framework (RAF) and Risk Assessment, and provides general information for Senior Management and the supervisor. It is responsible for the global risk management policy map and the global framework for the corporate structure of the risk management function, along with other Group-wide aspects. It also performs the second line of defence for business profitability and capital and solvency risks.

Planning, Impairment and Regulatory Capital Coordinates risk planning with the financial area and the areas of the Risk Department

It budgets and tracks the performance of assets, non-performing assets and provisions; it integrates and governs the recognition of impairment in the accounting records; and it is responsible for calculating and analysing the regulatory capital for credit risk consumption, and for the overall integration of capital consumption.

Regulated Credit Risk Models

Responsible for the regulated credit risk models and for defining the thresholds that determine the monitoring rating of exposures that do not rely on individual analysis, based on the level of risk evidenced by the alert monitoring systems available for each portfolio.

Credit Risk Policy and Information

Responsible for the governance framework, review and coordination of credit risk policies; the management of securitisations; second-line controlling processes linked to credit risk; and regulatory reporting and information, and managing the profile of the portfolio (monitoring and control panels).

Sectoral Monitoring and Analysis, and Large Exposures

Responsible for monitoring, staging and provisioning of large exposures and portfolios with specific characteristics; and monitoring of the sector and of borrowers defined as individually significant.

Compliance and Control Office

The Compliance and Control Office also performs second line of defence functions under the following organisational structure:

Compliance, the purpose of the compliance function is to identify, evaluate, oversee and report on the risks of sanctions or financial losses to which the entity is exposed as a result of its failure to comply or improper compliance with laws, regulations, legal or administrative requirements, codes of conduct, ethical standards and good practices involving its area of activity with reference to the legal/regulatory risks and conduct and compliance risks (Compliance Risk); it also advises, informs and assists senior management and governing bodies in regulatory compliance by promoting, through training, information and awareness-raising activities, a culture of compliance throughout the organisation. Its mission is articulated through the supervision of compliance risk arising from the processes and activities carried out; fostering, encouraging and promoting corporate values and principles; and promotion of a culture of control and compliance with the laws and regulations in force (both external and internal) that allows and favours their integration into the management of the entire organisation.

Non-Financial Risks, whose functions consist of identifying, measuring, assessing, managing, mitigating and reporting operational risk and reputational risk as a whole, excluding compliance functions.It also assumes the role of second line of defence in the management of ESG risks, with the support of the Corporate Risk Management Function & Planning departments (in cases that have an effective impact on the frameworks, limits or concession policies for taking positions, management or mitigation of credit investment portfolios, financial portfolios and any other type of financial risk assumption or business model) and of Compliance (when there are regulatory implications).

Internal Control and Validation, which includes:

- **Model Validation and Risk**, which manages and controls the model risk to ensure that reliable models are available and designed according to best practices and to contribute to agility and efficiency in processes, overseeing the good governance of models.

It is the Internal Validation unit that, following the guidelines set by Model Risk, conducts the controls and activities necessary to issue an independent technical opinion on models that allow model risk management to keep levels of exposure to model risk within the outlined tolerance thresholds, at all times.

- **Risk Process Control** performs the Group-wide function of promoting, coordinating and governing the internal operational control activity for all the risks of the Entity, and it provides an overview of the internal control environment of risk processes. It assesses the effectiveness of the controls established by the process owners on a recurring basis and, whenever feasible, in an automated way through control indicators (KCIs). It monitors the control framework of each process through a system for generating alerts and action plans.

- **Reliability of information**

Internal Audit Directorate

To guarantee the independence and powers of the audit function, the Internal Audit Directorate reports to the Audit and Control Committee – a specialist board committee – and also reports to the Chairman of the Board of Directors. This ensures the independence and authority of the Internal Audit function, which performs independent and objective advisory and consulting activities.

3.2 Strategic risk management processes

The goal of strategic risk management processes to identify, measure, monitor, control and report risks. To this end, the processes include three fundamental elements, as described below: the risk assessment (identification and assessment), the risk catalogue (taxonomy and definition) and the risk appetite framework (monitoring).

The result of the strategic processes is reported at least annually, first to the Global Risk Committee and then to the Risk Committee, before finally being submitted to the Board of Directors for approval.

3.2.1. Risk Assessment

The Group conducts a risk self-assessment process every six months, seeking to:

- Identify and assess the inherent risks assumed by the Group according to its environment and business model.
- Make a self-assessment of its risk management, control and governance capacity, as a tool to help detect best practices and weaknesses in relation to risks.

This process makes it possible to determine the status of each of the material risks identified in the Corporate Risk Catalogue and, taking into account the internal governance assessment, to determine the Group's risk profile.

Risk Assessment is one of the main sources for identifying:

- **Emerging risks:** risks whose materiality or importance is increasing such that they could be explicitly included in the Corporate Risk Catalogue.
- **Strategic events:** the most relevant events that can result in a significant impact for the Group in the medium term. It solely considers events that have not yet materialised and are not part of the Catalogue, but to which the Company's strategy is exposed, although the severity of the impact of these events can be mitigated through management. If a strategic event occurs, the impact may be on one or more of the risks of the Catalogue simultaneously. Of note are:

• Shocks resulting from the geopolitical and macroeconomic environment.
• New competitors and the application of new technologies.
• Cybercrime and data protection.
• Changes in the legal, regulatory or supervisory framework.
• Pandemics and other extreme events.

3.2.2. Corporate Risk Catalogue

The Corporate Risk Catalogue is the Group's risk taxonomy. It covers both the definition of the material risks to which the institution is exposed, and it defines emerging risks and strategic events.

It facilitates internal and external monitoring and reporting and is subject to periodic review, at least on an annual basis. This update process also assesses the materiality of the emerging risks previously identified in the Risk Assessment process.

Each risk is listed below, together with its definition and its relationship with the structure of this document.

	Corporate Risk Catalogue		Pillar 3 Disclosures	
Cross-risks	Business profitability	Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns greater than the cost of capital.	**5. Business profitability risk**	
Cross-risks	Own funds and capital adequacy	Risk caused by constraints on the CaixaBank Group's ability to adapt its level of own funds to regulatory requirements or to a change in its risk profile.	**4. Capital**	
Cross-risks	Reputational	Potential financial loss or lower income for the Group as a result of events that negatively affect the perception that interest groups have of CaixaBank Group.	**6. Reputational risk**	
Financial risks	Credit	Loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Includes the risk generated by operations in the financial markets (counterparty risk)	**7. Credit risk**	**7.1 Fixed-income credit investment and non-debt assets** **7.2 Counterparty risk** **7.3 Securitisations** **7.4 Equity portfolio**
Financial risks	Actuarial	Risk of a loss or adverse change to the value of the commitment assumed through insurance or pension contracts with customers or employees due to the differences between the estimated actuarial variables used in the tariff model and reserves and the actual performance of these.	**8. Actuarial risk**	
Financial risks	Rate risk in the banking book	Negative impact on the economic value of balance sheet items or on the net interest margin due to changes in the structure of interest rates over time and the impact thereof on asset and liability instruments and off-balance sheet items not held in the trading portfolio.	**9. Structural rate risk**	
Financial risks	Liquidity and funding	Risk of insufficient liquid assets or limited access to market financing to meet the contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.	**10. Liquidity and funding risk**	
Financial risks	Market	Loss of value, with impact on results or solvency, of a portfolio (set of assets and liabilities), due to adverse movements in prices or market rates.	**11. Market risk**	
Operational risk	Conduct and Compliance	The application of criteria that run contrary to the interests of its customers and stakeholders, or acts or omissions by the Group that are not compliant with the legal or regulatory framework, or with internal policies, regulations or procedures, or with codes of conduct, ethical standards and good practice.	**12. Operational risk**	**12.4.1. Conduct and compliance risk**
Operational risk	Legal and regulatory	The potential loss or decrease in the profitability of CaixaBank Group as a result of changes in the legislation, the improper implementation or interpretation of said legislation in CaixaBank Group processes and its various operations, improper management of legal and administrative requirements or claims or complaints received.		**12.4.2. Legal and regulatory risk**
Operational risk	Technological	Losses due to the unsuitability or failures of the hardware or software of technological infrastructures, due to cyber attacks or other circumstances, which can compromise the availability, integrity, accessibility and security of infrastructure and data.		**12.4.3. IT risk**
Operational risk	Model	Potential adverse consequences for the Group arising from decisions based mainly on the results of internal models with errors in the construction, application or use thereof.		**12.4.4 Model risk**
Operational risk	Other operational risks	Risk of loss or damage caused by errors or shortcomings in processes, due to external events or due to the accidental or intentional actions of third parties outside the Group. This includes risk factors related to outsourcing, business continuity and external fraud.		**12.4.5. Other operational risks**

Include sub-risks affected by the Sustainability factor (ESG)

The most relevant changes to this year's review are:

- The risk of information reliability is removed, as it is considered not so much a risk as a set of processes that are absolutely critical and necessary to create a robust control environment that minimises the possibility of error in the generation of information for risk monitoring and management.

- **Sustainability risk (ESG) is considered as a transversal factor affecting various risks in the Catalogue (credit, reputational and other operational risks), and mentions of climate change and other environmental risks are also included in the definitions of legal and regulatory risk.** Liquidity and market risks are not explicitly mentioned given the low level of materiality applicable to them, but in any case it has been assessed that the stress tests carried out are of sufficient magnitude to include impacts in these areas of climate-related origin.

3.2.3. Risk Appetite Framework (RAF)

The Risk Appetite Framework ("RAF") is a comprehensive and forward-looking tool, with a structural nature, used by the Board of Directors to determine the types and thresholds of risk (Risk Appetite) it is willing to assume to achieve the Group's strategic objectives. These objectives are formalised through qualitative statements regarding risk appetite, as expressed by the Board of Directors, and the metrics and thresholds that allow the activity's development to be monitored for the different risks in the Corporate Catalogue.

To determine the thresholds, as applicable, the requirements of the applicable regulation/law, historical trends and business objectives are taken as a reference, with a sufficient additional margin to allow steps to be taken early and thus avoid non-compliance.

The infographic below shows the RAF's global structure and the main metrics for the different risks in the catalogue.

Body responsible

Equivalence in Risk Catalogue

Board of Directors (advised by the Risk Committee)

Statements and primary metrics
LEVEL 1

Global Risk Committee

Metrics that supplement and implement those of **LEVEL 1**
LEVEL 2

Management areas / controllers of Risk and Human Resources

Management levers
LEVEL 3

Priority dimensions

Qualitative declarations

- Maintain a medium-low (moderate) risk profile, with comfortable capital adequacy, to reinforce customer confidence through financial soundness to have a stable and diversified funding base to preserve and protect the interests of its depositors
- Generate income and capital in a balanced and diversified way
- Align the business strategy and customer relationship with responsible social action by applying the highest ethical and governance standards, as well as by considering potential impacts on climate change and the environment
- Promote an internal risk culture that is integrated into management through policies, communication and staff training
- Pursue operational excellence, quality and resilience so as to continue providing financial services to our customers in accordance with their expectations, even in adverse scenarios.

Cross-cutting risks

- Business profitability
- Shareholders' equity and solvency
- Reputational

- Profitability ratios
- Regulatory solvency ratios
- Quantitative metrics on non-financial risks (i.e. reputational)

Financial risks

- Credit
- Actuarial
- Structural rate
- Liquidity and funding
- Market

- Calculations based on advanced models and methodologies
- Accounting parameters (cost of risk and NPL ratio)
- Indicators that promote diversification (per borrower, sector, etc.)
- Internal regulatory liquidity metrics that ensure that comfortable liquidity levels are maintained.

Operational risk

- Conduct and compliance
- Legal and regulatory
- Technological
- Model
- Other operational risks

- Quantitative metrics on non-financial risks (i.e. operational)
- Metrics of the number of compliance incidents

Level 2 (Global Risk Committee):

- Detailed metrics that derive from the factorial decomposition of Level 1 metrics or from a greater breakdown. They also incorporate more complex and specialised risk measurement elements

Level 3 (Management areas / controllers of Risk and Human Resources):

- Training and communication
- Methodologies for measuring risks and evaluating assets and liabilities (RAF monitoring)
- Limits, policies and powers
- Incentives and appointments
- Tools and processes

Alert System Reports

Monthly to the Global Risk Committee

- ● **Appetite**
- ● **Tolerance**
  - The Global Risk Committee promotes an action plan and draws up a schedule.
- ● **Non-compliance**
  - The Global Risk Committee monitors the action plan and communicates to the Risk Committee
- ● **Recovery Plan**
  - Governance Process of the Recovery Plan to reduce the possibility of bankruptcy

Quarterly to the Risk Committee

- Trend of metrics and **LEVEL-1** protection
- Non-compliance and action plans.

Half-yearly to the Board of Directors

- Trend of metrics and **LEVEL-1** protection
- Non-compliance and action plans.

Level 1

Level 2

Using reference thresholds

3.3 Risk culture

The Group's risk culture encompasses the behaviours and attitudes towards risk and its management that are exhibited by employees, which reflect the values, objectives and practices shared by the Group and is integrated into management through its policies, communication and staff training.

This culture influences management and employee decisions in their daily activity, and is intended to avoid behaviours that could unwittingly increase risks or lead to non-manageable risks. It relies on a high level of risk awareness and management, a solid governance structure, an open and critical dialogue in the organisation, and the absence of incentives for the unjustified assumption of risks.

The actions and decisions that involve undertaking risk are:

- Consistent with the corporate values and the core principles of the Group's activity.
- Consistent with the Group's risk appetite and risk strategy.
- Based on a thorough knowledge of the risks involved and how to manage them, including environmental, social and governance factors.

The risk culture includes, among others, the following elements:

Responsibility

CaixaBank's Board of Directors is responsible for establishing and supervising the implementation of a sound and diligent risk culture in the organisation that promotes conduct that is consistent with the identification and mitigation of risks. It will consider the impact of this culture on financial stability, risk profile and the appropriate governance of the entity, and will make changes when necessary.

All employees must be fully aware of their risk management responsibilities; responsibilities that correspond not only to risk experts and internal control functions, since business units are primarily responsible for the day-to-day management of risks.

Communication

CaixaBank's management assists the governing bodies in establishing and communicating the risk culture to the rest of the organisation, ensuring that all members of the organisation know the fundamental values and expectations associated with risk management. This is essential for maintaining a robust framework that is consistent with the Group's risk profile.

Accordingly, the Risk Culture project, which seeks to raise awareness of the importance of all employees in risk management (credit, environmental, etc.) in order to be a solid and sustainable bank, has marked a turning point in spreading the risk culture to the entire Entity. Within the framework of this project, different actions have been carried out to spread the risk culture to all CaixaBank employees by publishing news related to risk projects on the intranet, among others.

In the risk news channel on the intranet during the year 2022, news items have been published explaining the most relevant projects and disseminating risk management concepts in a generic way. These initiatives include the communication of the Code of Best Practices for risk management of the ICO COVID line, the development and deployment of the risk exposure limits tool for large companies (LEX), and the implementation of the first phase of the Environmental Risk Reports (IRMA) for eligible customers within the Corporate Policy on sustainability/ESG risk management.

Furthermore, the corporate risk intranets (Company and Retail) are a dynamic environment for directly communicating key updates in the risk environment. The news content, institutional and sector information, training and FAQs are noteworthy.

Training

Training is a fundamental mechanism in the Group for internalising the risk culture and ensuring that employees have the appropriate skills to carry out their functions while being full aware of their responsibility to assume the risk needed to achieve the Group's objectives. To this end, CaixaBank provides regular training tailored to functions and profiles, in accordance with the business strategy, which allows employees to be familiar with the company's risk management

policies, procedures and processes, including a study of the changes introduced in the applicable legal and regulatory frameworks.

The Bank's main training programmes and initiatives are set out below.

Since 2015, a large number of employees have been certified in MiFID II through various certifications, such as a graduate degree in financial advisory services, or the graduate course in financial information and guidance (CIAF) from the UPF - Barcelona School of Management, and others have obtained a Certificate in Wealth Management from the Chartered Institute for Securities & Investment (CISI). A total of 32,175 people have been accredited in these programmes and other courses certified by the CNMV. This makes the Group the first Spanish financial institution to certify employees' training with a post-graduate university diploma in Financial Advisory and with a prestigious international qualification in the financial sector.

In the specific area of Risk activity, the training contents are defined, both in the functions of support to the Governing Bodies and Senior Management, with specific contents that facilitate high-level decision-making, and in the rest of the organisation's functions, especially with regard to professionals in the branch network. This is carried out to ensure: communication of the RAF throughout the whole organisation; the decentralisation of decision-making; the updating of risk analysis competencies; and optimisation of risk quality.

The Group structures its training programme through the Risk School. It sees training as a strategic tool to provide support to business areas, whilst providing a conduit for disseminating the Group's risk policies, providing training, information and tools for all the staff. The proposal comprises a training calendar for specialising in risk management, which will be linked to the professional development of all employees, from Retail Banking staff to specialists in any field.

The aim is for employees to have an adequate knowledge of:

- The financial system and the risks in the economic environment and banking business.
- The organisation and operation of risk management in the Group.
- The processes and tools associated with lending transactions, covering the admission and monitoring, through to renegotiation and recovery, where necessary.
- Different lending products and the risks inherent to each one, together with legislation applicable to credit agreements.

In September 2015 the Risk School launched its first Risk Analysis Certificate course (aimed at sales managers) and the first postgraduate diploma in Risk Analysis, – specialising in retail banking and awarded by the Pompeu Fabra University – Barcelona School of Management (UPF–BSM) (aimed at branch managers and deputy managers). Since then, more than 9,500 staff have either obtained or are in the process of obtaining risk qualifications. The first Master's Certificate in Banking Branch Management was awarded in May 2018, also by the UPF-BSM. This master's degree is awarded to employees who have obtained the following three postgraduate qualifications: Financial Advice, Banking Risk Analysis, and Expert in Saving and Forecasting.

The following training on risk has been provided by the Risk School:

Postgraduate diploma in Banking Risk Analysis: university diploma for commercial branch deputy managers and managers and other stakeholders who, given their role, may be involved in approving loans or may require in-depth knowledge of risk.

This postgraduate course began with its first edition in 2015, and reached its 8th Retail edition in 2022. In total, there are 1,937 employees in this speciality

During 2022, the 4th edition of the postgraduate course in its business speciality was completed. In total, 423 employees completed this course.

- **Specialist training in risks for AgroBank:** intended for employees of the AgroBank branch network. Since 2018, 2,105 employees have completed this training.

- **Specialist training in risks for BusinessBank branches:** aimed at employees of the BusinessBank branch network. Since 2018, 631 employees have completed this course.

- **Specialist training for Private Banking branches:** aimed at employees of the Bank's Private Banking network. Since this initiative was launched in 2018, a total of 595 employees have completed it.

Specific training courses were also run on the following topics:

- **Training on the new Real Estate Credit Contracts Act 5/2019:** specialisation course at the Barcelona School of Management-Pompeu Fabra University, which assisted in designing the content and certifying the courses. During the year 2022, 28,278 employees were certified throughout the organisation with this or equivalent certificates.

- **Documentary Compliance and Data Quality training:** this training was taken by more than 20,293 professionals, seeking to strengthen the institutional awareness of risk aspects such as documentary integrity and the quality of data entered into the systems.

- **Basic Financial-Economic Analysis – Course:** aimed at the retail network and company centres, included in Welcome Banca Empresas, Welcome BusinessBank. Completed by the end of 2022 for a total of 474 employees.

- **Training in Risk Management and Business Banking:** during 2022, following the merger with Bankia in 2021, a training course on risk policies continued to be developed specifically for the group of professionals in the Risks area from the integration. Completed to date by 610 employees.

- **Briefing sessions on Corporate Policy on Sustainability/ESG Risk Management** During 2022, briefing sessions were delivered on sustainability in all the Risk Admission Centres and International Branches in order to ensure that ESG aspects are considered in customer admission and monitoring criteria and in the approval of financing transactions.

- **ESG training:** Throughout 2022, a total of 343,173 hours of training on sustainability were delivered to 31,315 employees. This training included: **i)** a course on the adaptation of the suitability test for MiFID II and the investment proposal, **ii)** a training course on in-depth knowledge of ESG topics, **iii)** a course on sustainable finance development and **iv)** training on and certification of sustainable investment for Premier Banking managers advisers.

Performance assessment and remuneration

The Group works to ensure that the motivation of its employees is consistent with its risk culture and compliance with the levels of risk that the Board is prepared to take on. Thus, responsibility for risk management is incorporated, insofar as it is appropriate to the functions performed by employees, into their personal objectives, performance reviews and remuneration structures.

There are compensation schemes in remuneration policies that lay out adjustments to the remuneration of senior managers and other groups whose activities have a significant impact on the risk profile, and are directly related to the annual evolution of RAF metrics, as detailed in the Annual Remuneration Report.

3.4. ESG cross-cutting factor (Sustainability)

As presented in section 3.2.2, sustainability/ESG risk is considered a cross-cutting factor affecting several risks in the Entity's Corporate Risk Catalogue.

Treatment of ESG risks and management standards

ESG (environmental, social and governance) risks involve financial and/or reputational impacts from factors traditionally considered as non-financial. Of these, the potentially most material in the short, medium and long term are those related to the negative effects of climate change (physical risks) and the negative effects of the measures adopted to combat it (transitional risks).

There are transmission channels from ESG risks (especially climatic) to traditional risks (credit, operational, market, liquidity, reputational and business return) that support their treatment as factors of traditional risks rather than as stand-alone or independent risks. This is also the approach mainly adopted by the financial institutions and regulators/supervisors alike.

ESG Risks

Climate risks

Transition Risk
- Regulation
- Technological development
- Market variations

Physical risks

Acute
- Floods
- fires

Chronic
- Temperatures increase
- Changes in rainfall
- Increase in sea level

Physical risks

Environmental degradation
- Loss of biodiversity
- Contamination
- Deforestation

Social Risks
- Social policy changes
- Changes in market sentiment

Governance
- Inappropriate management E&S risks
- Non-compliance with governance framework

Transmission channels

Corporates
- Damage to property
- Loss of value of assets and new expenses and disruption of business

Individuals
- Reduction in purchasing power
- Damage to property

Macroeconomics
- Changes to prices
- Changes in productivity
- Labour market frictions

Financial Risks

Credit risks
- Customer defaults
- Depreciation of collateral

Market risks
- Revaluation of equities, fixed income, commodities, etc.

Operational risks
- Changes in distribution chains, closure of branches, business continuity, damage to physical assets, compliance and conduct

Reputational risks
- Deterioration of competitive capacity due to deterioration of confidence

Liquidity risk
- Increase in demand for liquidity, refinancing risk

Business/strategic risk:
- Results below market expectations for targets

Environmental, social, governance and economic effects

Economic and financial effects

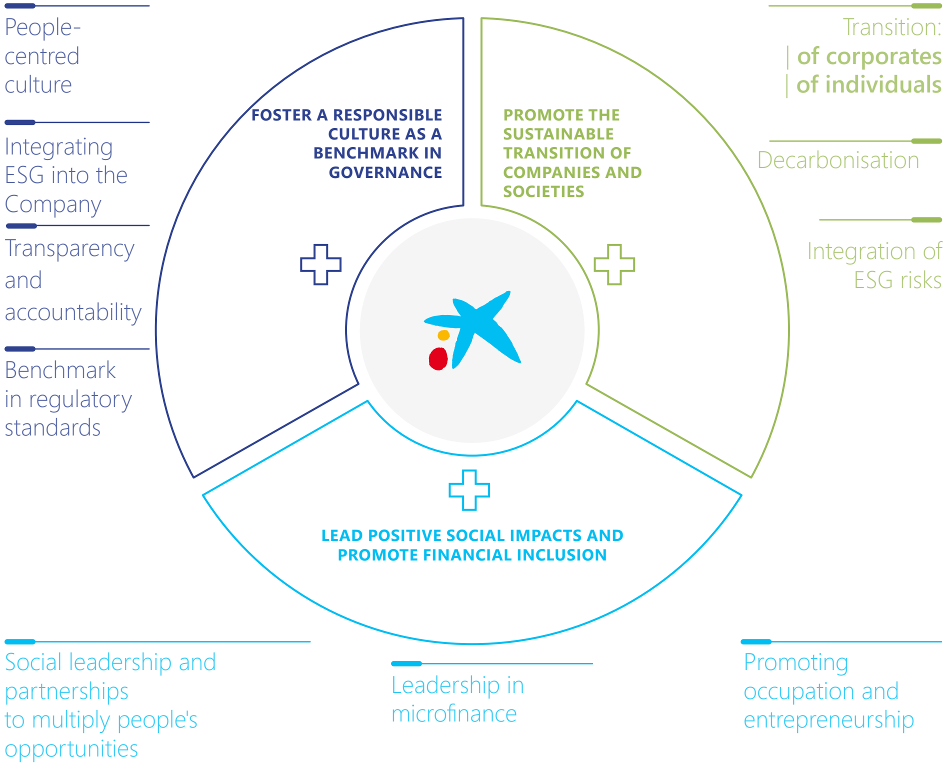
2022-2024 Strategic Plan

One of CaixaBank's three strategic priorities within the framework of the 2022-2024 Strategic Plan for the Group **is to be a benchmark for sustainability in Europe**, by promoting the sustainable transition of companies and society, a positive social impact and financial inclusion, and a responsible culture.

In 2021 CaixaBank worked on a **Sustainability Master Plan (Sustainable Banking Plan)** for the period 2022-2024. More than 30 bank departments and 200 professionals from different departments took part in preparing this plan, and it was approved by the Board of Directors on 15 December 2021. The Master Plan is part of the Bank's Strategic Plan and is one of its main lines of action, reflecting CaixaBank's aspiration to consolidate its position as a benchmark in sustainability. This ambition is consistent with the over century-old tradition of a firm social commitment and the work of the "la Caixa" Foundation, the bank's leading shareholder.

CaixaBank is developing its sustainable ambition through active listening and dialogue, rigorous methodologies for measuring and managing data, and an ESG communication strategy for external awareness. To achieve the bank's commitment to society, the 2022-2024 Sustainable Banking Plan is based on three ambitions and eleven strategic lines:

- Promoting the sustainable transition of companies and society, offering sustainable solutions in financing and investment, with a focus on energy efficiency, mobility and sustainable housing; ESG advice with a commitment to decarbonise the Group's credit and investment portfolio. In addition, CaixaBank, as a founding member of the United Nations Net Zero Banking Alliance (NZBA) initiative, published in October 2022 its first decarbonisation targets by 2030 for the most GHG intensive sectors of the Bank's credit portfolio.
- Leading positive social impact and promoting financial inclusion through MicroBank, a Group company **(Social and ethical banking | MicroBank | CaixaBank)**, volunteering and social action, promoting microfinance solutions and maintaining its commitment to the rural world, adapting the service channels to the needs of the different customer groups.
- Promoting a responsible culture by being a benchmark in governance through best practices in culture, reporting and responsible marketing, accompanied by effective and transparent communication on ESG issues.



With the Sustainable Banking Plan as a guideline, we have set to achieve the following targets over the next three years:

COMMITMENTS OF THE SUSTAINABILITY MASTER PLAN 2022-2024

GLOBAL

€64 billion mobilised in **sustainable finance**[1].

Maintain **Category "A"** in the synthetic sustainability indicator[2].

TRANSFORMATION

413,300 beneficiaries of MicroBank, the CaixaBank Group's social bank[3].

ENVIRONMENTAL

Advance the decarbonisation of the portfolio to reach **zero net emissions by 2050**

GOOD GOVERNANCE

42% of **women** in **managerial** positions[4].

[1] Sustainable finance mobilisation is the sum of the following items:

Sustainable Retail financing, as the sum of the formalised amount of: green mortgages (with "A" or "B"energy efficiency certificate), financing for renovation of homes, financing of hybrid/electric vehicles and microloans granted by MicroBank.

Sustainable Corporate financing, as the sum of the formalised amount of: sustainable financing for customers in the Business, Developer and CIB (Corporate and Institutional Banking) segments.

Amount of CaixaBank's proportional share of its customers' issuance and placement of sustainable bonds (green, social or mixed);

Net increase in Assets under management (AuM) in CaixaBank Asset Management in products classified under Art. 8 and 9 of the SFDR. The change includes the market effect.

Gross increase in Assets under management (AuM) in VidaCaixa, in products classified under Art. 8 and Art. 9 of the SFDR. The calculation considers gross contributions to Pension Funds, Voluntary Social Welfare Schemes and Unit Linked. In 2023 and 2024, it will also include contributions from dependency insurance.

[2] Synthetic ESG index created by CaixaBank based on a methodology developed by KPMG that provides aggregate information from the main ESG analysis institutions. The indicator objectively weights the results obtained by the Entity in the scores awarded by the main international ESG analysts (S&P Global-DJSI, Sustainalytics, MSCI and ISS ESG).

[3] Number of holders and co-holders of microloans granted by MicroBank in the 2022-2024 period.

[4] % of women in managerial positions from deputy managers of large branches and up (category of branches A and B).

CaixaBank

3.4.1 Environmental risk

1. Business strategy and processes

Framed within the Sustainability Master Plan, CaixaBank has developed an Environmental and Climate Strategy that aims to contribute to the transition to a carbon neutral economy by financing and investing in sustainable projects, managing environmental and climate risk, and reducing the direct impact of its operations.

The deployment of the Environmental and Climate Strategy, incorporated into the 2022-2024 Sustainability Master Plan, in order to actively manage environmental risks and those associated with climate change and move towards zero net emissions.

Considering the complementarity of emissions reduction with economic growth, the transition to a carbon-neutral economy not only involves risks for companies, but also business opportunities. To contribute to its materialisation, it is necessary to continue offering viable solutions that meet the expectations and needs of our customers and stakeholders. As part of these solutions, CaixaBank has been actively involved in financing renewable energy, infrastructure and sustainable agriculture projects for years, among other initiatives. Socially responsible investment is also promoted through the asset manager and pension plan manager (For further information, see section "Sustainable Business" of CaixaBank's 2022 Consolidated Management Report).

Since 2018, CaixaBank is currently operationally carbon neutral, and as mentioned beforehand, within the framework of the commitment assumed under the NZBA, it is working to ensure that its financing portfolio is also net greenhouse gas neutral by 2050.

The scope of climate change requires public-private collaboration and a multisectoral approach. CaixaBank regularly participates in working groups and associations dedicated to advancing environmental issues, including the United Nations Environment Programme Finance Initiative (UNEP FI[1]) and the Spanish Group for Green Growth.

In addition, CaixaBank in the Climate Change Statement, approved by its Board of Directors in January 2022, reflects the Entity's environmental and climate commitment through the following lines of action:

- Support viable projects that are compatible with a carbon-neutral economy and climate change solutions.
- Manage climate change risks and move towards emission neutrality in the lending and investment portfolio.
- Minimise and offset the operational carbon footprint.
- Promote dialogue on sustainable transition and collaborate with other organisations to move forward together.
- Report progress in a transparent manner.

Climate change also opens business opportunities in the mobilisation of capital towards investments that pursue sustainable and inclusive growth. CaixaBank offers its customers products that integrate environmental, social and governance criteria and promotes environmentally sustainable activities that contribute to the transition to a low-carbon economy.

CaixaBank has a Financing Framework linked to the SDGs (CaixaBank Sustainable Development Goals (SDGs) Funding Framework), under which it issues financial instruments, such as bonds, that finance the bank's green, social and/or sustainable financing activity. To encourage the origination of green/social/sustainable transactions by the Bank's business teams, the Bank has an internal incentive mechanism in place to promote sustainable financing. The application of this incentive for green assets eligible for the Framework came into force in the financial year 2022 and its extension to social assets comes into force in the financial year 2023. As a result, the business areas are more aware of the positive impacts that can be generated through financing activities, including the financing of activities that contribute to mitigating and adapting to climate change[2].

[1] *United Nations Environment Programme Finance Initiative.*

[2] *For further details, see section "Mobilisation of sustainable finances" under section Sustainable Business of the Management Report of December 2022.*

economic returns for investors, but also promotes management that is coherent with the creation of value for society at large, pursuing a social and environmental benefit[1].

Targets, goals and limits

Of the ESG targets, goals and limits of the Sustainable Banking Plan for 2024, the most relevant for the environmental strategy are shown in the following table:

		2020	2021	2022	2023	2024	2030
Global operational emissions (t CO_2e)[2]			24,886	-12.9 %	-15.8 %	-19.3 %	
Renewable energy consumption			98.78 %	100 %	100 %	100 %	
Operating emissions offset			100 %[4]	100 %	100 %	100 %	
Paper consumption (kg)			1,246,224	-8 %	-12 %	-15 %	
Energy consumption (kWh)			301,271,514	-6 %	-8 %	-10 %	
Mobilising sustainable finance (thousand €M)			16.5	19.2	40.2	64	
Financed emissions	Oil & Gas (Mt CO_2e)	26.9					-23 %
	Electricity (kg CO_2e/MWh)	136					-30 %

From... to...
Cumulative target

Details of the presented figures are shown in the Metrics and targets chapter.

[1] *For further details, see section "Responsible investment" in section Sustainable Business of the Management Report of December 2022.*

[2] *For the calculation of the scope 1 target, CaixaBank's cooling gas emissions data will take the average for the period 2019-2021 as the baseline year. For the calculation of the scope 3 target, CaixaBank's corporate travel issuance data will take as the baseline year 2019 (prior to COVID-19 restrictions). The target is framed within the same perimeter reported in 2021. Scope 3 does not include category 15, Investments. The Scope 3 perimeter calculated in 2021 consisted in the sum of historical Scope 3 perimeters of each entity (CaixaBank and Bankia). To calculate the achievement of the 2022, 2023 and 2024 targets, a new unified perimeter pending publication will be used; therefore, the achievement of these targets cannot be assessed using the 2021 emissions data published in this report as a reference.*

With regard to the target of net zero emissions, in April 2021 CaixaBank adhered, as a founding member, to the Net Zero Banking Alliance promoted by the UNEP FI, by means of which it commits to achieving net zero emissions by 2050 and publishing intermediate decarbonisation targets by 2022, within the first 18 months of the adherence in the more material sectors and within 36 months in all priority sectors.

CaixaBank has prioritised in a first stage, the electric and oil and gas sectors; the most relevant at a global level in terms of GHG emissions. The first decarbonisation targets for 2030 for these sectors were disclosed in October 2022:

Sector	Scope of emissions	Target	Scenario	Base year (2020)	Target (2030)	Target metric (2030)
Electric	1	Physical intensity	IEA Net Zero 2050	136 kgCO_2e/ MWh	-30%	95 kgCO_2e/MWh
Oil & Gas	1, 2, 3	Calculation of financed emissions	IEA Net Zero 2050	26.9 MtCO_2e	-23%	20.7 MtCO_2e

For details on the design of the objectives, see section "Financed footprint and decarbonisation targets" of "CaixaBank's 2021 - June 2022 Climate Report".

Environmental Management Plan

CaixaBank's 2022-2024 Sustainable Banking Plan includes the 2022-2024 Environmental Management Plan, with eight lines of action that aim to reduce the direct impact of the CaixaBank Group's activity:

01 **Governance in environmental management.**

02 **Climate Change: operational carbon footprint, renewable energy consumption and emissions compensation.**

03 **Environmentalisation of procurement and contracts.**

04 **Environmentalisation of the catalogue of non-financial products.**

05 **Commitment to the circular economy.**

06 **Sustainable Mobility Plan.**

07 **Promotion of efficiency.**

08 **Renewal of voluntary certifications and extension of scope.**

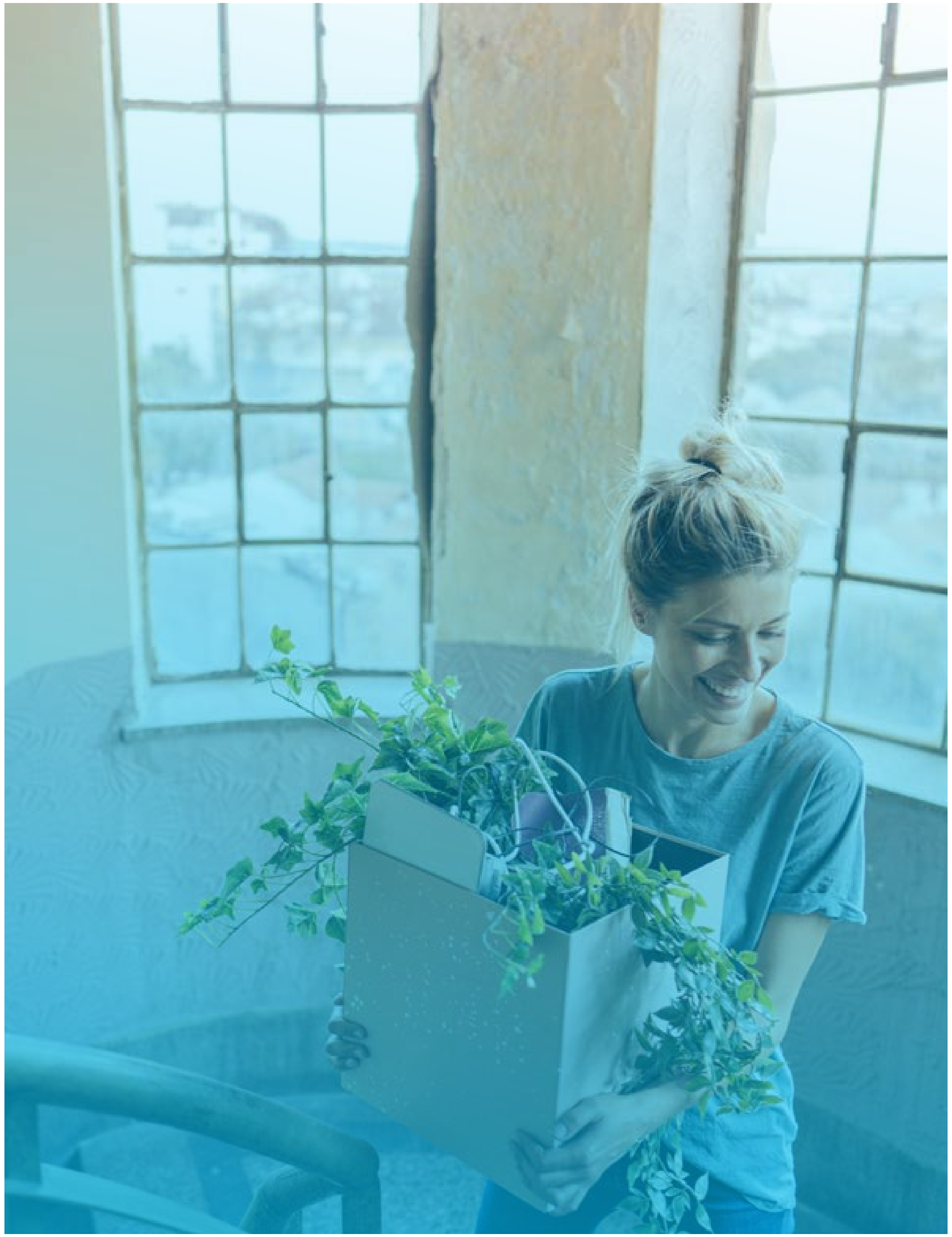
For further details, see section "Responsible investment" in section Sustainable Business of the Management Report of December 2022.

The 2022-2024 Environmental Management Plan sets quantitative targets for all the years of the plan, which will allow measuring the degree of success of its implementation:

Indicators	2022	2022	2023	2024
	objective	actual	objective	objective
Scope 1 (vs 2021)	-7%	-10%	-10%	-15%
Scope 2 (vs. 2021)	-100%	-100%	-100%	-100%
Operational scope 3 (vs 2021)	-12%	-38%	-15%	-18%
Scopes 1, 2 and 3_2 emissions reduced (vs 2021)	-12.90%	-31.74%	-16%	-19%
Carbon Neutral. Scopes 1, 2 and 3 and operational CO2 emissions reduced 3 (vs 2021)	100%	100%	100%	100%
Renewable energy consumption	100%	100%	100%	100%
Reduction of A4 paper consumption (vs 2021)	-8%	-34.6%	-12%	-15%
Savings in energy consumption (vs 2021)	-6%	-14.1%	-8%	-10%
Environmental certifications in main buildings (vs. 11 certifications 2021)	2	2	3	4

One of the milestones reached in 2022 is the certification through guarantees of renewable origin of all the energy consumed by the Group, so that the zero emissions target in Scope 2 has been reached.

For more information, see section "Environmental Management Plan" of CaixaBank's 2022 Consolidated Management Report.



2. Governance

Sustainability governance in general, including climate change, is one of CaixaBank's priorities. For this reason, the Board of Directors is responsible for the approval of the strategy and the Principles of Sustainability, as well as for monitoring their correct implementation. To this end, a sustainability governance system has been structured through the Governing Bodies (mainly through the Board of Directors, Appointments and Sustainability Committee, Risk Committee and Audit and Control Committee) and corporate bodies (Management Committee), complemented by other internal committees and areas of the Entity (Sustainability Committee and Sustainability Department).

GOVERNING BODIES

Appointments and Sustainability Committee

Supervises compliance with the Entity's environmental and social policies and rules

Risk Committee

Proposes the Group's risks policy to the Board, including ESG matters

BOTH ARE ON THE **BOARD OF DIRECTORS**

MANAGEMENT BODIES

Sustainability Address

Approves the lines of action in the area of Sustainability

Sustainability Committee

Ensure successful implementation of the sustainability strategy and its promotion within the organisation.

Sustainability Department

Defines and updates the sustainability strategy, monitors it and updates the Sustainability Action Principles of CaixaBank

In addition, the **Audit and Control Committee** has functions related to non-financial reporting and the effectiveness of internal control systems.

The **Global Risk Committee** manages, controls and supervises the risks that the Group may incur.

Furthermore, the Risk Committee is responsible, among other functions, for proposing the Group's risk policy to the Board of Directors and examining the Group's risk information and control processes. This Committee periodically reviews issues related to the management of sustainability and, in particular, climate-related risks.

The highest management body with responsibility for managing sustainability risk, including climate and environmental risk, is the Sustainability Committee, a representative body of the Management Committee, to which it reports directly. In addition, when applicable, it reports to the Appointments and Sustainability Committee, and in matters related to the sustainability risk policies to the Global Risk Committee, which submits them to the Risk Committee. Both the Appointments and Sustainability Committee and the Risk Committee are representative committees of the Board of Directors.

The Sustainability Committee reports to the Sustainability Director, who is a member of the Management Committee. Among other functions, this Committee is responsible for overseeing the Sustainability Master Plan and monitoring projects and initiatives to implement the Sustainability Master Plan, promoting the integration of sustainability criteria in business management, knowing and analysing the regulatory requirements in terms of sustainability, reviewing and approving the information to be disclosed regarding sustainability.

The Sustainability Department is responsible for coordinating the definition, updating and monitoring of the Group's sustainability strategy, including the implementation of these Principles. With this objective, and to coordinate and monitor the implementation of the Sustainability Master Plan, an internal weekly work group has been set up to monitor the Plan, in which the entire Sustainability Management is involved. Additionally, the Sustainability Committee reviews the degree of progress in implementing the Master Plan, including the first level KPIs, on a quarterly basis. The Appointments and Sustainability Committee is informed every six months of the progress and status of the Master Plan (in 2022, the first year of implementation of the Master Plan, the Appointments and Sustainability Committee and the Board of Directors were informed in the fourth quarter). Members of committees may request the establishment of new actions in the event that the objectives are not achieved or new areas of priority attention are identified.

Other committees and bodies seek to increase the positive impacts and avoid, mitigate or reduce the negative impacts of certain issues that cut across the Bank's entire range of activities. These include the Diversity Committee, the Transparency Committee and the Product Committee.

Within the Sustainability Department, Sustainability Risk Management is responsible for defining the principles of action in relation to managing ESG risks, as well as advising on their application criteria, validating these and transferring them to the corresponding analysis tools. To specifically enhance the oversight of climate risks, in January 2022 the Climate Risk Management was created within the Sustainability Office.

In addition to the Sustainability Management, there are specialised staff totally or partially engaged in managing sustainability risks in other departments of the Entity, including the Business, Risk, Non-Financial Risks and Audit departments.

In March 2022, the Board of Directors approved the Corporate Policy on Sustainability/ ESG Risk Management, which consolidates the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence Sector and establishes the criteria for ESG analysis in the processes of customer admission and approval of the Entity's credit financing operations. This policy governs the ESG risk management, including climate risks, in admission processes and establishes general and sectoral exclusions linked to activities that may have a significant impact on human rights, the environment and the climate, in which CaixaBank will not assume credit risk. General exclusions apply to all customers (no new projects that have a negative impact on natural or cultural heritage, high-value biodiversity areas or areas susceptible of suffering water stress, or companies on which there is solid evidence that they use child or forced labour, have participated in violations of human rights or do not have health and safety policies in place to protect their workers are provided financing), while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fisheries, livestock and forestry sectors.

The pillars on which CaixaBank Group's ESG risk governance framework is based, which are established in the Corporate policy for managing sustainability/ESG risks, are as follows:

- Compliance with the principles set out in the Corporate policy on sustainability/ESG risk management by CaixaBank Group companies within their scope.
- CaixaBank's corporate supervision, as the Group's parent company.
- Alignment of strategies between Group companies, and alignment with best practices, supervisory expectations and current regulations.
- Maximum involvement of the Governing Bodies and management of Group companies.
- Internal control framework based on the three lines of defence model[1] that guarantees the strict segregation of functions and the existence of several layers of independent control.
- Incorporation into the current processes for onboarding customers, issuing loans and proprietary investments, as well as enforcing the governance that applies thereto in order to encourage greater and better integration of ESG in decision-making and minimise redundant processes, which could hamper commercial or investing activities.

[1] *See section 3.1.2 Internal control framework.*

Remuneration

From January 2022, the variable remuneration of Executive Directors, similar to the model applicable to the other members of the Group's Identified Staff, consists of a risk-adjusted variable remuneration scheme based on performance measurement that is awarded annually on the basis of annual metrics with a long-term adjustment through the establishment of multi-year metrics.

Annual factors, with quantitative corporate (financial) and qualitative corporate (non-financial) criteria, which must be specified and clearly documented, are used for performance measurement and for the evaluation of individual results.

With the aim of aligning the variable remuneration with the sustainability and good corporate governance goals, in 2022 the weight of metrics linked to ESG factors, such as sustainability, quality and conduct and compliance, was increased in the annual and long-term variable remuneration schemes. This greater weight provided to the ESG factors affects Executive Directors, Senior Management and the Central Services staff, which have incorporated sustainability criteria that condition their variable remuneration.

In the annual variable remuneration scheme of the members of the Management Committee and Identified Staff, the quality, compliance and sustainability metrics weigh 15% (5% each) when calculating the variable remuneration to be received. The rest of the metrics are profitability (10%), efficiency (10%), quality variation in troubled assets (5%) and risk appetite (15%). For Executive Directors, the weight of these metrics is double in all goals, except for risk appetite, which increases to 20%, as their variable remuneration fully depends on the corporate goals.

The multiannual variable remuneration scheme that has been applied since 2022 (for Executive Directors, the Management Committee, the Identified Staff and the Entity's main executives) includes sustainability criteria among its metrics, weighing 25%. The other metrics are CET1, the multiannual ROTE and the indicator of the relative performance of the action, also each with a weight of 25%. Both for annual variable remuneration and for the multiannual variable remuneration, the sustainability metric selected is the mobilisation of sustainable finance, understood as new production. This metric is one of the level one KPIs of the Bank's Sustainability Master Plan and Strategic Plan, set at €64,000 million in cumulative terms in the 2022-2024 period.

This goal aims to promote sustainable investment by individual and corporate customers, contributing to the energy transition towards more environmentally-friendly production and consumption models and a fairer and more inclusive society, while maintaining excellence in corporate governance. This way, the Bank is seeking to gradually lead the balance sheet towards exposures with a lower climate, environmental and social risk.

The amount of sustainable finance mobilisation includes: i) Sustainable mortgage financing ("A"or "B" energy efficiency certificate "A" or "B"), financing for energy renovation of homes, financing of hybrid/electric vehicles, financing of photovoltaic panels, eco-financing and microloans granted by MicroBank; Sustainable financing for Companies, Developers and CIB&IB The amount considered for the purpose of the transfer of sustainable financing is the risk limit formalised in sustainable financing operations for customers, including long-term, working capital and risk of signing. Tacit or explicit novations and renewals of sustainable financing are also considered; ii) CaixaBank's proportional share of its customers'issuance and placement of sustainable bonds (green, social or mixed); iii) Net increase in Assets under management at CaixaBank Asset Management in products classified under Art. 8 and 9 of the SFDR regulations (includes new funds/mergers of funds registered as Art. 8 and 9, plus net contributions – -contributions less withdrawals- including the effect of the market on the valuation of holdings); Gross increase in assets under management in VidaCaixa in products classified under Art. 8 and 9 of the SFDR regulations (including gross contributions - without considering withdrawals or market effect - to Pension Funds (FFPP), Voluntary Social Welfare Schemes (EPSV) and Unit Linked classified as Art. 8 and 9 under SFDR.

3. Risk management

Acute or chronic climate events, changes in regulation, technological development, changes in market preferences, etc. are transferred, both in terms of microeconomics and macroeconomics, through the value and performance of the assets, damage, purchasing power, productivity, prices or increase in legal and compliance costs, to the main prudential risks (credit, market, operational, reputational, liquidity risks...(EBA/GL/2014/13). Therefore, ESG factors and risks are considered to materialise as impacts on these risks, mainly through the exposure of financial institutions to their counterparties (non-financial companies and individuals).

In general, sustainability risk (ESG) is currently included in the Corporate Risk Catalogue as a transversal factor in several of its risks (credit, reputational, legal and regulatory and other operational risks). Furthermore, the climate risk has been incorporated a level 2 of credit risk and environmental risk as a level 2 risk of reputational risk. In addition, climate risk has been incorporated to the risk of “Damage to tangible assets”, level 2 of “Other operational risks”, and references to this risk have been included in “Operational continuity risks”, also level 2 of “Other operational risks”, as well as in different level 2 risks of “Legal and regulatory risk”.

The materiality assessment of sustainability/ESG risks is the basis for a proportionate deployment of its ESG risk management processes and allows feeding into strategic risk processes and risk calibration.

The financial materiality analysis (outside-in) focused on the qualitative assessment of the main impacts that ESG factors may have on the traditional risks, such as, credit, liquidity, market, operational, reputational or business return), across the different portfolios.

Due to the special characteristics of climate risks, the climate **risk assessment** is based on various climate change scenarios and different time horizons.

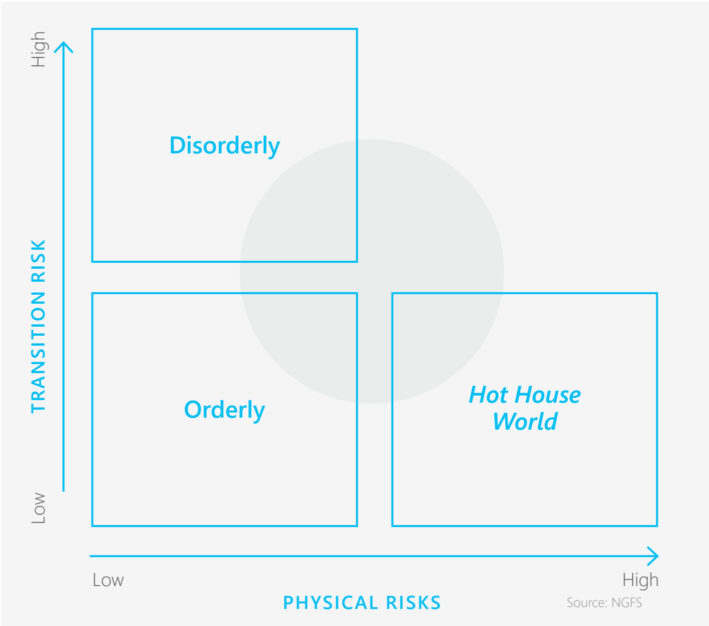
The Network for Greening the Financial System (NGFS) has defined climate scenarios that provide a common starting point for analysing the risks of climate change in the financial system and in the economy.

In line with the expectations of supervision, CaixaBank has considered in its materiality assessment the following climate scenarios established by the NGFS:

- Orderly transition: An orderly transition scenario involves introducing climate policies early and with increasing depth and scope so that the 1.5°C31 target is achieved. Both the physical and the transition risks are relatively moderate.

- Disorderly transition: A disorderly transition scenario implies a significant increase in transition risks due to delays in climate policies or divergences between countries and sectors. It involves the adoption of measures from 2030 or at a relatively late stage with respect to the time frames of current climate and environmental regulations. This increases the risk of transition, but maintains the physical risk at a relatively low level when reaching the target of 1.5°C31.

- "Hot House World" (high global warming level): This implies the application of very limited climate policies and only in some countries, areas or sectors, so that global efforts are insufficient to avoid global warming with significant incremental physical climate effects. In this scenario, the risk of transition is limited, but the physical risk is very high and with irreversible impacts.



Under the orderly transition scenario, the main impacts of climate risk are concentrated in the long-term credit portfolios of legal entities as shown in the following table.

Climate risk analysis matrix - orderly transition scenario

"orderly transition" scenario		Transition risk			Physical risks		
		ST	MT	LT	ST	MT	LT
Credit risk	CIB segment	Medium-low risk	Average risk	Average risk	Low risk	Medium-low risk	Average risk
	Business segment	Medium-low risk	Medium-low risk	Average risk	Medium-low risk	Medium-low risk	Average risk
	Mortgage segment	Low risk	Medium-low risk	Average risk	Low risk	Low risk	Average risk
	Consumption segment	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Other risks	Market	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
	Operational	Low risk	Medium-low risk	Low risk	Low risk	Low risk	Medium-low risk
	Reputational	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
	Liquidity	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
	Business/strategic	Medium-low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk

Low risk — Medium-low risk — Average risk — Medium-high risk — High risk

ST. Short term (up to 4 years) MT. Medium term (4 to 10 years) LT. Long term (over 10 years)

In addition, the materiality of other (non-climatic) environmental risks from environmental degradation, such as air and water pollution, water stress, soil contamination, deforestation or loss of biodiversity, has been assessed. The main impacts of other environmental risks are concentrated in the medium and long term in the legal entities portfolio, together with operational, reputational and business return risks[1].

Environmental risk management

The lending portfolio is managed with the intention of aligning its indirect impact on climate change with the Bank's risk appetite and its commitment to sustainability goals. Since 2018, therefore, it has measured its lending exposure to economic activities considered to be linked to high CO2 emissions. The main metric is based on the definition suggested by the TCFD to facilitate comparability and includes exposure to assets linked to the energy and utilities sectors, excluding water and renewables ("Carbon Related Assets", as defined in the implementation of the TCFD recommendations). In 2018, 2019 and 2020, such activities accounted for around 2% of the total financial instruments portfolio. After the incorporation of the assets from Bankia's post-merger portfolio, exposure to CO2 intensive sectors remains at around 2% of the total portfolio since 2021.

In addition, taking as a reference the guidelines defined by PCAF[2] in its accounting and reporting standard (The global GHG accounting & reporting standard for the financial industry), CaixaBank has calculated the emissions financed (scope 3, category 15 as defined by the GHG Protocol[1]) at 31 December 2020 for its loan portfolio and has focused its efforts on publishing data for the electricity and oil and gas sectors[3].

[1] *For more details on the assessment of the materiality of climate risks, see section "Assessment of the materiality of sustainability risks (ESG)" of CaixaBank's 2021 - June 2022 Climate Report*

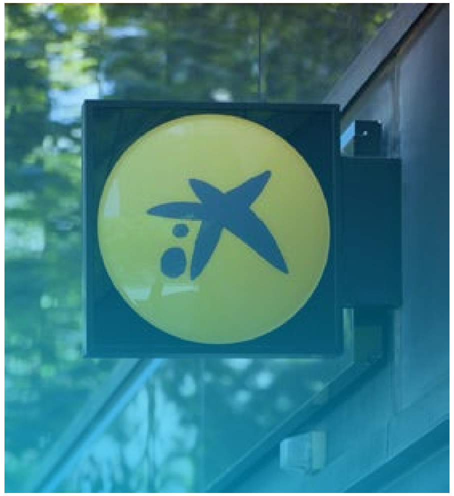
[2] *Partnership for Carbon Accounting Financials.*

[3] *See section "Financed footprint and decarbonisation objectives" of the 2021- June 2022 Climate Report.*

Emissions from the financing portfolio

CaixaBank Group companies. Year 2020	Capital granted (in €M)	Balance covered by the analysis (in %)	Absolute emissions ($MtCO_2e$)[1]	Emission intensity ($ktCO_2e$/€M)[1]	Data quality (*Score*)	
			Scope 1+2+3	*Scope* 1+2	*Scope* 1+2	*Scope* 3
Oil & Gas	5,179	99.8%	26.9	0.5	1.7	2.1

CaixaBank Group companies. Year 2020	Capital granted (in €M)	Balance covered by the analysis (in %)	Absolute emissions ($MtCO_2e$)[1]	Emission intensity ($ktCO_2e$/M €)[1]	Data quality (*Score*)
			Scope 1	*Scope* 1	*Scope* 1
Electricity sector	17,111	99.5%	4.0	0.2	2.0



- The calculation has been performed under an operational control approach following the methodology developed by PCAF and described in the "Global GHG Accounting and reporting Standard for the Financial Industry" for corporate finance (excluding SMEs) and project finance and using the limit granted for the calculation of the attribution factor.
- The "Capital granted" data include information on CaixaBank, S.A. and Bankia at 31/12/2020. The investment portfolio (fixed income and equity) is not included. At the end of 2020, equity and private fixed-income exposures represent less than 5% of the total assets.
- Information on issues and financial data of the companies that form part of the Bank's portfolio corresponds to the end of the financial year 2020.
- Exclusions: the calculation of those assets for which no financial data were available for the companies has not been covered.
- PwC has performed a limited assurance of the calculation based on the International Standard on Assurance Engagements 3410 (NIEA 4310) "Assurance Engagements on GHGs".
- The funded emissions included in the table include only companies within the perimeter of the decarbonisation targets set under the NZBA.
- Data quality is calculated as the weighted average of the *DQ Score PCAF for Project Finance* and Corporate Finance.

[1] *CO2e = equivalent CO2. In line with the PCAF methodology, it includes the following greenhouse gases: CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.*

Furthermore, in accordance with Regulation (EU) 2020/852 of the European Parliament and Council ("Taxonomy Regulation") and Delegated Regulation (EU) 2021/2139 of the Commission, of 4 June 2021, which completes Regulation (EU) 2020/852, CaixaBank prepares ratios that ensure transparency in environmentally sustainable economic activities, currently limited to the objectives of i) mitigating climate change (avoiding or reducing GHG emissions) and ii) adapting to the vulnerability posed by the effects of climate change. The data as at 31 December 2022 have been prepared based on the best effort to adhere to the applicable regulations and will evolve in the future as further information becomes available from counterparties and new regulatory developments.

CaixaBank is deploying climate risk management and analysis in accordance with best market practices, the regulatory framework, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Commission's Non-financial reporting Directive (NFRD). Work is also being carried out to align the Entity's practices with the European Central Bank's Guideline on climate-related and environmental risks.

CaixaBank has been a signatory to the Equator Principles since 2007, a reference framework for financial institutions to identify, assess and manage environmental and social risks in project finance.

Climate stress test and scenarios

CaixaBank also conducts qualitative and quantitative scenario analyses for climate risks.

For transition risk, the qualitative analysis focuses on identifying the segments potentially most affected by the transition risk in sectors with portfolio material risks. The quantitative analysis exercises conducted to date are being used as the basis for the recurrent deployment of the Entity's climate risk analysis, which is currently underway.

With regard to the assessment of physical risks derived from climate change, the initial focus of analysis is, due to its relevance, the mortgage portfolio in Spain, due to its volume. To this end, a qualitative analysis has been carried out, which identifies exposure by geographical risk areas under various climate scenarios for the main physical risks affecting the portfolio (rise in sea level, floods and fires resulting from the increase in temperature). The analysis concludes that the exposure of the Company's portfolio to these three risks is limited and is supplemented with the quantitative framework presented in the following section.

In addition, CaixaBank participated in the climate stress test conducted by the ECB in the first half of 2022. The exercise is a key step forward for managing climate risk and as a basis for quantifying it. This climate stress exercise is aligned with the ECB's Climate and Environmental Risk Guide and, in turn, constitutes a key tool for managing climate risk.

At the same time, methodologies and scenarios are being developed for other risks impacted by climate risks, such as operational and reputational risks.

CaixaBank has developed a framework for measuring both physical and transitional climate risks and has started to integrate them into its monitoring of the lending portfolio in 2022. This framework will serve as a basis for future developments, such as the quantification of the economic capital requirements related to these risks.

The measurement framework covers a wide range of physical risks, including forest fires, river and coastal flooding, droughts and heat waves. It also takes into account the impact of the probability of these events on the value of mortgage guarantees and on the economic activity of customers. It also addresses the transitional risk in the credit quality of companies, considering the carbon emissions, prices, decarbonisation pathways and investments required for the transition, as well as the impact of an increase of production costs on the turnover and margins. Lastly, the framework allows quantifying the impact of the transition on mortgage guarantees, assuming that less energy-efficient properties will be less attractive in the future.

The risks associated with climate change are intrinsically uncertain. These will depend, among other factors, on the policies adopted at the global level. They are also noted for a long-term time horizon. In addition, its modelling cannot be based solely on historical experience and, therefore, will be based on prospective tools. In this context, the measurement framework has been built to analyse diverse scenarios and long-time horizons.

Data source employed in the measurement

CaixaBank is currently using various data sources to measure the risks associated with the climate and environment:

- Customer information
  - Internal at counterparty level. Customer information is compiled in the admission process, by means of a questionnaire that mainly covers the carbon footprint, ESG information relating to sectoral and general exclusions, climate transition plans, impact assessments and associated mitigation plans.
  - Internal, at the level of physical assets, mainly: 1) project finance, asset finance and corporate projects, where environmental due diligence is conducted to assess the project's environmental impact; and 2) the new mortgage business, where energy efficiency certificates (EPCs) are obtained.
  - Public: reports published by customers and information available on any environmental lawsuits are studied.
- External supplier data:
  - ESG rating agencies.

- Provided by public bodies/research institutes, such as UNEP FI (United Nations Environment Programme Finance Initiative), IPCC (Intergovernmental Panel on Climate Change), IEA (International Energy Agency), PIK (Potsdam Institute for Climate Impact Research) and the INE (National Statistics Institute).

CaixaBank has identified data availability as one of the main working points to strengthen sustainability risk analyses. As part of the Sustainability Master Plan, a comprehensive project involving a sustainability data model is being developed. It is a cross-cutting project that focuses on the needs of sustainability data at a corporate level. The functional requirements are currently in development, with the aim of achieving a strategic environment for generating reports and managing data reinforced by the system.

In addition to the system's improvements achieved within the scope of the data model, other initiatives have been carried out to obtain massive data from databases/external suppliers, such as obtaining energy efficiency certificates (EPCs) from the stock of properties in the real estate portfolio, including the use of proxies in cases where EPCs do not exist or are not available.

3.4.2 Social risk

1. Business strategy and processes

In line with the 2022-2024 Strategic Plan and the Sustainable Banking Plan and in addition to that presented in the previous section, CaixaBank works towards maintaining its leadership in positive social impact through its microfinance and financial inclusion activities, promoting a responsible culture focused on people and best practices in good governance, in order to continue to be a benchmark in European banking. The Bank also channels and promotes social initiatives through its branches, thanks to the CaixaBank volunteer network, close collaboration with the "la Caixa" Banking Foundation, the Dualiza Foundation, MicroBank and other social initiatives.

In order to reduce and mitigate the impact of climate change and reduce exposure to social risks, CaixaBank has adhered to multiple initiatives that evidence its commitment. For more details about CaixaBank Group's ESG alliances and affiliations, see CaixaBank Group's 2022 Management Report (page 19 – 21).

Through the issuance of social bonds, for a total of EUR 4,000 million in 4 social bonds issued in the 2019-2022 period, the company contributes to the development of society by fighting poverty and promoting employment creation in the most disadvantaged areas.

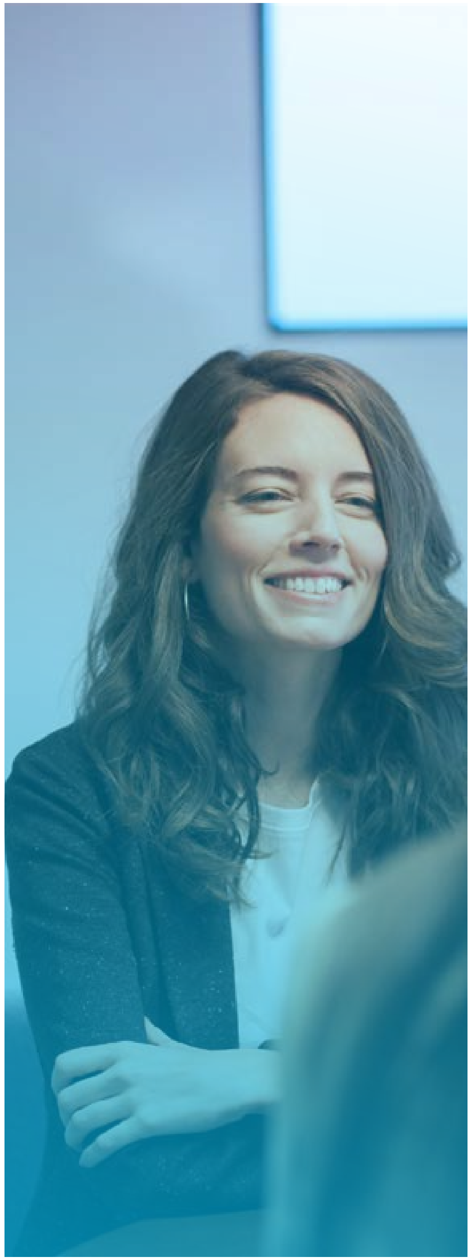
Furthermore, to ensure a successful 2022-2024 Sustainable Banking Plan, CaixaBank is carrying out various relationship-building initiatives with its different stakeholders aimed at contributing to the management of environmental, social and governance risks:

Customers

- Social Value Project, Inclusive Finance, MicroBank, Convenience banking, Financial culture, Employment and entrepreneurship, Social projects, Social bonds

- Statement of Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors, in anticipation of the regulatory requirement in 2023.

- Suppliers. Incorporation, as of 2020, of new certifications and sustainability criteria in the supplier registration and approval process.



Investors and shareholders

- Participation in ESG meetings with institutional investors, to share priorities and understand their expectations, and with eminent sustainability analysts.
- ESG commitments undertaken by VidaCaixa and CaixaBank Asset Management in UNEP FI initiatives in the field of human rights.
- Specific meetings to promote and accompany our minority shareholders and customers in increasing their knowledge of sustainable finance.

Society, industry players, NGOs and other entities

- Participation in events as speakers to raise awareness on the importance of sustainability and the Sustainability Development Goals (SDGs).
- Participation in work groups of the United Nations Environment Programme - Finance Initiative (UNEP FI) to advance in measuring the impact; financial inclusion and other international programmes.
- Regular meetings with other organisations and participation in think tanks and initiatives such as CECA, WSBI, SpaiNAB, Forética and Seres to share knowledge about sustainability and advance its implementation.
- Working with the "la Caixa" Banking Foundation and the SDG Observatory to promote the implementation of the SDGs among Spanish companies, by continuously monitoring their fulfilment.
- Publications and dissemination activities: publication of Sustainability, socio-economic impact and contribution to the United Nations SDGs and the CaixaBank Chair of Sustainability and Social Impact with IESE Business School.
- Active dialogue with non-governmental organisations and other civil society entities.

Employees

Training in sustainability for CaixaBank Group's staff and regular publication of content on the intranet or corporate website.

To see the main policies on ethics and integrity approved by the Board of Directors, refer to section "Ethical and Responsible Conduct" of the Consolidated Management Report of December 2022.

Of the ESG targets, goals and limits of the Sustainable Banking Plan for 2024, the most relevant for the environmental strategy include reaching 413,000 beneficiaries of MicroBank -CaixaBank Group's social bank-, and 42% of women in managerial positions.

In addition, as of 2019, CaixaBank is a signatory of the Principles for Responsible Banking, launched by the United Nations Environment Programme Finance Initiative (UNEP FI). These Principles aim to align the financial sector's activity with the achievement of the United Nations Sustainable Development Goals and the Paris Agreements on climate change[1].

2. Governance

The governance of social risks is part of the common governance established for sustainability; see the section on governance in relation to environmental risk.

[1] *See the report Responsible Banking Principles in the section "UNEPFI" of the Consolidated Management Report of December 2022*

3. Risk management

Social risks (“S”) measure potential indirect adverse impacts on society arising from the provision of services to or investment in legal entities that do not respect human rights or the health and safety of their employees. In this regard, the assessment conducted on the financial materiality of social risks has determined that there is a medium-low impact on the business segment for credit risk and a low impact for operational risk in all time horizons.

"orderly transition" scenario		Social risks ST	Social risks MT	Social risks LT
Credit risk	CIB segment	Medium-low risk	Medium-low risk	Medium-low risk
	Business segment	Medium-low risk	Medium-low risk	Medium-low risk
	Mortgage segment	Low risk	Low risk	Low risk
	Consumption segment	N/A	N/A	N/A
Other operational	Market	Low risk	Low risk	Low risk
	Operational	Low risk	Low risk	Low risk
	Reputational	Medium-low risk	Medium-low risk	Medium-low risk
	Liquidity	Low risk	Low risk	Low risk
	Business/strategic	Low risk	Low risk	Low risk

Low risk · Medium-low risk · Average risk · Medium-high risk · High risk

ST. Short term (up to 4 years) MT. Medium term (4 to 10 years) LT. Long term (over 10 years)

The control and management of social risks in relation to customers and proprietary investment considers the following main lines of action:

- Integrating social risks into decision-making and avoiding financing or investing in companies or projects related to serious human and labour rights violations.
- Striving to understand the impact of its activity on human rights and thus prevent and reduce any potential adverse impacts as much as possible.
- Managing environmental, social and governance risks and incorporating their analysis into the provision of products and services to customers, proprietary investment and equity portfolio management.
- Acting in accordance with the assumed public commitments, such as the “Human Rights Principles” and “Responsible Banking Principles”, as well as any other initiative and commitment considered within the scope of ESG, always under the responsibility of appropriately fulfilling its requirements.

With the aim of reducing CaixaBank's exposure to the social risks of the counterparties, they are assessed in the admission processes using the criteria established in the Corporate Sustainability/ESG Risk Management Policy, the preparation of which has considered internationally recognised standards and initiatives, including:

- Universal Declaration of Human Rights
- Conventions of the International Labour Organization (ILO)
- Equator Principles
- United Nations Guiding Principles on Business and Human Rights
- National Action Plans on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- UN International Bill of Human Rights.

For more information, see section “Ethical and responsible behaviour” of CaixaBank's 2022 Consolidated Management Report.

3.4.3 Governance risk

1. Governance

CaixaBank's principles of action with regard to sustainability pursue the objective, among others, of prudently and globally managing all risks (financial and non-financial) according to the Group's General Risk Management Principles and Risk Appetite Framework, and in terms of sustainability, according to the Corporate Policy on Sustainability/ESG Risk Management, which governs the management of these risks within the relationship between the Entity and its customers. Specifically, according to the governance of environmental risks, as described in section 3.4.1. Furthermore, it also seeks to rely on appropriate supervisory mechanisms for the risks (financial and non-financial) set out in the Corporate Risk Map.

In addition, it establishes the necessary measures to prevent and avoid, as far as possible, that CaixaBank products and services be used for any illegal activity (e.g. financing of terrorism, money laundering or financial crimes) and to revise them regularly, while actively collaborating with regulators and security forces and reporting all suspicious activities detected. To that end, a responsible conduct is encouraged among those part of CaixaBank Group, who must respect and apply the Corporate Anti-Corruption Policy; the Corporate Policy for the Prevention of Money Laundering and the Financing of Terrorism and managing Sanctions and International Countermeasures; the Corporate Policy for Criminal Compliance; the Corporate Conflict of Interest Policy; and the rest of CaixaBank Group's codes of conduct and standards.

CaixaBank also develops an ethical and transparent culture among its professionals. The integrity of our professionals and actions based on the highest ethics and transparency standards with our shareholders, customers, investors and society as a whole, govern the way we relate to each other and to the environment in which we operate.

Respecting Human Rights is a key part of CaixaBank's corporate values and is the basis of our modus operandi. We also have our own Code of Ethics and Principles of Action to govern our behavioural model in all our activities and operations.

2. Risk management

The CaixaBank Code of Ethics and Principles of Action is the highest standard that lends sense to the rest of standards and guides the actions of the people comprising CaixaBank: employees, managers and members of the Governing Bodies.

This Code has an influence on the Entity's internal professional relationships and in its external relationships with customers, suppliers and wider society. Through it, we align ourselves with the highest national and international standards, and we totally reject any type of unethical practices and any practices that are contrary to the general principles of action set out in the Code.

Based on the principles and values of this Code, CaixaBank has put in place a series of policies, standards and principles applicable to all the companies comprising CaixaBank Group. These include CaixaBank's Human Rights Principles

- Corporate Anti-corruption Policy
- Tax Risk Control and Management Policy
- Principles of action in relation to the Privacy and Rights of CaixaBank customers

For more information on policies, see section "Ethical and responsible behaviour" of CaixaBank's Consolidated Management Report of December 2022.

In addition to the principles of ethics and integrity, governance risks are assessed in the admission processes by applying the general criteria established in the Corporate Sustainability/ESG Risk Management Policy, approved by the Board of Directors in March 2022. In this context, the alignment of CaixaBank customers with the principles, restrictions and requirements established in this policy is analysed, including aspects such as a) having environmental, social or human rights policies in place; b) that there are no disputes and/or sanctions arising from malpractice; c) transparency in market disclosures, which includes both the publication of policies on their corporate websites and the publication of Non-Financial Information (emission levels, issues relating to the use of resources, climate change, health and safety, circular economy, etc.), and whether they follow international standards, such as the GRI, TCFD, and others; d) their inclusion in sustainability indices, as well as in the rating of external ESG providers (MSCI, Sustainalytics, and so on); and e) that they hold the ISO14001 (environmental management), ISO 45001 (occupational health and safety), ISO 14064 (GHG) certifications.

As a first sept in the integration of this type of risks into the Entity's risk management mechanism, an assessment has been conducted on the financial materiality of governance risks, which arise from a negative impact due to weaknesses of commercial counterparties or companies in which an investment has been carried out, such as transparency, conduct in the markets, anti-corruption policies, compliance with tax obligations or other conducts considered ethical by relevant stakeholders. According to the conducted assessment, there is a medium-low impact on the business segment for credit risk and low impact on operational risk in the short, medium and long term.

Governance analysis matrix

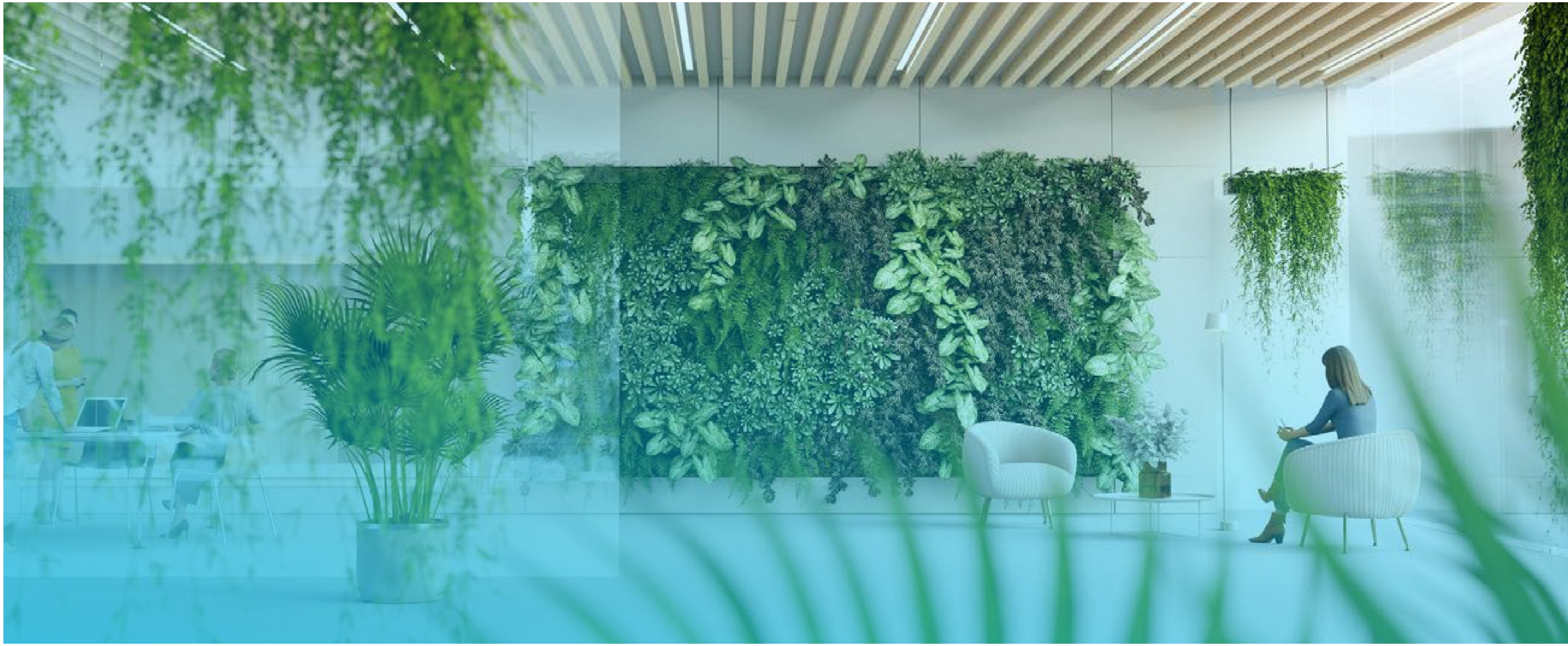
		Governance risks.		
		ST	MT	LT
Credit risk	CIB segment	Medium-low risk	Medium-low risk	Medium-low risk
	Business segment	Medium-low risk	Medium-low risk	Medium-low risk
	Mortgage segment	N/A	N/A	N/A
	Consumption segment	N/A	N/A	N/A
Other operational	Market	Low risk	Low risk	Low risk
	Operational	Low risk	Low risk	Low risk
	Reputational	Medium-low risk	Medium-low risk	Medium-low risk
	Liquidity	Low risk	Low risk	Low risk
	Business/strategic	Low risk	Low risk	Low risk

● Low risk ● Medium-low risk ● Average risk ● Medium-high risk ● High risk

ST. Short term (up to 4 years) MT. Medium term (4 to 10 years) LT. Long term (over 10 years)

In addition to the principles of ethics and integrity, governance risks are assessed in the admission processes by applying the general criteria established in the Corporate Sustainability/ESG Risk Management Policy.

4. Capital



4. Capital

12.8 %
(€27,494 M) CET1

17.3 %
(€37,307 M) Total capital

14.8 %
(€31,732 M) *Tier 1*

25.9 %
(€55,803 M) MREL

> The goal of capital management in the CaixaBank Group is to ensure both compliance with regulatory requirements and that the internal capital objectives are met, taking into account the status of the market and the risk profile of the Group, among other aspects.

One of CaixaBank's strategic objectives is to strengthen its capital position, thereby maintaining sufficient headroom to deal with standardised and stressed financial planning scenarios. In this regard, the Group has a financial and capital planning process in place that includes budgeting in the short term and over three years through the central ICAAP scenario, complemented by internal stress scenarios over a three-year horizon.

The Board of Directors determines the Group's general risk management policies, risk appetite and capital objectives. Meanwhile, the Management Committee, through the Capital Committee, manages capital at the highest level, in accordance with the strategies established by the Board.

CaixaBank has a corporate capital and solvency risk management policy, approved by the Board of Directors.

As at 31 December 2022, the Group has capital ratios comfortably above the minimum requirements of the SREP and therefore no automatic limitation applies, as referred to in the solvency rules, on dividends, variable remuneration and interest distributions to holders of additional Tier 1 capital securities. CaixaBank has a spread of 445 basis points, or EUR 9,565 billion, over the MDA threshold.

In relation to the dividend policy for the financial year 2022, the Board of Directors agreed on a cash distribution of 55% of the consolidated net profit, payable in a single payment in April 2023.

In addition, a EUR 1.8 billion share buy-back programme (SBB) was carried out in 2022, which was approved by the Board of Directors in May and completed in December. After redemption of all the treasury shares acquired (558.5 million shares), the resulting share capital is 7,502 billion euros.

Annual evolution

CaixaBank Group continues to maintain a solid solvency position, following the execution of the EUR 1.8 billion share buyback programme (-83 bps in % CET1). The regulatory ratios on risk-weighted assets are 12.8% CET1, 14.8% Tier 1 and 17.3% total capital.

The organic evolution for the year was +113 bps, -90 bps due to the dividend to be paid in April 2023 and coupon payments on issues eligible as Additional Tier 1 (AT1), and +26 basis points due to market and other developments.

The impact from phasing in IFRS9 was +30 bps as at 31 December 2022. The CET1 ratio without application of the transitional provisions of IFRS9 stands at 12.5% at 31 December 2022.

The MREL ratio, considering all liabilities eligible by the Single Resolution Board, stands at 25.9% of risk-weighted assets, above the requirement (including CBR[1]) of 24.24% required by January 2024.

[1] *Combined buffer requirement*

Capital ratios

In %

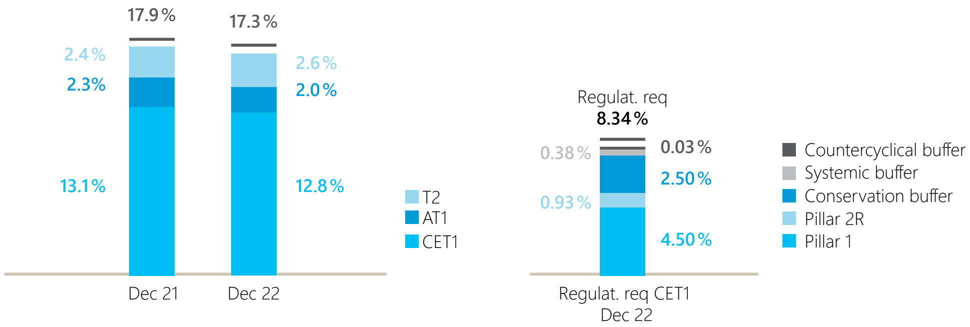


Table 4.1 CaixaBank Solvency

Amounts in millions of euros and in %

	31/12/22	31/12/21
CET1	27,494	28,337
Additional Tier 1	4,238	4,984
TIER 1	31,732	33,322
TIER 2	5,575	5,193
TOTAL CAPITAL	37,307	38,514
RWA	215,103	215,651
of which credit	175,184	172,795
of which shareholder	19,978	22,729
of which market	1,130	1,755
of which operational	18,810	18,371
CET1 Ratio	12.8%	13.1%
Tier 1 Ratio	14.8%	15.5%
Total Cap. ratio	17.3%	17.9%
Subordinated MREL ratio	22.5%	22.8%
MREL ratio	25.9%	25.7%
MREL ratio over LRE	9.9%	8.8%
MDA buffer[1]	9,565	10,686
Leverage Expos.	563,692	631,351
Leverage ratio	5.6%	5.3%
Ind. CET1 ratio	12.9%	13.9%
Ind. MDA buffer[1]	11,656	13,782

Data from December 2021 updated with the latest official information (COREP).

[1] The relevant MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

4.1 Capital management

Capital objectives and policy

One of CaixaBank's strategic objectives is to **strengthen its capital position, thereby maintaining sufficient headroom to deal with standardised and stressed financial planning scenarios**. In this regard, the Group has a financial and capital planning process in place that includes budgeting in the short term and over three years through the central ICAAP scenario, complemented by internal stress scenarios.

In 2022, the Capital Committee was set up under the Management Committee, to meet monthly and provide capital management with a systematic and exhaustive level of analysis and thus promote a comprehensive vision, debate and decision-making from all perspectives and with the involvement of all the organisational groups whose management scope has a direct impact on the Entity's capital management.

The CaixaBank Board of Directors determines the Group's general risk management policies and capital objectives. For its part, the Management Committee, through the Capital Committee, oversees management of these policies and objectives at the highest level, in accordance with the strategies established by the Board of Directors. The planning process, in line with the Strategic Plan, is organised by the Planning Experts' Group, which reports to the Management Committee, with assistance from members of the different lines of defence in the control environment.

CaixaBank has a Corporate Policy for Capital and Solvency Risk Management, approved by the Board of Directors, which will be reviewed in 2023 as part of the biennial review process.

The Directorate of Accounting, Control and Capital Management is responsible for monitoring and controlling the Group's own funds and solvency, as the first line of defence. Enterprise Risk Management, which reports to the Corporate Risk Management Function & Planning department, is the second line of defence in the control framework for this risk.

The main processes involved in the management and control of solvency and capital risk are as follows: **(i)** continuous measurement and internal and external reporting of regulatory capital and economic capital through relevant metrics; **(ii)** capital planning in different scenarios (standardised and stress scenarios, including ICAAP, EBA Stress Test and Recovery Plan), integrated in the corporate financial planning process, which includes the balance sheet projection, the income statement, capital requirements and the Group's own funds and solvency. This is in addition to monitoring the capital regulations in force at present and in the years to come.

Capital management this year has been impacted by the share buyback programme approved by the Board of Directors in May 2022, which consisted in the repurchase of shares for a monetary amount of EUR 1.8 billion, with the purpose of reducing share capital through share redemptions.

On 22 December 2022, the Board of Directors agreed to engage a reduction in the Company's share capital via amortisation of all its treasury shares acquired under the share buyback programme. In view of the above, CaixaBank's share capital is reduced by the amount of 558,515,414 euros, through the redemption of 558,515,414 treasury shares with a face value of one euro each, leaving the share capital resulting from the capital reduction at 7,502,131,619 euros.

The internal target for the CET1 capital adequacy ratio is between 11% and 12% (excluding the transitional IFRS9 adjustments), which implies a margin of between 250 and 350 basis points in relation to the SREP requirements.

With regard to the dividend for 2021, in April 2022, the payment of a dividend of 0.1463 euros gross per share was made, equivalent to 50% of the consolidated net profit for 2022.

On 2 February 2023, the Board of Directors resolved to propose to the next General Meeting of Shareholders the distribution of a cash dividend of EUR 0.2306 gross per share out of the profit for 2022, to be paid in April 2023. With the payment of this dividend, the amount of shareholder remuneration for the financial year 2022 will be EUR 1,730billion, equivalent to 55% of consolidated net income.

Furthermore, the Board of Directors approved the Dividend Policy for 2023, consisting of a cash distribution of 50-60% of consolidated net profit, to be paid in a single payment in April 2024, and subject to final approval at the 2024 Annual General Meeting.

4.2 SREP and Buffers

4.2.1 Minimum requirements (Pillar 1 and Pillar 2R)

In the context of Basel Pillar 2, CaixaBank carries out an annual Internal Capital Adequacy Assessment Process (ICAAP), which covers the Group's banking-insurance activities, thus capturing the specific characteristics of the Group's business model. The ICAAP includes: **(i)** financial planning over a three-year horizon in different normal and stress scenarios; **(ii)** a risk assessment to identify risks to which the Group may be exposed; and **(iii)** a purely internal (financial) capital adequacy analysis, in terms of both own funds and capital requirements. In particular, an assessment is made of potential requirements for risks other than credit, operational and market risk, such as interest rate and business risk, among others.

The ICAAP process is thoroughly integrated into the Group's management, and it is carried out in accordance with guidance from the supervisor and the European Banking Authority (EBA). The results of the process are reported each year to the supervisor.

The ICAAP is a core input into the ECB's Supervisory Review and Evaluation Process (SREP).

Based on the SREP, every year the ECB sets minimum capital requirements for each entity that it supervises. These requirements are the result of the sum of the minimum level that is common to all financial institutions (Pillar 1, pursuant to Article 92 of the CRR) and a specific minimum requirement also known as Pillar 2R (pursuant to Article 104 of CRD IV). In addition, the ECB communicates the Pillar 2 guidance (Pillar 2G). While Pillar 2R is binding and non-compliance can have direct consequences for entities, Pillar 2G is not binding and non-compliance has no direct implications. However, the ECB expects Pillar 2G to be satisfied at all times and in the event of non-compliance the ECB will assess the causes and circumstances, and may establish enhanced supervisory activities. In the case of CaixaBank, Pillar 2 only applies on a consolidated basis, not on an individual basis.

For 2022, the ECB has set a Pillar 2R requirement for CaixaBank of 1.65%, 0.93% of which is covered by CET1, 0.31% by AT1 and 0.41% by Tier 2. In 2023, the Pillar 2R requirement is maintained at 1.65%, following communication received by the Supervisor in December 2022.

4.2.2 Capital buffers

In addition to the Pillar 1 and Pillar 2R minimum requirements, each financial institution must comply with the combined specific capital requirements assigned to them, which comprise: **(i)** the capital conservation buffers for unexpected losses, **(ii)** the countercyclical buffers, the **(iii)** buffer for entities of systematic importance, and **(iv)** buffers against systematic risks. This combined buffer requirement (CBR) must be met using the highest quality capital (CET 1).

The capital conservation buffer is established to ensure that banks accumulate capital reserves outside stress periods that can be used in the event of hypothetical losses during stress situations. The surcharge for companies is 2.5% on RWAs.

The countercyclical buffer is the capital buffer that must be accumulated during expansion periods to strengthen solvency and neutralise the procyclical impact that capital requirements have on credit. In general, this varies between 0% and 2.5%, with the competent authorities determining the buffer to be applied to RWAs for exposure in their territory each quarter. Therefore, each entity has its own specific requirements, based on the geographic composition of its portfolio (the weighted average of the percentages of the countercyclical buffers applied in the territories in which it operates). In December 2022, the Bank of Spain and the Bank of Portugal maintained the countercyclical buffer for credit exposures in Spain and Portugal, respectively, at 0%. For CaixaBank, this buffer is 0.03%, both at consolidated and individual level, due to exposures located in other jurisdictions.

Bank of Spain Circular 5/2021 foresees the possibility that this authority may require a countercyclical buffer to an entity's exposures to a certain sector, in addition to global exposures. At 31 December 2022, CaixaBank had not such requirement.

The buffer for systemically important institutions is set according to whether an institution is considered globally or domestically systemically important. Since 2016, CaixaBank has been identified each year as a domestic systematic entity (O-SII). The capital surcharge has been set at 0.375% for 2022, rising by 12.5 basis points to 0.50% as of 1 January 2023. This buffer does not apply at the individual level.

Each year, the Bank of Spain identifies the following institutions, in accordance with the EBA methodology:

- Globally Systematically Important Banks (G-SIBs).
- Other Systematically Important Institutions (O-SIIs).

The EBA's key criteria for calculating an institution's domestic systemic importance score are its size, its importance for the national or EU economy, its complexity (including that derived from its cross-border activities), and its interconnections with the financial system.

The buffer for classification as a G-SIB varies between 1% and 3.5% of RWAs, while for an O-SII it can generally reach up to 3% of the total RWA. If an entity is identified both as a G-SII and an O-SII, the higher of the two buffers will be applied.

CaixaBank Group's main indicators of global systematic importance at 31 December 2022 can be found in Appendix X.

Systemic risks buffers exist to prevent long-term systemic or non-cyclical macro-prudential risks that are not covered by the CRR. These risks may disturb the financial system, with potentially serious consequences, as well as disturbing the real economy. The competent authorities may require this buffer either against the entire financial sector, or against one or several subsectors for all exposures or a subset thereof, and, in general, for exposures in third countries and those located in other European Union member states. The buffer will be set in steps of 0.5% percentage points or multiples thereof over RWAs. Different requirements may be established for different subsets of entities and exposures.

The systemic risks buffer must be added to the G-SII or O-SII buffer. Currently, the systemic risk buffer is 0% for CaixaBank.

Table 4.2 Buffer requirement

In %

Capital buffer	2022
Capital conservation	2.50%
Specific countercyclical[1]	0.03%
Systemic by O-SII[2]	0.38%

[1] At discretion of the competent authorities where exposures are located.

[2] At the discretion of the competent authority, 0.375% by 2022 and 0.5% by 2023. Does not apply at the individual level.

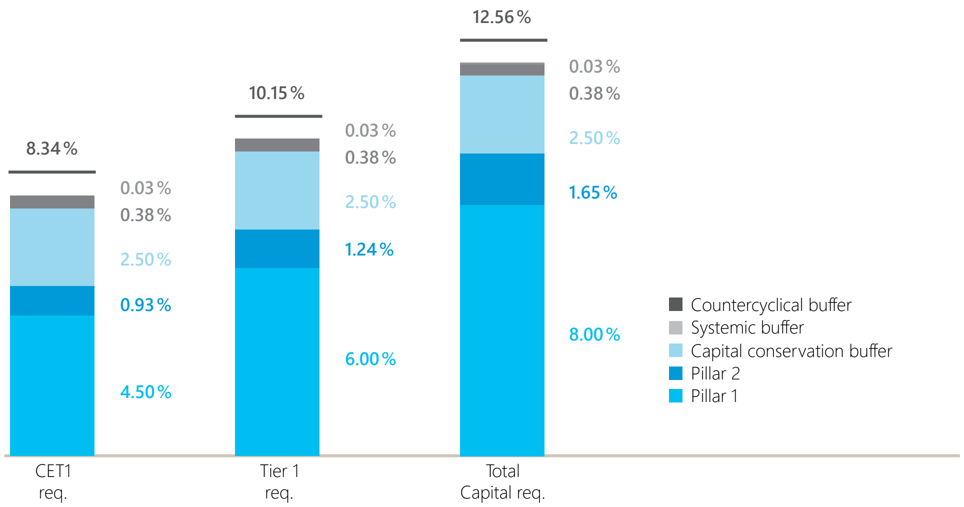
4.2.3 Total SREP requirements

Following the 2022 SREP process, **the minimum CET1 requirement applicable to CaixaBank at December is 8.34%,** which includes the Pillar 1 regulatory minimum (4.5%), the Pillar 2R requirement (0.93%), the capital conservation buffer (2.5%), the Other Systemically Important Entity buffer (0.375%) and the countercyclical buffer (0.03%).

Similarly, on the basis of the Pillar 1 minimum requirements for Tier 1 capital (6%) and Total Capital (8%), the requirements amount to 10.15% and 12.56% respectively.

Pillar 2R and the O-SII buffers do not apply on an individual level, which means that the individual CET1 minimum requirement is 7.03%.

Minimum requirements 2022



The ECB's decision indicates the regulatory CET1 level below which CaixaBank Group would be required to limit dividend payments, as well as variable pay and interest to holders of additional Tier 1 (AT1) capital instruments. This threshold, known as the maximum distributable amount trigger level (or MDA trigger), is the minimum CET1 requirement to which potential Tier 1 or Tier 2 capital shortfalls against the implied minimum Pillar 1 and Pillar 2R levels of 1.81% and 2.41%, respectively, must be added at any point in time. At December 2022, CaixaBank does not have any of these deficits, so the applicable MDA level at December 2022 is 8.34%. This requirement, compared with the current levels of the CET1 ratio, shows that none of the limitations referred to in the solvency regulations apply.

As concerns the countercyclical buffer, the following table provides a geographical breakdown of exposure by country of origin. The exposures are greater in Spain, where a 0% surcharge applies.

Table 4.3 EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Amounts in EUR millions and %

	General credit exposures[1,2]		Relevant credit exposures – Market risk				Own funds requirements						
Country	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of exposures in the held-for-trading book using the standard method	Exposure value of the held-for-trading book for internal models	Securitisation exposures	Total value of exposures	Relevant credit exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions of the banking book	Total	Risk-weighted exposures	Weighting of the own fund requirements	Countercyclical capital buffer percentage
Spain	59,567	261,353	4	35	2,098	323,058	10,557	12	22	10,590	132,381	76.30%	0.00%
Portugal	14,091	15,392	—	—	44	29,527	1,177	—	2	1,178	14,731	8.49%	0.00%
United Kingdom	3,042	2,594	—	—	—	5,637	293	—	—	293	3,666	2.11%	1.00%
France	2,086	2,894	—	—	6	4,987	264	—	1	265	3,311	1.91%	0.00%
Germany	524	5,836	—	—	—	6,360	229	—	—	229	2,862	1.65%	0.00%
Italy	1,748	1,433	—	—	—	3,181	200	—	—	200	2,498	1.44%	0.00%
United States of America	1,836	623	—	—	—	2,458	161	—	—	161	2,014	1.16%	0.00%
Luxembourg	913	668	—	—	—	1,581	101	—	—	101	1,264	0.73%	0.50%
Netherlands	253	2,214	—	—	—	2,467	94	—	—	94	1,174	0.68%	0.00%
Poland	517	1,258	—	—	—	1,775	86	—	—	86	1,074	0.62%	0.00%
Mexico	908	248	—	—	—	1,156	84	—	—	84	1,045	0.60%	0.00%
Angola	18	411	—	—	—	429	83	—	—	83	1,041	0.60%	0.00%
Canada	1,000	286	—	—	—	1,286	79	—	—	79	992	0.57%	0.00%
Panama	810	5	—	—	—	815	49	—	—	49	616	0.36%	0.00%
Australia	670	153	—	—	—	823	47	—	—	47	591	0.34%	0.00%
Other	4,555	2,629	—	—	—	7,184	340	—	—	340	4,249	2.45%	0.30%
Total	**92,535**	**297,999**	**4**	**35**	**2,149**	**392,722**	**13,844**	**12**	**24**	**13,881**	**173,509**	**100.00%**	**0.03%**

[1] Does not include EAD for Credit Value Adjustment (CVA).

[2] For the calculation of the countercyclical capital buffer, and as specified in Delegated Regulations 2015/1555, pertinent credit exposures shall include all categories of exposures other than those referred to in article 112, letters a) to f) of Regulation (EU) No. 575/2013.

Table 4.4 EU CCyB2 - Specific countercyclical capital buffer of each entity

Amounts in EUR millions and %	Gross
Total amount of risk exposure	215,103
Specific counter-cyclical buffer percentage of each entity	0.03%
Specific counter-cyclical buffer requirement of each entity	69

4.2.4 MREL requirements

In the context of the Bank Recovery and Resolution Directive ("BRRD") banking institutions are required to comply with both minimum requirements for own funds and eligible liabilities ("MREL requirement"), one on the total level of these instruments ("Total MREL") and other on instruments considered subordinated ("subordinated MREL"(EBA/GL/2014/13). These MREL requirements are determined by the Single Resolution Board ("SRB").

BRRD2 went into effect in December 2020, and it sets 1 January 2024 as the deadline for complying with MREL requirements, with an intermediate requirement that must be met on 1 January 2022. It also determines that the total and subordinated MREL requirements must be expressed as a percentage of both RWAs and the leverage ratio exposure.

In March 2023, the Bank of Spain notified CaixaBank of the minimum requirements for Total and Subordinated MREL, based on the information at 31 Decemeber 2023. According to this, starting on 1 January 2024, CaixaBank, on a **consolidated basis**, will have to reach a minimum volume of total **MREL of 24.24%**[1] **of RWA, including the combined capital buffers requirement** ("CBR"). In relation to the intermediate requirement, the Group must reach a total MREL requirement of 22.36%[2] including CBR from 2022 onwards.

In relation to the requirement at the subordinated level, CaixaBank must achieve, as of 1 January 2024, at the consolidated level, a **Subordinated MREL requirement of 18.40%**[3] **of RWA, including CBR**, and an intermediate requirement, as of 1 January 2022, of 16.53%[4] of RWA, including CBR.

Similarly, from 1 January 2024, the Group must comply on an LRE basis with **a total and subordinated MREL requirement of 6.19%**, with an intermediate requirement from 1 January 2022 of 6.09%

The MREL requirements established are consistent with CaixaBank's forecasts and are met with ease, both as a percentage of RWA and as a percentage of LRE. In addition, the long-term financing plan seeks to continue to comfortably meet future requirements.

According to the BRRD, the resolution authority will have the power to prohibit an entity from distributing more than the MDA for own funds and liabilities Eligible (MREL-MDA, calculated as per the new article 16.a) (4) of the BRRD) through the distribution of dividends, variable remuneration and payments to holders of additional Level 1 instruments, when it meets its combined buffer requirements in conjunction with the relevant own funds requirements, but not in conjunction with the MREL requirement. The BRRD includes a potential grace period of nine months, during which the resolution authority will assess monthly whether to exercise its discretionary powers. This MREL-MDA power is fully applicable from 1 January 2023.

Table 4.5 Total and Subordinated MREL Requirements

Requirement in % RWAs	2022	2024
Total MREL	22.36%	24.24%
Subordinated MREL	16.53%	18.40%

Requirement in % LRE		
Total MREL	6.09%	6.19%
Subordinated MREL	6.09%	6.19%

[1] In addition to the 21.21% RWA requirement, there is a combined buffer requirement (3.03% RWA in 2023).
[2] In addition to the 19.33% RWA requirement, there is a combined buffer requirement (3.03% of RWAs in December 2022).
[3] In addition to the 15.37% RWA requirement, there is a combined buffer requirement (3.03% of RWAs in 2023).
[4] In addition to the 13.50% RWA requirement, there is a combined buffer requirement (3.03% of RWAs in 2023).

4.3 Regulatory capital

4.3.1 Eligible own funds

Common Tier 1 (CET1) capital consists of the highest-quality elements of own funds (mostly accounting own funds). Together with additional Tier 1 (AT1) and Tier 2 equity instruments, these are the eligible own funds (total capital).

CaixaBank undertakes a comprehensive capital management to ensure the Bank's solvency and to comply with the minimum requirements at all levels: CET1, Tier 1 and Total Capital.

Appendix I details CaixaBank Group's eligible own funds at 31 December 2022.

The Group also complies with MREL requirements, which include Total Capital and other eligible subordinated instruments, mainly senior non-preferred (SNP) and senior preferred (SP) debt, in accordance with BRRD2 (on an APR and LRE basis).

Based on the supervisor's recommendation, in March 2020, CaixaBank accepted the transitional provisions of the IFRS9 regulation, which allows its solvency calculations to mitigate, in part, the procyclicity associated with the provisions model under IFRS9 regulations throughout the established transitional period. Figures without transitional provisions are shown in the table in Appendix III.

Table 4.6 Eligible own funds

Amounts in millions of euros	31/12/22	31/12/21
CET1 instruments	**33,462**	**34,824**
Shareholders' equity	36,639	37,013
Capital[1]	7,502	8,061
Result	3,145	5,226
Reserves and other	25,992	23,727
Minority interests and OCI	(2,386)	(1,596)
Eligible correction Minority interests and OCI	476	71
Other adjustments[2]	(1,267)	(665)
CET1 deductions	(5,968)	(6,487)
Intangible assets	(3,463)	(3,856)
Deferred tax assets	(1,901)	(2,074)
Other CET1 deductions	(604)	(556)
CET1	**27,494**	**28,337**
AT1 Instruments[3]	**4,238**	**4,984**
AT1 deductions	**—**	**—**
TIER 1	**31,732**	**33,322**
T2 instruments	**5,575**	**5,193**
Subordinated financing[4]	4,905	4,658
Excess IRB provisions	670	535
T2 Deductions	**—**	**—**
TIER 2	**5,575**	**5,193**
TOTAL CAPITAL	**37,307**	**38,514**
Senior non-preferred (SNP) debt issues[5]	11,048	10,628
Other eligible subordinated instruments MREL	—	—
SUBORDINATED MREL	**48,355**	**49,142**
Other computable instruments MREL[6]	7,448	6,382
MREL	**55,803**	**55,524**

Data from December 2021 updated with official information (COREP).

[1] In 2022, a programme was carried out to repurchase treasury shares for 1,800 million euros. After redemption of all the treasury shares acquired (558.5 million shares), the resulting share capital is 7,502billion euros.

[2] Mainly forecast of dividends for the current year, IFRS9 and AVAs.

[3] A 750 million issue of AT1 instruments has been redeemed.

[4] One issue of 750 million Tier 2 instruments was made this year and another issue of 500 million Tier 2 instruments was redeemed.

[5] Seven SNP debt issues were made this year, for a total nominal amount of 2,736 million euros.

[6] Three SP debt issues were made this year, for a total nominal amount of 2,075 million euros.

At 31 December 2022, CaixaBank Group has book equity of EUR 36,639 million (EUR 374 million less than in 2021, mainly due to the EUR 1,800 million share buyback programme). The OCI (accumulated other comprehensive income) is added to the own funds, also includes the phasing adjustment for the IFRS9 regulation. Instruments eligible as CET1 are further reduced by other elements. These primarily include the expected amount of any outstanding dividends, which is charged to the financial year, and any additional valuation adjustments (AVAs).

The amount of the dividend payable in 2022 (EUR 1,730 million) corresponds to 55% of the consolidated net result.

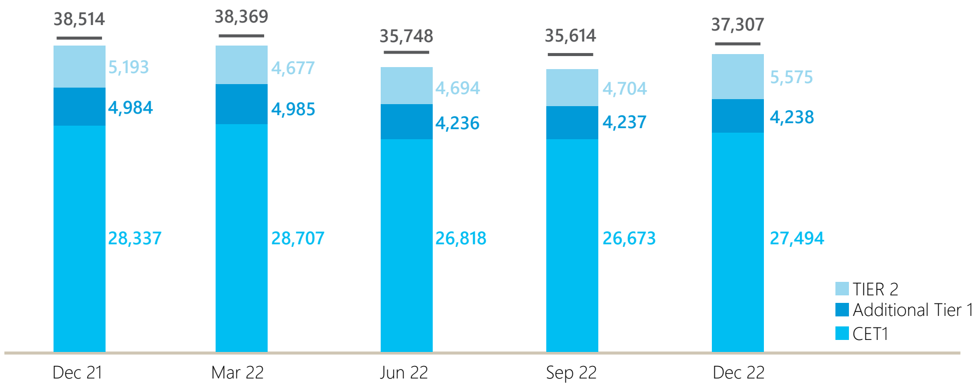
CET1-eligible instruments amounted to EUR 33,462 million (EUR 1,362 million less than in 2021).

Other deductions from the regulatory CET1 include, in addition to the 3,463 million euros in intangible assets, the deferred tax assets arising from tax losses and other tax credits, as well as irrevocable commitments to the national Single Resolution Fund (SRF) and Deposit Guarantee Fund (DGF).

As a result, regulatory CET1 amounted to EUR 27,494 million (EUR 843 million less than in 2021) and the CET1 ratio stood at 12.8% of RWA (12.5% without applying the transitional provisions linked to IFRS9).

Trend in regulatory capital

Amount in millions of euros



Additional Tier 1 (AT1) capital is composed of issuances of eligible hybrid instruments. An issue of 750 million of euros of AT1 instruments was redeemed in 2022. CaixaBank currently has five senior debt issues for an accounting amount of EUR 4,238 million, the characteristics of which are detailed in Appendix IV. Tier 1 capital stands at EUR 31,732 million (EUR 1,590 million less than in 2021) and **the Tier 1 ratio is 14.8% of RWA** (14.4% without applying the transitional provisions linked to IFRS9).

The components of Tier 2 capital include subordinated debt and the surplus of provisions over expected credit risk losses on exposures for which capital requirements are assessed under the IRB approach. In 2022, a EUR 500 million issue of Tier 2 instruments was redeemed and a new issue of EUR 750 million was made.

At 31 December 2022, CaixaBank had eight eligible subordinated debt issues of its own, for a total eligible amount of EUR 4,905 million. The details of these issues is provided in Appendix IV of this document.

Total Capital amounted to EUR 37,307 million (EUR 1,207 million less than in 2021) and **the Total Capital ratio stood at 17.3%** (17.0% without applying the transitional provisions linked to IFRS9). In January 2023, a new issue of GBP 500 million of Tier 2 instruments was made (+26 basis points in Total Capital, raising the pro-forma ratio to 17.6%).

At 31 December, CaixaBank had a margin of 445 basis points to the Group's trigger MDA, i.e. EUR 9,565 million (EUR 1,121 million less than in 2021).

In order to comply with MREL requirements, CaixaBank has 19 senior non-preferred (SNP) debt issues, with an accounting value of EUR 11,048 million. In 2022, seven issues of SNP[1] instruments were made for a nominal amount of EUR 2,736 million. Thus, the ratio on RWA of subordinated instruments (subordinated MREL), including total capital and SNP, is 22.5 % (8.6 % on LRE). In addition, in January 2023, a new issue of SNP instruments for US $1,250 million was made (+54 basis points). As a result, the subordinated MREL ratio would reach 23.3% when also considering the issue of Tier 2 instruments of January 2023.

In addition, the Group has 11 senior preferred (SP) debt issues[2] with a qualifying amount of EUR 7,398 million (3 of which in 2022 for a nominal amount of EUR 2,075 million) and a EUR 50 million structured note issue.[3] This brings the total MREL ratio, including all liabilities eligible under the Single Resolution Board, to 25.9 % (9.9 % over LRE). Including issues in January 2023, the total MREL ratio would reach 26.7%.

[1] *For more information on issues, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/senior-non-preferred-bonds.html*
[2] *For more information on issues, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/senior-preferred-bonds.html*
[3] *For more information, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/structured-notes.html*

Table 4.7 Variation in regulatory capital

Amounts in millions of euros	2021-2022
CET1 at the start of the period	**28,337**
Changes in CET1 instruments	**(1,362)**
Capital	(559)
Profit	3,145
Dividend	(1,730)
Reserves	(1,781)
OCIs and others	(438)
Changes in deductions from CET1	**519**
Intangible assets	393
Deferred tax assets	174
Other deductions from CET1	(48)
CET1 at the end of the period	**27,494**
Additional Tier 1 at the start of the period	**4,984**
Changes in AT1 instruments	**(746)**
Preferential issues	—
Redemption of issuances	(750)
Other	4
Changes in deductions from AT1	**—**
Additional Tier 1 at the end of the period	**4,238**
Tier 2 at start of period	**5,193**
Changes in Tier 2 instruments	**382**
Subordinated issuances	750
Redemption of issuances	(500)
Other Tier 2 instruments	132
Deduc. movements Tier 2	**—**
Tier 2 at end of period	**5,575**

4.3.2 Capital requirements

The quantitative information in this document complies with the EBA guidelines (EBA/ITS/2020/04) on disclosure requirements under Part Eight of the CRR.

A number of the most significant tables requested by the BCBS are published on CaixaBank's website every quarter, as per the disclosure requirements in the EBA. The total volume of RWAs at 31 December 2022 stood at EUR 215,103 million, which is EUR 548 million more than in 2021. The increase in RWAs for loans and counterparties (2,389 million of euros) was offset by the fall in RWAs for the equity portfolio (-2,751 million of euros).

Credit RWA increased mainly because of the increase in exposure to companies, which was partially offset by the reduction in requirements due to the rollout of the mortgage portfolio of the Portuguese subsidiary BPI to internal IRB models.

The reduction in the RWA of the equity portfolio is mainly due to the transfer of 100% of the shares of Bankia Vida to VidaCaixa, the reduction in the value of the stake in Segur Caixa Adeslas (SCA) at the consolidated level in VidaCaixa, the partial settlement of an equity swap formalised through the delivery of 1% of the stake in Telefónica and the distribution of reserves to the shareholders in Coral Homes.

Evolution of RWAs

Amounts in millions of euros

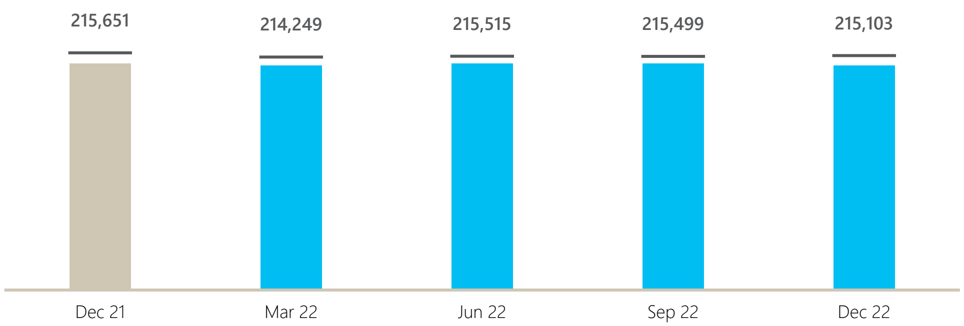


Table 4.8 EU INS1 - Shareholdings in insurance companies not deducted

Amounts in millions of euros	Exposure value[1]	Amount of risk exposure
Own funds instruments held in insurance or reinsurance companies or in an insurance portfolio company not deducted from own funds	3,682	13,623

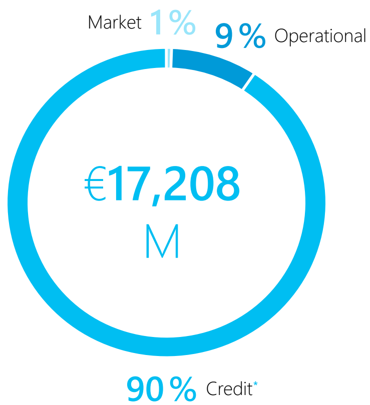
[1] Related mainly to equity holding in the VidaCaixa Group, which is subject to the provision of Art. 49.1 of the CRR ("Danish compromise"(EBA/GL/2014/13).

Table 4.9 Capital consumption by segments

Amounts in EUR millions and %	2022 Capital	2022 %	2021 Capital	2021 %
Credit[1]	15,613	91%	15,642	91%
Market	90	1%	140	1%
Operational	1,505	9%	1,470	9%
Total	**17,208**	**100%**	**17,252**	**100%**

[1] Includes equity portfolio, securitisations and counterparty.

Consumption of Capital 2022



Consumption of Capital 2021

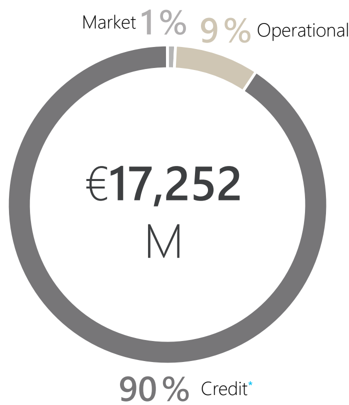


Table 4.9 provides details of CaixaBank Group's risk-weighted assets and capital requirements for each type of risk at 31 December 2022. The requirements for eligible own funds are equivalent to 8% of the RWAs.

Table 4.10 EU OV1 - Summary of total risk exposure amounts

Amounts in millions of euros		Total amount of risk exposure (TARE)		Total own fund requirements	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
1	**Credit risk (excluding counterparty risk)**	**192,605**	**191,557**	**15,408**	**15,325**
2	Of which: with the standard method	78,814	80,253	6,305	6,420
3	Of which: using the foundation internal ratings-based approach (FIRB)[1]	—	—	—	—
4	Of which: subject to slotting approach[1]	1,689	2,222	135	178
EU 4a	Of which: securities with the simple risk weighting method	14,754	15,701	1,180	1,256
5	Of which: using the advanced internal rating-based method (AIRB)	92,050	86,235	7,364	6,899
6	**Counterparty risk**	**2,328**	**3,662**	**186**	**293**
7	Of which: with the standard method[1]	1,349	2,647	108	212
8	Of which: the internal model method (IMM)[1]	—	—	—	—
EU 8a	Of which: exposures to a central counterparty	42	50	3	4
EU 8b	Of which: credit valuation adjustment (CVA)	620	710	50	57
9	Of which: another counterparty risk	318	256	25	20
15	**Settlement risk**	**—**	**—**	**—**	**—**
16	**Securitisation exposures in the non-trading book (after applying the maximum limit)[1]**	**303**	**423**	**24**	**34**
17	Of which: the SEC-IRBA method	254	342	20	27
18	Of which: the SEC-ERBA method (including the internal assessment method	37	63	3	5
19	Of which: the SEC-SA method	11	17	1	1
EU 19a	Of which: 1250%/deduction	1	1	0	0
20	**Position, exchange rate and commodities risks (market risk)**	**1,056**	**1,637**	**84**	**131**
21	Of which: with the standard method	12	568	1	45
22	Of which: with the internal model method (IMM)	1,044	1,069	84	86
EU 22a	Large exposures	—	—	—	—
23	**Operational risk**	**18,810**	**18,371**	**1,505**	**1,470**
EU 23a	Of which: with the basic indicator method	—	—	—	—
EU 23b	Of which: with the standard method	18,810	18,371	1,505	1,470
EU 23c	Of which: with the advanced measurement method	—	—	—	—
24	**Amounts below the deduction thresholds (with a 250% risk weighting)**	**8,214**	**6,449**	**657**	**516**
29	**TOTAL**	**215,103**	**215,651**	**17,208**	**17,252**

[1] *Items that exhibit adaptations with respect to the EBA mapping tool.*

RWA information per quarter is published in the Pillar 3 Dec-22 report (https://www.caixabank.com/en/shareholders-investors/economic-financial-information/other-financial-information.html)

4.3.3 Trends in solvency

In terms of solvency during 2022, it is worth highlighting the programme for the share buy-back (SBB) approved by the Board of Directors in May 2022, which consisted of the repurchase of shares for a monetary amount of EUR 1,800 million, with the purpose of reducing share capital through the redemption of shares. After redemption of all the treasury shares acquired (558.5 million shares), the resulting share capital is 7,502billion euros.

CaixaBank maintained a solid solvency position throughout the year, with a regulatory CET1 ratio of 12.8% at year-end, down 36 bps year-on-year. The annual result, after the extraordinary impact of the share buyback programme "SBB" (-83 bps), was +113 bps of organic generation, -90 bps for the expected dividends to be paid in April 2023 and coupon payments on issues eligible as Additional Tier 1 (AT1) and +26 bps for market and other developments.

The impact from phasing in IFRS9 was +30 basis points as at 31 December (-2 basis points compared to 2021). The CET1 ratio without application of the transitional provisions of IFRS9 stands at 12.5% at 31 December 2022.

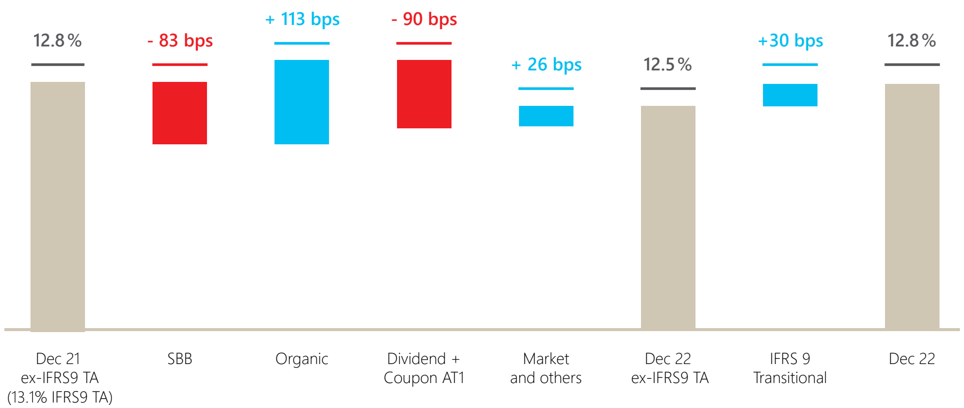
The Tier 1 ratio was 14.8%, -70 bps lower than a year earlier, mainly due to the share buyback programme and the loss of eligibility of a EUR 750 million issue. The Group has a bucket of AT1 that comfortably covers the Pillar 1 requirements (1.5%), and also the eligible Pillar 2 requirements (0.31%).

The Total Capital ratio stood at 17.3%, -52 basis points compared to December 2021. This year, it issued EUR 750 million in Tier 2 eligible instruments, which offset the redemption of a EUR 500 million issue. Tier 2 capital elements fully cover Pillar 1 (2.0%) and Pillar 2 (0.41%) requirements.

The ratios without application of the transitional solvency provisions linked to IFRS9, as at 31 December 2022, stood at 14.4% for Tier 1 and 17.0% for Total Capital.

In December 2022, the subordinated MREL ratio reached 22.5% (8.6% over LRE), -31 basis points compared to the previous year. In 2022, seven issues of SNP instruments were made for an accounting value of EUR 2,695 million. The total MREL ratio stood at 25.9% (9.9% of LRE), +20 basis points compared to December 2021, including the three issues made this year for a total amount in December of EUR 2,059 million.

Evolution of solvency (CET1)



4.3.4 Leverage ratio

The Basel III framework introduces the leverage ratio as a non-risk sensitive measure, to be used to limit excessive balance sheet growth relative to available capital.

This ratio is calculated by dividing Tier 1 capital by a measure of exposure based on total assets, minus Tier 1 deductions and including, among others, contingent risk and commitments weighted in accordance with the applicable regulations, the net value of derivatives (plus a surcharge for potential future exposure) and other related adjustments.

The CRR, since its last modification ("CRR 2"), specifies a minimum requirement of 3%[1], applicable from June 2022. Furthermore, CRD V states that the competent authority can impose an additional own funds requirement to cover the risk of excessive leverage (P2R-LR) and additional guidance involving own funds to cover the risk of excessive leverage in stress situations (P2G-LR). In accordance with the ECB's communication received in December 2022, CaixaBank has no additional requirements of P2R-LR. At 31 December 2022, CaixaBank Group's leverage ratio stood at 5.6% (+35 basis points compared to the previous year), well above the regulatory minimum.

In 2022, the ratio was impacted by the reduction of Tier 1 (-25 bps), mainly due to the reduction of EUR 1,800 million of own funds from the share buyback programme (SBB) and the redemption of EUR 750 million AT1 instruments. Meanwhile, total assets declined in the year (largely due to the redemption of EUR 65,132 million of TLTRO) leading to an improvement in the ratio (+60 bps).

The leverage ratio is in line with the Corporate Capital and Solvency Risk Management Policy. CaixaBank actively manages the leverage ratio, based on exhaustive analysis and monthly monitoring, to ensure that it remains comfortably above the minimum requirements. Analysis of the main changes in the various components (evolution of assets, collateral, etc.) is reported to the Capital Committee and the rest of senior management bodies. In addition, the leverage ratio is a priority metric within the Risk Appetite Framework and is presented quarterly at the Global Risk Committee. It is currently above the risk appetite level (4.5%). Additionally, within the Capital Planning exercise (ICAAP), estimates of the leverage ratio are made out to three years in both normal and stress scenarios. The ALCO committee also regularly monitors compliance with the Capital and Funding Plan, including monitoring and managing the leverage ratio.

CaixaBank publishes the leverage ratio on a quarterly basis, as well as the details of the calculation on the quantitative IRP platform.

Appendices V, VI and VII include mandatory information regarding the leverage ratio.

Table 4.11 Leverage ratio

Amounts in EUR millions and %	Gross
Tier 1	**31,732**
Total assets (reserved)	533,141
Tier 1 deductions	(5,968)
Other adjustments[1]	36,519
Leverage exposure	**563,692**
Leverage ratio	5.6%

[1] Includes off-balance-sheet items, derivatives and SFTs.

[1] Applies at both consolidated and individual level.

CaixaBank

4.3.5 Financial Conglomerate

CaixaBank Group has been a financial conglomerate subject to additional supervision[1] since 2014. This supervision entails a heightened degree of monitoring by the supervisor in relation to the Group's financial and insurance operations.

CaixaBank is authorised by the supervisor not to deduct its investment in insurance companies, pursuant to Article 49.1 of the CRR ("Danish compromise"(EBA/GL/2014/13). Investments in these insurance companies are weighted at 370% in terms of RWAs.

In 2022, VidaCaixa Group acquired 100% of Bankia Vida and Sa Nostra Vida, insurance holdings resulting from the integration of CaixaBank with Bankia in 2021.

Furthermore, in addition to the capital requirements in terms of prudential banking regulations, CaixaBank periodically calculates and monitors the solvency of the financial conglomerate and recurrently submits it to the Capital Committee. As of December 2022, the coverage ratio of the financial conglomerate (ratio of the conglomerate's own funds to minimum requirements) stands at 133.9% (143.8% in December 2021). The decrease in the ratio is mainly due to the reduction in bank capital (impacted by the share buyback programme).

This metric is within the Risk Appetite Framework and is analysed on a quarterly basis and presented to the Global Risk Committee.

Table 4.12 EU INS2 – Financial conglomerates – Information on own funds and capital adequacy ratio

Amounts in millions of euros	31/12/22
Total banking capital	37,307
Additional elements	(265)
Conglomerate capital	**37,042**
Total banking capital requirements	27,010
Other requirements	655
Conglomerate capital requirements	**27,665**
Capital adequacy coefficient of the financial conglomerate (%)	**133.9%**
Additional own funds requirements of the financial conglomerate (amount)	**9,377**

4.4. *Stress Test*

During the first half of 2022, the European Central Bank carried out the first Climate Stress Test exercise on a sample of 104 significant institutions, including CaixaBank. The main objective of the exercise is to identify best practices among the entities and the constraints they face. This serves to understand their level of preparedness and how they plan to adjust their business models to climate risks, as well as to provide guidance on improving data availability. The results were published in July 2022, aggregated for all entities together with an analysis of findings at a sectoral level.

[1] *Law 5/2005, of 22 April, on the supervision of financial conglomerates and amending other financial sector laws, and Royal Decree 1332/2005 of 11 November, which implements Law 5/2005.*

The exercise was based on three modules, with modules 1 and 2 being mandatory for all entities:

- **Module 1** - Review of the Entity's climate stress test framework: a qualitative questionnaire aimed at gaining a high-level understanding of the Entity's climate stress testing framework, management and modelling practices
- **Module 2** - Climate risk metrics: a calculation of KPI's regarding the entity's exposure to transition risk and its exposure to carbon-intensive sectors of the economy
- **Module 3** - Methodology, data and projections: short- and long-term projections to measure transition risk and physical risks

In December 2021, the European Banking Authority (EBA) published that the Board of Supervisors of the European Banking Authority decided to carry out its next EU-wide stress test in 2023, in line with the decision to run this test every two years. A total of 57 credit institutions representing approximately 75% of EU banking assets, including CaixaBank, will participate in the exercise. At the same time, the ECB will carry out its own stress tests on 42 other medium-sized companies that have not been included in the sample of the test led by the EBA due to their smaller size.

In November 2022, the EBA published the methodology and main milestones of the exercise, which will conclude with the publication of the results at the end of July 2023.

The results of the resistance test will be used to update the Pillar 2 recommendations (P2G) for each entity, within the framework of the supervisory review and assessment process (PRES). The qualitative conclusions on the weaknesses of institutions' practices in the stress test could also affect their Pillar 2 requirements and lead to other supervisory activities. Similarly, the results of the stress test will support macroprudential activities, and the ECB will assess the macroprudential implications of the exercise for the euro area.

4.5 Economic capital

CaixaBank Group has developed a model for economic capital that measures its available own funds and the capital requirements for all of the risks associated with its activity. This measure complements the regulatory view of solvency and enables better alignment with the Group's risk profile, since it incorporates risks that are not considered, or are only partially considered, in the regulatory requirements. This is used to **(i)** the capital self-assessment, which is subject to presentation to and periodic review by the relevant bodies of the Group; **(ii)** as a control and monitoring tool; **(iii)** for risk planning, and **(iv)** to calculate the Risk-Adjusted Return (RAR) and the pricing.

The available equity in financial terms is determined on the basis of prudently adjusted regulatory equity, basically by unrealised gains or losses on the balance sheet which are not recognised at fair value for accounting purposes, as well as by marking certain assets and liabilities of the insurance business to market.

In contrast with regulatory capital, economic capital is an internal estimate which the Entity adjusts according to its level of tolerance to risk, volume, and type of business activity. In addition to the risks already included in Pillar 1 (credit, market and operational risk), the other risks included in the Corporate Risk Catalogue (e.g. structural interest rate risk, business profitability risk and actuarial risk) are added.

Two of the most significant differences for credit risk with regard to the regulatory approach are the following:

1. **Single large exposures:** single large exposures have a significant impact on economic capital estimates, particularly in the equity portfolio and in the corporate and banking segments. The regulatory formula, which considers infinitely granular portfolios, is not particularly appropriate for covering the level of concentration of the Group portfolio. Accordingly, the internal model reflects the possibility of having single large exposures and it simulates potential default on these specific positions. This means the simulated loss distribution includes the individual concentration risk for large exposures. The opposite effect of this concentration is that it leads to additional diversification among portfolios.

2. **Estimation of sensitivities and diversification:** CaixaBank Group has developed its own scheme for determining sensitivities of probabilities of default to specific economic and financial variables, thereby implicitly estimating correlations of probabilities of default adjusted to the Group's scope of activity. The different sensitivities estimated introduce additional diversification among portfolios and industrial sectors, as a result of the various sensitivities produced. It also considers specific sensitivities for international financial stakes in the equity portfolio, which provide additional diversification with the rest of the portfolio.

4.6 Recovery and resolution plans

Recovery and resolution plans represent two fundamental tools that allow for adequate advance preparation in the event of a crisis in an institution and are subject to recurrent monitoring by the Recovery and Resolution Plan Committee, which reports to the Management Committee.

In line with section 2.1 of the regulatory scope of this document, and within the framework of BRRD II, CaixaBank has updated the Group's Recovery Plan for 2022. This Plan was approved by the Board of Directors and sent to the European Central Bank in September 2022.

With regard to the Plan's scope, it covers the entire Group, including BPI and the branches and representative offices abroad.

The Recovery Plan allows for testing the feasibility, complexity and effectiveness of a list of recovery measures that could be implemented in the event of a significant deterioration of the institution's financial situation.

CaixaBank Group's Recovery Plan is fully integrated into the Group's internal management. In this regard, the Plan is aligned with the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), as well as the Risk Appetite Framework (RAF) through recovery indicators, and it is included in regular monitoring reports. These recovery indicators facilitate the monitoring and control of the financial situation, and a breach of the associated thresholds could result in escalating the decision as to whether to activate the Recovery Plan.

With regard to the Group's resolution plan, this is drawn up and approved by the resolution authorities. CaixaBank collaborates with these authorities to ensure the availability and supply of the relevant information in the event of resolution, as well as to improve the Bank's resolvability by developing those projects that the European resolution authority deems a priority, both at the sector level and those that are specific to CaixaBank.

In the field of resolution, the BRRD II also requires financial institutions to have a buffer to absorb losses (MREL) to ensure the possible application of the bail-in resolution tool and to cover the MREL requirements (see section 4.2.4 in this document). Accordingly, CaixaBank has developed a specific manual to implement this tool, it has defined a plan to finance eligible MREL instruments, and it is developing a culture of “resolvability” in the Group to ensure its operational continuity and analyse the structure, complexity and interdependencies of the Group in order to ensure the absence of obstacles to its resolvability in a resolution scenario.

5. **Business** profitability risk

5. **Business** profitability risk

Business profitability risk refers to obtaining results lower than market expectations or the Group's targets which prevent the Group from reaching a profitability level that is higher than the cost of capital.

The Group's return targets, backed by a process of financial planning and monitoring, are defined in the Group's 3-year Strategic Plan, and they are set each year in the Group's Budget and in the Commercial Network Challenges.

The Group has a Corporate Policy for Business profitability risk management. The management of this risk is based on four management visions:

- Group vision: the overall aggregated profitability at CaixaBank Group level.
- Business/Territory vision: the return of businesses/territories.
- Financial/Accounting vision: the return of the different corporate businesses.
- Commercial/Management vision: the return of the management of CaixaBank's commercial network.
- Pricing vision: the return based on the pricing of CaixaBank products and services.
- Project vision: the return of the Group's significant projects.

The Business profitability risk management strategy is closely integrated with the Group's solvency and liquidity management strategy and is supported by the strategic risk processes (especially Risk Assessment and RAF).

6. Reputational risk

6. Reputational **risk**

Definition and general policy

Reputational risk is understood as the potential financial loss or lower income for the Group as a result of events that negatively affect the perception that interest groups have of CaixaBank Group.

CaixaBank Group has a Corporate Reputational Risk Policy based on the Bank's three-line defence model, which defines and expands the principles governing the management and control of this risk within the Group. This includes the regulatory framework, the general principles and strategy governing reputational risk management, the governance framework, the control framework and its functions, as well as the reporting framework and information on this risk. All CaixaBank Group companies are covered within its scope.

CaixaBank Group also has a corporate communication policy aligned with the Corporate Reputational Risk Policy, the main objective of which is to guarantee a transparent, high-quality and comprehensive corporate communication model for stakeholders, as well as to prevent, minimise and mitigate possible reputational risk impacts. It sets out CaixaBank Group's main strategies and principles regarding the provision of key financial, non-financial and corporate information, the continuous relationship with the media and the use of digital channels.

Structure and organisation of the risk management function

As established in the Corporate Reputational Risk Policy, CaixaBank's Communications and Institutional Relations Division performs the main functions in the areas of strategy and governance of reputational risk, management and control thereof, as well as analysis and reporting to the different Governing Bodies of the bank and the supervisory entities when they require it. These functions include defining and managing crisis communication plans, advising on reputational risk issues, assessing situations, relationships with stakeholders, and business operations with potential reputational risk or that may violate policies on reputational risk (e.g. money laundering, among others).

This organizational unit (Directorate) also leads the Reputational Risk Committee, which reports to the Management Committee. The RRC's functions include analysing the state of CaixaBank's reputation and periodically monitoring identified risks that could affect the Group's reputation, as well as proposing actions and contingency plans to minimise the detected risks. The Reputational Risk Committee also reports on the status of reputational risks to the company's Global Risk Committee, which then reports to the Risk Committee. The latter, in turn, then reports to the CaixaBank Board of Directors.

The Business Division also has responsibilities as the first line of defence in managing reputational risk related to Mortgage loans and housing through the Reputational Risk Managers, as well as through Business Oversight for prevention and mitigation of reputational risk in the commercial network.

Additionally, in accordance with the Control Model of three lines of defence implemented in the Group, there is a second line of defence for reputational risk, formed by the **Non-Financial Risk Control Division (Compliance and Control Division)**, whose responsibility is to ensure quality throughout the entire management process; ensure that policies and procedures are in place and consistent with the internal policy and public guidelines; evaluate the oversight environment and provide guidance on the design and review of the processes. Lastly, **Internal Audit** supervises the actions of the first and second lines of defence, providing support to Senior Management and the Governing Bodies. See section 3.1.4. for more details.

The policy also establishes that **all CaixaBank's divisions and subsidiaries** have joint responsibility for the reputation of CaixaBank Group. They are involved in identifying and managing the reputational risks to which they are exposed and in establishing mitigation plans and measures.

Hedging policies and mitigation techniques

The Corporate Reputational Risk Policy completes and expands the risk-mitigating functions that already existed in other CaixaBank policies, such as the Code of Ethics and Principles of Action; the Corporate Governance Policy, which establishes the criteria and guidelines governing the company and the functioning of CaixaBank's governing bodies; other policies that implement principles and standards of action with stakeholders or social or environmental matters, whose compliance entails the mitigation of reputational risk (Corporate Sustainability/CSR Risk Management Policy, Corporate Human Rights Policy, Corporate Anti-corruption Policy, Corporate Policy relating to the Defence sector, Corporate Policy for the control and management of Tax Risk, Corporate Policy for Criminal Compliance, Environmental Risk Management Policy or occupational risk prevention policies); and policies that regulate the management and disclosure of information to stakeholders (Corporate Policy on Information Reliability Control and Management; Policy on Information, Communication and Contact with Shareholders, Institutional Investors and Voting Advisers and Corporate Communication Policy).

Reputational risk management and control strategy

The reputational risk management strategy is in line with the legal framework in force at all times and with CaixaBank's general principles of action: creating value for stakeholders, operational excellence and responsibility, early risk management, corporate coherence, transparency and continuous improvement. In addition, Corporate Reputational Risk Policy establishes the following areas to control and mitigate the reputational risk:

- **Identification and periodic assessment:** For this purpose, there is a specific taxonomy (risk catalogue) and regular processes for assessing and analysing reputational risks (six-monthly risk assessment, periodic analysis of perceptions, identification and reporting of crisis milestones, studies and market benchmarks).

- **Management and prevention policies and procedures**, including, in addition to the aforementioned policies, the development of a culture of reputational risk in all Group companies and internal procedures for managing reputational crises with detection protocols, severity scales and actions to mitigate or eliminate potential negative effects.

- **Risk prevention and reputation promotion** through management of communication channels and dialogue with stakeholders, analysis of business operations from this perspective and development of communication initiatives that boost visibility and recognition of corporate values among stakeholders.

- **Risk monitoring and control** through internal and external indicators, as well as the Risk Appetite Framework (RAF) reputation metrics, the review of the control framework, compliance with standards, and the development of periodic reputation control and measurement systems.

- **Periodic reporting to the Governing Bodies**, senior management of the bank, and supervisors for the decision-making process in this field.

Within the scope of reputational risk management, we include the measurement of reputation related to ESG aspects, as a consequence of the disclosure of ESG actions and the Entity's exposure to the various ESG risks. In this regard, CaixaBank includes in its reputational risk and reputation metrics the recognition and perception of the various stakeholders linked to environmental management and care, the Entity's social contribution and corporate governance.

7. Credit risk

7. Credit **risk**

RWA credit risk
€195,163 M

EAD credit risk
€543,577 M

EAD under internal models
55 % (81% vs the private sector)

Credit risk is defined as the loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Credit risk also includes the risk generated by operations in the financial markets (counterparty risk).

Due to the specific treatment provided by prudential regulation for certain exposures subject to credit risk, explicit details are provided of exposures to counterparty risk (derivatives and securities financing transactions), securitisations and the equity portfolio. Due to the CaixaBank business model, the first two account for just 2% of total credit risk requirements, while the equity portfolio accounts for 10%. Thus, the remaining 88% of credit risk requirements come from credit investment portfolios, the fixed-income portfolio and other non-debt assets.

55% of the total assets subject to credit risk are assessed using internal models, IRB (Internal Ratings Based) approach. Excluding those portfolios for which there is authorisation for the permanent application of the standardised approach (e.g. exposure to the public sector and financial institutions), as well as non-debt assets (i.e. real estate), the IRB coverage is 81%.

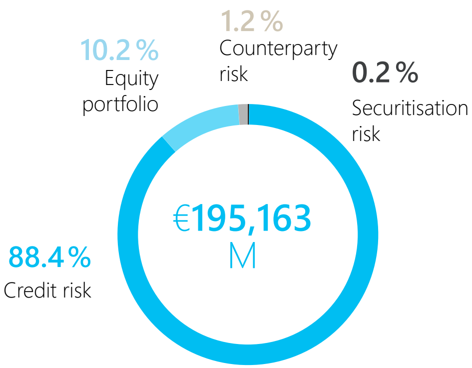
This year 2022, for the first time, qualitative and quantitative prudential ESG (environmental, social and governance) risk information is included, following the EBA/ITS/2022/01 guideline of 24 January 2022 and in accordance with article 449a of the CRR. Quantitative information is included in this chapter in section 7.1.4. Credit risk is the prudential risk that may be most impacted by climatic factors, mainly transition and physical factors, in the short, medium and long term.

Annual evolution

The total credit risk requirements at the end of 2022 dropped 0.2% with respect to the previous year. Particularly noteworthy movements in the year include the increase of exposure in companies and, in the opposite direction, the reduction of requirements due to the rollout of BPI's mortgage portfolio following IRB internal models. Furthermore, the equity portfolio requirements declined due to the partial settlement of an equity swap, settled by delivering 1% of the stake in Telefónica, and the reduction of carrying value due to the distribution of dividends from some investees, as well as in counterparty risk due to the position variation and market price movements.

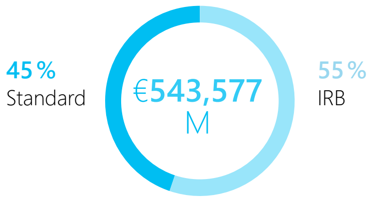
RWAs total credit risk

Distribution by risk, %



EAD Total credit risk

Distribution by approach and country, %



Geographical distribution, %

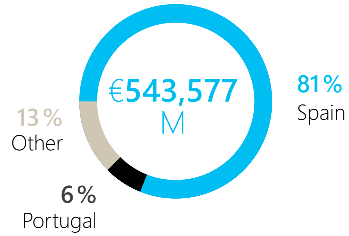


Table 7.0 Credit, counterparty, securitisation and equity portfolio risk by method

	EAD			RWA			Density			Capital requirements[5]		
Amounts in millions of euros	Standard	IRB	Total	Standard	IRB	Total	Standard	IRB	Total	Standard	IRB	Total
Loan portfolio and others[1]	238,538	290,686	529,225	78,814	93,739	172,553	33.04%	32.25%	32.60%	6,305	7,499	13,804
Counterparty[2]	4,891	861	5,752	1,802	526	2,328	36.84%	61.15%	40.48%	144	42	186
Securitisations[3]	104	2,045	2,149	49	254	303	47.48%	12.40%	14.09%	4	20	24
Equity portfolio[4]	—	6,452	6,452	—	19,978	19,978	— %	309.66%	309.66%	—	1,598	1,598
Total credit risk	**243,533**	**300,044**	**543,577**	**80,665**	**114,497**	**195,163**	**33.12%**	**38.16%**	**35.90%**	**6,453**	**9,160**	**15,613**

[1] Includes all balance sheet items subject to credit risk, except those that are separately indicated. Therefore, it mainly includes: loans and receivables, fixed-income and non-debt assets.
[2] Counterparty risk including CVA risk and Default Fund risk (under the standardised approach).
[3] The EAD shown for securitisation risk corresponds to the exposure subject to risk weight before deductions.
[4] Risk in the equity portfolio includes the investees business and holdings in subsidiaries not consolidated by the full equity method for prudential purposes (mainly VidaCaixa).
[5] Capital requirements at 8% on RWAs.

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7.1 Loans and receivables, fixed-income and non-debt assets

RWA credit risk
€172,553 M

EAD credit risk
€529,225 M

EAD under internal models
55 % (82 % vs the private sector)

Credit risk is the most significant risk item on the balance sheet. The general regulatory treatment for credit risk includes: impairment and default of credit investment counterparties, the fixed-income portfolio and other non-debt assets, mainly real estate.

As regards ordinary activity, the group focuses its lending activity towards meeting the funding needs of households and companies, and to providing value-added services to the large corporates segment, while targeting a medium-low credit risk profile, in line with the RAF.

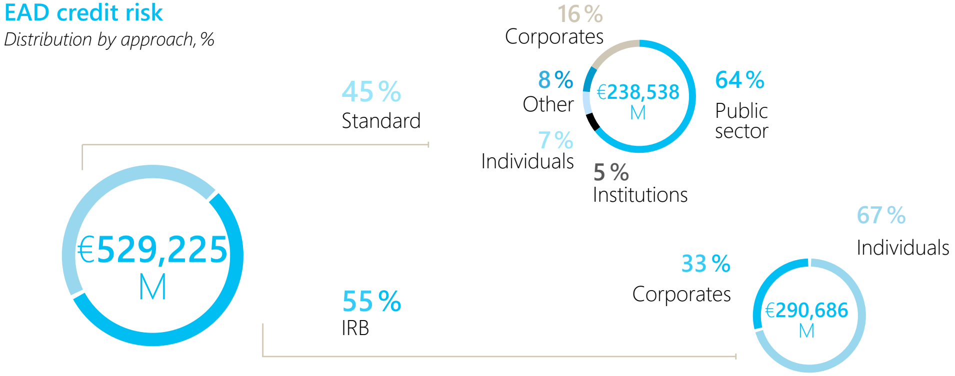
Approval of lending transactions follows the basic criterion of evaluation of the borrower's repayment capacity, and it is not the Group's policy to approve transactions merely because guarantees exist. If repayment capacity is deemed to exist, it then becomes important for the Bank to obtain additional guarantees as a risk mitigation factor, particularly in respect of long-term transactions, and to fix a price in accordance with the above two requirements.

Non-performing exposures, which correspond to on-balance sheet transactions and contingent liabilities and commitments in the consolidated prudential balance sheet, dropped €5,360 million in 2022 as a result of the good performance of the asset quality and active management of non-performing assets, standing at €12,870 million at the end of the financial year.

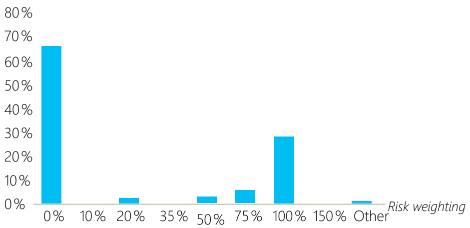
Annual evolution

RWA in credit risk increased by €3,844 million, up +2.3% year-on-year, where the increase of exposure in companies and, in the opposite direction, the reduction of requirements due to the rollout of BPI's mortgage portfolio following IRB internal models particularly stand out.

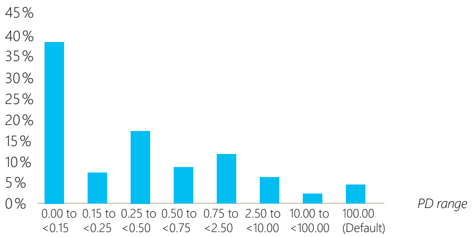
EAD credit risk
Distribution by approach, %



EAD under standardised approach
Distribution by risk-weighting, %



EAD under IRB approach
Distribution by PD, %



7.1.1 Credit risk management

Description and general policy

Credit risk corresponds to the loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Includes the risk generated by operations in the financial markets (counterparty risk). It is the most significant risk item from the Group's financial activity, based on marketing banking and insurance, treasury operations and long-term equity investments (equity portfolio).

The Corporate credit risk management policy, approved by the Board of Directors, establishes the general framework and basic principles that serve as a reference and minimum standard for the identification, assessment, approval, monitoring and mitigation of credit risk, as well as the criteria for quantifying the coverage of expected credit risk losses, both for accounting and capital adequacy purposes.

The main principles and policies that underpin credit risk management in the Group are as follows:

- The credit risk management policy and strategy, as well as the frameworks and limits to control and mitigate credit risk, are integrated and consistent with the overall risk appetite and strategy.
- Clear definition and assignment of responsibilities to the different areas involved in the credit risk approval, management, monitoring and control cycle in order to ensure effective credit risk management.
- The business lines and business units that give rise to credit risk are primarily responsible for managing the credit risk generated by their activities throughout the credit lifecycle. These lines and business units have suitable internal controls to ensure compliance with internal policies and applicable external requirements. The risk management function will be responsible for assessing the adequacy of these controls.
- Approval is based on the borrower's repayment capacity, with an appropriate relationship between income and the expenses borne by the customer. As a general rule, guarantees, whether personal or in rem, are no substitute for a lack of ability to repay or uncertain finality of the operation.
- There is a suitable assessment of both the guarantees and the foreclosed assets.
- The pricing system is adjusted to the risk assumed in the operations, so as to ensure an appropriate risk/return trade-off and where collateral acts as a mitigating element, in particular in long-term transactions.
- The development of internal models for the classification of exposures and borrowers, as well as for measuring risk parameters for regulatory capital consumption or provisioning, ensures the establishment and standardisation of the key aspects of these models in accordance with a methodology adapted to the characteristics of each portfolio.
- There is a system of independent internal validation and periodic review of the credit risk models used for both management and regulatory purposes, for which materiality criteria is applied.
- There is a monitoring framework that ensures that information related to credit risk exposures, borrowers and collateral is relevant and kept up to date throughout the lifecycle of the credit exposures, and that the external reports are reliable, full, up to date and drawn up within the established time frames.
- Criteria has been established for the accounting classification of transactions and for the quantification of expected losses and capital requirements for credit risk that accurately reflect the credit quality of the assets.
- The recovery process is governed by the principles of anticipation, objectivity, efficiency and focus on customers. The recovery circuit has been designed on the basis of early detection of the possibility of default and is equipped with adequate measures for the effective recovery of debts.

To ensure appropriate protection is given to customers, individuals and credit institutions, the current legal framework (the Sustainable Economy Act 2/2011 and Ministerial Order EHA/2899/2011 on transparency and protection of customers of banking services and the most recent Act 5/2019 of 15 March regulating real estate lending agreements) requires all financial institutions to establish policies, methods and procedures to ensure that the process of assessing and granting loan applications is appropriate. Therefore, as a mechanism to protect users of financial services, the new concept of a "responsible loan" establishes the need to adequately evaluate customer solvency and promote practices to ensure responsible lending.

CaixaBank has adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Act 6/2012 of 9 March, on urgent measures to protect mortgagors without funds, as amended by Act 1/2013 of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals, and Royal Decree-Act 1/2015 of 27 February, regarding second chance mechanisms, the reduction in the financial burden and other social measures, and Royal Decree-Act 5/2017 of 17 March, amending Royal Decree-Act 6/2012 of 9 March and Act 1/2013 of 14 May and Royal Decree-Act 19/2022 of 22 March, expanding its scope of action and reinforcing the relief measures of vulnerable households.

In addition, CaixaBank has adhered to the new Code of Good Practices published in the aforementioned Act 19/2022 on urgent measures to protect mortgagors without funds, which will have a transitional regime with a duration of two years.

With regard to the private sector in Spain, beyond the deployment carried out in 2021 in order to implement the COVID measures (regulatory moratoria supplemented with other agreements, mainly of a sectoral nature, ICO guarantee facilities extended by CaixaBank by means of working capital facilities and special funding facilities, among others), the year 2022 has been noted for, following the end of the legal marketing period, the extension of terms and grace periods of ICO COVID-19 guarantee facilities for loans and credit accounts and the new line of ICO Ukraine guarantee facilities for financing granted to self-employed workers and companies affected by the economic impact of the war in Ukraine, Royal Decree-Law 6/2022, of 29 March.

Structure and organisation of the credit risk control and management function

First line of defence

Integrated by the operational units that in the first instance manage credit risk: they are responsible for the application of internal policies and procedures; proactively implement identification, management and mitigation measures; and establish and implement appropriate controls.

Given the business profile and relevance of this risk for the Group, there are several originating areas that also serve the function of a first layer of control (lines of defence): the **Business Division**, the **Directorate of Corporate and International Banking** and the **Risks Division.** In the Risks Division, the retail and company lending offices and the different Default and Restructuring divisions (individuals, companies and large corporates) carry out the functions of the first line of defence.

Second line of defence

The second line of defence ensures the quality of the entire credit risk management process: it reviews the consistency with internal policies/frameworks and public guidelines for related processes; provides guidance on the design and review of the processes and the controls established by the management units; and carries out specific controls on the different phases of the process. The functions of the second line of defence are divided between the divisions of **Corporate Risk Management Function & Planning** and **Compliance and Control**.

The **Corporate Risk Management Function & Planning** division comprises the following divisions linked to credit risk management:

- **Credit Risk Policies and Information**, responsible for the governance framework, revising and coordinating the approval policies and managing recoveries and defaults, among other things; information and regulatory reporting; and management of the risk profile of the portfolio.
- **Sector Accounting and Analysis and Major Risks** is responsible for monitoring, classifying and providing against credit exposures identified as major risks.
- **Regulated Credit Risk Models** is responsible, among other activities, for the development, information and governance of regulated credit risk models.
- **Planning, Impairment and Regulatory Capital is** involved, among other activities, in the budgeting and monitoring of the performance of credit assets, non-performing loans (NPLs) and provisions;the integration and governance of the accounting recognition of impairment; and it is responsible for calculating regulatory capital for credit risk consumption.

On the other hand, the **Compliance and Control Division** carries out the Model **Validation and Risk** function, with responsibility for issuing an independent technical opinion on the suitability of the models as regards their goals, their implementation and integration in management, and the Risk **Process Internal Control** function, which directly **exercises the second line control functions for credit risk**.

Third line of defence

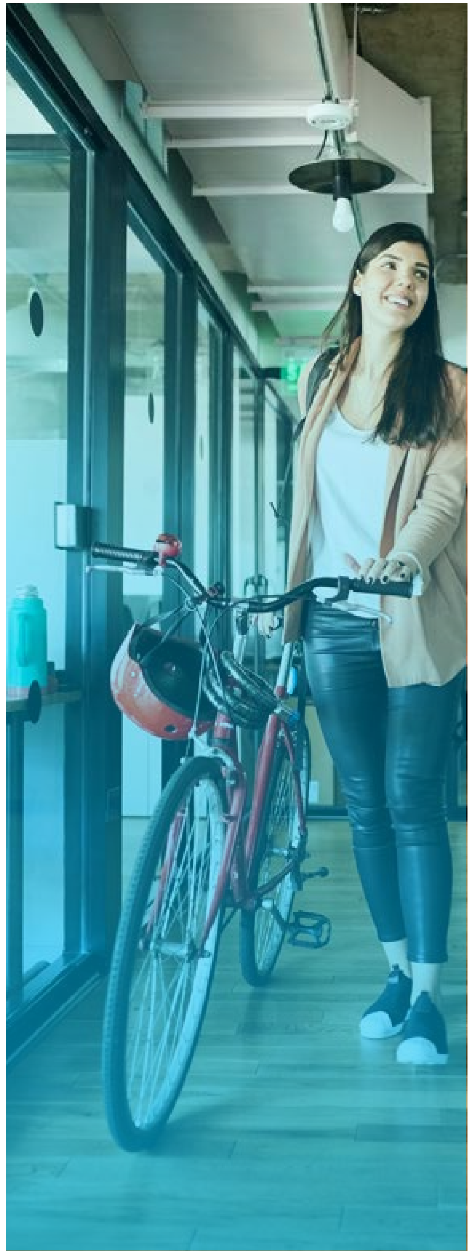
See section 3.1.2.Internal Control Framework - Third line of defence.

Credit risk cycle

The full credit risk management cycle covers the entire life of the transaction, from feasibility studies and the approval of risks as per established criteria, to monitoring solvency and returns and, ultimately, to treating and recovering non-performing assets. The Corporate credit risk management policy establishes the general framework and basic principles that essentially pursue consistency with the Group's global risk appetite and strategy and to effectively manage risk at each stage of the cycle.

1. Admission and approval

The approval function is the primary step in the credit risk management process, and the application of strict methodologies in the application, analysis and approval processes will largely contribute to the successful repayment of transactions. The process for accepting and approving loans is based on the analysis of the solvency of the intervening parties and the characteristics of the transaction.



The decision on the approval of a risk must always be based on documented and verified information on the applicants and on the purpose of the loan. To this end, the authorisation system is based on an **electronic dossier** that includes all the relevant information needed to analyse and resolve the transaction at the corresponding approval level, capturing basic information —in general automatically— from the computer systems.

In particular one major component in this process of the assessment of a borrower's ability to repay a debt is the probability of default, measured by the scoring and rating systems.

These tools were developed using statistical techniques in due consideration of the past experience of default.

Except those that can be approved at branch level or by the Business Area Manager, the risk of transactions can only be approved when countersigned by a business manager and risk manager.

Transactions beyond the powers of the commercial network will be transferred to the appropriate Risk Acceptance Centre (RAC) according to the type of holder. The RACs will also have a set risk approval level, so if the level of risk requested to approve an operation does not exceed their authorisation level, it can be approved within its scope. Otherwise, the application is transferred to the required higher level centre.

In order to streamline approvals, there are different Risk Admission Centres (RACs) depending on the type of customer:

- Individuals and self-employed workers are handled by the Individual Customer Admission Centre centralised within Corporate Services; and
- Businesses are handled by Admissions Centres distributed throughout the country, which manage the applications within the scope of its approval powers, transferring the applications that exceed this scope to Corporate Services.

In addition, the pre-approval of loans to individuals and legal persons in the micro and small enterprises segment for certain products is carried out in a centralised manner and in accordance with defined limits and risk criteria.

Specifically, the internal organisation of Business Risk Approvals at Central Services is based on the following specialised structure, according to the type of risk and customer segment:

Corporate risk	Centralises business groups with an annual turnover of over EUR 200 million in corporate centres and international branches.
Company risk	Businesses or business groups with a turnover up to EUR 200 million and those with a turnover over EUR 200 million not managed by corporate centres or international branches and that do not belong to specialised segments (real estate, agri-food, tourism or project finance).
Real estate risk	Covers developers in any segment, regardless of turnover, and real estate investment companies, including specialised real estate financing.
Tourism and Agri-Food risk	Covers all companies and business groups that operate in the tourism and food and agriculture sectors. It also includes the self-employed segment in the agricultural sector.
Project Finance	Includes all transactions presented under the project finance scheme, object finance and asset finance operations.
Institutional banking	It comprises autonomous or central institutions, town councils and local public institutions and members of economic groups or management groups whose partner/parent is one of these institutions. It also includes private institutions (foundations, universities, NGOs, religious orders, etc.) managed by the institutional centres.
Sovereign, Country and Financial Institution Risk	Responsible for the approval and management of country risk and financial institution risk inherent in funding transactions for the various segments.

Lastly, the Permanent Credit Committee holds the powers to approve operations in accordance with specific limits in terms of individual operations and of accumulated risk with the customer or its group and, in general, it holds powers to approve operations that involve exceptions to the characteristics of those that can be approved in branches and in the RACs. In the event of exceeding these powers, the power of approval generally corresponds to the Executive Committee.

With the aim of ensuring the appropriate level of protection for banking services customers, there are policies, methods and procedures for studying and granting loans, or responsible lending, as required in Act 2/2011 on Sustainable Economy and Order EHA/2899/2011, on transparency and protection of banking services customer, or the more recent Act 5/2019, of 15 March, regulating real estate credit contracts.

Authority system

The authority system assigns the determined approval levels to employees, with a standard level of responsibility set according to their position. The authority system is based on the study of four key parameters:

1. Amount

The amount applied for, together with any risk already granted; this is the first key parameter and it involves calculating the accumulated risk for each of the title holders of the application and their economic group, where applicable. The amount of the transaction is defined by two alternative methods according to the segment to which the transactions of the holders of the submitted application belong and, where applicable, their economic group. The amount of the transaction is defined using two alternative methods according to the sector to which the transactions belong:

- **Loss weighted by product:** based on the expected loss calculation formula, it takes into account the risk appetite according to the nature of each product. It is applied to applications whose primary holder is a legal person.
- **Nominal:** taking into account the nominal amount and guarantees of risk transactions. It is applied to individuals.

2. Guarantee

The group of assets and/or funds pledged to secure fulfilment of a repayment obligation. The guarantee may either be **personal,** consisting of the solvency of the borrower and their guarantors, or **collateral**, involving a specific asset secured as collateral for a loan.

However, decisions on whether or not to approve finance is based on an assessment of the borrower's repayment ability, not on their guarantees. In any event, the guarantees must be used when there is no repayment capacity or if there is an uncertain purpose to the transaction.

Mortgage guarantees are the main guarantees the Group uses to determine the degree of risk involved in a transaction.

To establish the approval authority levels necessary for the financing application being considered, the type, purpose and other aspects of guarantees are considered, as well as the loan-to-value ratio.

3. Term

This refers to the duration of the transactions requested, which must be coherent with the purpose of the loan, as the longer the term, the greater the uncertainty with regard to the borrower's economic future, the value of the collateral and changes in the legal or socio-economic environment. Therefore, a longer term must be offset, in principle, by greater returns.

There are specific policies depending on the type of the transaction and the term, which require a higher level of authority to be approved.

4. Policies that modify the approval level

This is the set of policies identifying and evaluating the relevant variables of each type of application and are subject to special treatment. These policies include a general study to assess certain characteristics of applications or customers, and they can be used to assign a specific risk approval level, or increase or decrease the approval risk level. They take into account aspects such as default alerts in internal or external databases, the scoring/rating diagnosis, the debt ratio, the outcome of the monitoring activities or whether the transaction concerns a small amount, whether in relative or absolute terms.

Furthermore, the risk-granting process will include, where applicable, the analysis of environmental, social and governance (ESG) risk factors of both the customer and the transaction.

Risk-adjusted pricing

The purpose of calculating the risk-adjusted pricing is to determine the price that covers the total cost of the transaction.

For pricing purposes, all the factors associated with the transaction are considered, which are essentially costs of structure, financing and risk. Furthermore, transactions must provide a minimum contribution to financial capital, which will be calculated net of tax.

Tools related to pricing and RAR (Risk-Adjusted Return) allow the highest standards to be reached in controlling the balance between risk and return, making it possible to identify the factors determining the returns of each customer more easily and, thus, to analyse customers and portfolios in accordance with their adjusted returns.

The Business Division is responsible for approving the prices of the transactions. Following on from this, the determination of the prices is subject to an authority system focused on obtaining minimum compensation and, additionally, on establishing margins according to different businesses.

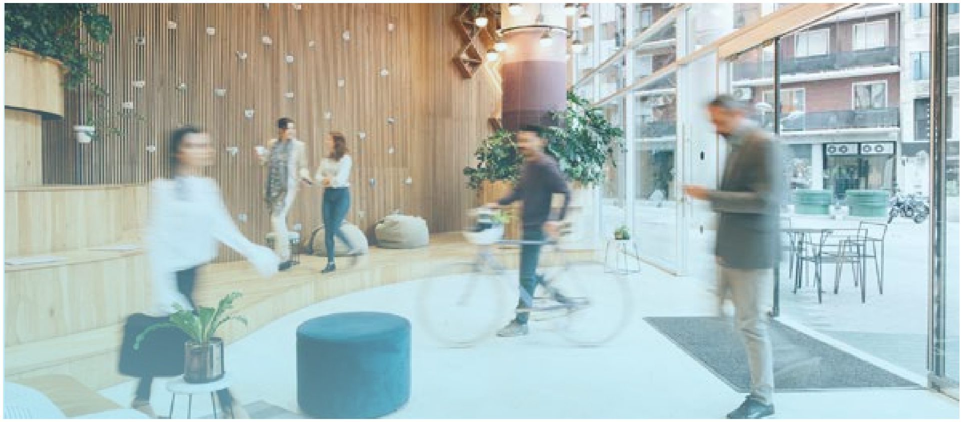
Concentration of risks

In the Corporate Risk Catalogue, concentration risk is included within credit risk, since it is the main source of risk, although it covers all types of assets, as recommended by sector supervisors.

The Group has developed policies setting out concentration risk guidelines and frameworks that develop calculation methodologies and establish specific limits within management. Mechanisms have also been developed to systematically identify its overall exposure and, wherever considered necessary, relative exposure limits have also been defined within the RAF.

Specifically, exposures are identified[1]:

- **i.** In relation to the customer concentration or “large exposures” , the Group monitors compliance with regulatory limits (25% on Tier 1 capital) and Risk Appetite thresholds (at the end of the year there was no infringement of the defined thresholds);
- **ii.** In relation to the type of product, the Group monitors a full perspective of accounting positions, segregated by product and issuer/counterparty, classified under loans and advances, debt securities, equity instruments, derivatives and guarantees given, which complement the other positions and the secured investment and pension funds;
- **iii.** By geographical location;
- **iv.** By economic sector, differentiating the position held with different activity segments of the private business sector and lending to the public sector;
- **v.** By creditworthiness; and
- **vi.** By sovereign risk.



[1]See section 3.4.1. Credit concentration risk of note 3 of CaixaBank Group's Financial Statements for more quantitative details of this risk.

2. Mitigation of the risk

The Group's credit risk management profile is characterised by a prudent granting policy, at a price in keeping with the conditions of the borrower and suitable hedges/guarantees. In any case, long-term operations must have more robust guarantees due to the uncertainty deriving from the passing of time. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the operation.

Main techniques for reducing credit risk

1. Netting policies and processes for on- and off-balance-sheet positions

Transaction netting agreements included in clauses of framework netting agreements provide an offsetting facility between contracts of the same type. In this respect, when managing risk and calculating own funds, the reciprocal positions between the Group company and the counterparty are offset.

Counterparty risk mitigation measures are specified in section 7.2.1. Counterparty risk management.

2. Types of guarantees and management and valuation policies and procedures

The approval of transactions and their maximum value must be related to the borrower's repayment capacity, such that they can meet their financial obligations in due time and form. If this criterion is met, the provision of additional guarantees is also assessed.

All transactions involving a risk are secured by the personal guarantee of the borrowers, irrespective of whether they are an individual or legal entity, given that they pledge all of their existing and future assets to secure fulfilment of the obligations concerned. Furthermore, additional security may be required, representing a risk factor reducer, since it allows unforeseen contingencies to be covered. Thus, the greater the probability of these contingencies occurring, the greater the guarantees demanded must be. Additionally, these guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the transaction.

Effective guarantees

For accounting purposes, effective guarantees are collateral and personal guarantees that can be demonstrated as valid risk mitigators, according to: **(i)** the amount of time required to be enforced; **(ii)** the ability to realise the guarantees; and **(iii)** the experience in realising them.

The different types of guarantees are as follows:

Personal guarantees or guarantees constituted through the solvency of holders or guarantors

Most of these relate to risk transactions with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant. In the case of individuals, the collateral is estimated on the basis of declarations of assets, and where the backer is a business, it is analysed as the holder for the purposes of the approval process.

Collateral

Main types:

- **Pledged guarantees** notably include the pledge of funding transactions or the intermediated balances.

  To be admitted as collateral, financial instruments must, among other requirements: **(i)** be free of liens and charges; **(ii)** their contractual definition must not restrict their pledge; and **(iii)** their credit quality or change in value must not be related to the borrower. The pledge remains until the loan matures or is repaid early, or it is derecognised.

During the guarantee registration process, the system verifies that a pledge can be applied to the security in question and determines the applicable pledge percentage. This varies depending on the type of financial instrument involved, between 100% for cash and 50% for equities.

The main financial instruments that can be pledged are:

- **On-demand savings accounts:** on which a pledge is drawn up for a specific sum. The rest may be freely drawn, and may even be used as security for another transaction.

- **Term deposits and savings facilities:** the total sum of the deposit is effectively withheld.

- **Investments in mutual funds:** these must be Spanish mutual funds, or funds of international managers registered with the CNMV and marketed by CaixaBank through *Allfunds Bank*. The guarantee withholding is applied to the number of holdings that make up the amount of the transaction, depending on the valuation at the time of pledging. Other holdings may be pledged to secure lending transactions.

- **Life-savings insurance policies:** the pledge is made on the associated policy and for the lowest value between the surrender value and the sum of the capital, pensions and contributions. The pledged policy is fully affected.

- **Fixed income securities:** these must be senior or mortgage bond issues, and they may not be subordinated, convertible or preference issues. The securities must be admitted for trading in a regulated market of the European Union or similar, and have a rating of at least BBB.

- **Equity securities:** they may be pledged, provided they are quoted on a regulated market of the European Union or similar.

- **Mortgage guarantees.** A real right on immovable property to secure an obligation, in relation to which internal policy establishes the following:

  - The **procedure for approval of guarantees** and the requirements for drawing up operations, e.g., the documentation that must be supplied and the mandatory legal certainty of this documentation.

  - The **review process for the appraisals** registered, in order to ensure proper monitoring and control of the guarantees. Regular processes are also carried out to check and confirm the appraisal values, in order to detect any anomalies in the procedures used by the valuation companies supplying the Group.

  - The **outlay policy**, mainly concerning property development and self-development transactions.

  - **Loan-to-value (LTV)** of the transaction. The capital granted in mortgage transactions is limited to percentages of the value of the guarantee, which is defined as the lower between the appraisal value and the value shown on the official deed in the purchase transaction. IT systems calculate the level of approval required for each type of transaction.

Credit derivatives

In addition, the Group occasionally uses credit derivatives, contracted with entities with a high credit level and protected by collateral contracts, to hedge against credit risk.

Exposure by mitigation technique

The following tables show information on credit risk exposures by type of guarantee applied to mitigate credit risk as at 31 December 2022 (not including the equity portfolio, counterparty, or securitisations).

Table 7.1. Exposure by application of mitigation techniques

Amounts in millions of euros	EAD			
Type of guarantee	**Standardised approach**	**IRB approach**	**Total**	**% of total**
Mortgage	5,510	172,350	177,860	33.61%
Collateral	215	2,104	2,319	0.44%
Personal	232,813	116,232	349,045	65.95%
Total	**238,538**	**290,686**	**529,225**	**100.00%**

Table 7.2. Standardised approach: exposure by application of mitigation techniques

Amounts in millions of euros	EAD			
Type of guarantee applied in the credit risk mitigation of loans assessed under the standardised approach	**Mortgage Guarantees**	**Collateral**	**Personal Guarantees**	**Total**
Central administrations or central banks	11	34	126,713	126,757
Regional governments or local authorities	98	1	18,650	18,749
Public sector entities	365	1	6,279	6,645
Multilateral Development Banks	3	6	4,643	4,652
International organisations	—	—	2,910	2,910
Institutions	11	4	4,911	4,926
Corporates	541	140	37,124	37,805
Retail exposures	42	26	15,723	15,791
Exposures secured by mortgages on immovable property	4,180	—	183	4,362
Exposures in default	104	3	466	573
Exposures associated with particularly high risks	156	—	136	292
Covered bonds	—	—	—	—
Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—
Collective investment undertakings	—	—	—	—
Equity exposures	—	—	—	—
Other items	—	—	15,074	15,074
Total	**5,510**	**215**	**232,813**	**238,538**

Table 7.3. IRB approach: exposure by application of mitigation techniques

Amounts in millions of euros

	EAD			
Type of guarantee applied in the credit risk mitigation of loans assessed under the IRB approach	**Mortgage Guarantees**	**Collateral**	**Personal Guarantees**	**Total**
Specialised lending under the slotting approach	**212**	**443**	**1,667**	**2,321**
Institutions	—	—	—	—
Corporates	12,999	711	79,272	92,982
Of which SMEs	7,181	268	10,658	18,108
Of which: Other	5,817	442	68,614	74,874
Retail	159,139	951	35,293	195,383
Of which: retail exposures-real estate, SME	11,700	—	—	11,700
Of which: retail exposures-real estate, non-SME	147,439	—	—	147,439
Of which: retail — qualifying revolving	—	—	12,480	12,480
Of which: retail exposures-other SME	—	487	11,552	12,038
Of which: retail exposures-other non-SME	—	464	11,261	11,725
AIRB credit risk approach	**172,138**	**1,662**	**114,565**	**288,365**
Total	**172,350**	**2,104**	**116,232**	**290,686**

Table 7.4. EU CR7-A - IRB approach – Disclosure of the extent of the use of CRM techniques

Amounts in millions of euros

		Credit-risk mitigation techniques											Credit risk mitigation techniques in the calculation of amounts	
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)			
IRB	Total exposures[2]	Part of the exposures covered by financial collaterals (%)	Part of the exposures covered by other eligible collaterals (%)	Part of the exposures covered by immovable property collaterals (%)	Part of the exposures covered by receivables (%)	Part of the exposures covered by other physical collateral (%)	Part of the exposures covered by other funded credit collateral (%)	Part of exposures covered by cash on deposit (%)	Part of the exposures covered by life insurance policies (%)	Part of the exposures covered by instruments held by a third party (%)	Part of the exposures covered by guarantees (%)	Part of exposures covered by credit derivatives (%)	RWEA without substitution effects[1]	RWEA with substitution effects (both reduction and substitution effects)
Specialised lending under the slotting approach	**2,321**	**2.04%**	**17.80%**	**17.80%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**1,689**	**1,689**
Institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Corporates	92,982	0.98%	36.84%	36.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	52,867	51,995
Of which SMEs	18,108	1.90%	115.26%	115.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8,542	8,141
Of which Other	74,874	0.75%	17.87%	17.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	44,324	43,855
Retail	195,383	0.91%	211.10%	211.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40,146	40,055
Of which: retail exposures - real estate, SME	11,700	0.19%	401.94%	401.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2,632	2,594
Of which: retail exposures - real estate, non-SME	147,439	0.06%	247.84%	247.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	23,731	23,731
Of which: retail — qualifying revolving	12,480	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3,341	3,341
Of which: retail exposures - other, SME	12,038	6.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4,295	4,241
Of which: retail exposures - other, non-SME	11,725	7.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6,147	6,147
AIRB credit risk approach	**288,365**	**0.93%**	**154.91%**	**154.91%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**93,013**	**92,050**
Total	**290,686**	**0.94%**	**153.81%**	**153.81%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**94,702**	**93,739**

[1] *The only effect that is eliminated is the substitution of PD by guarantor.*

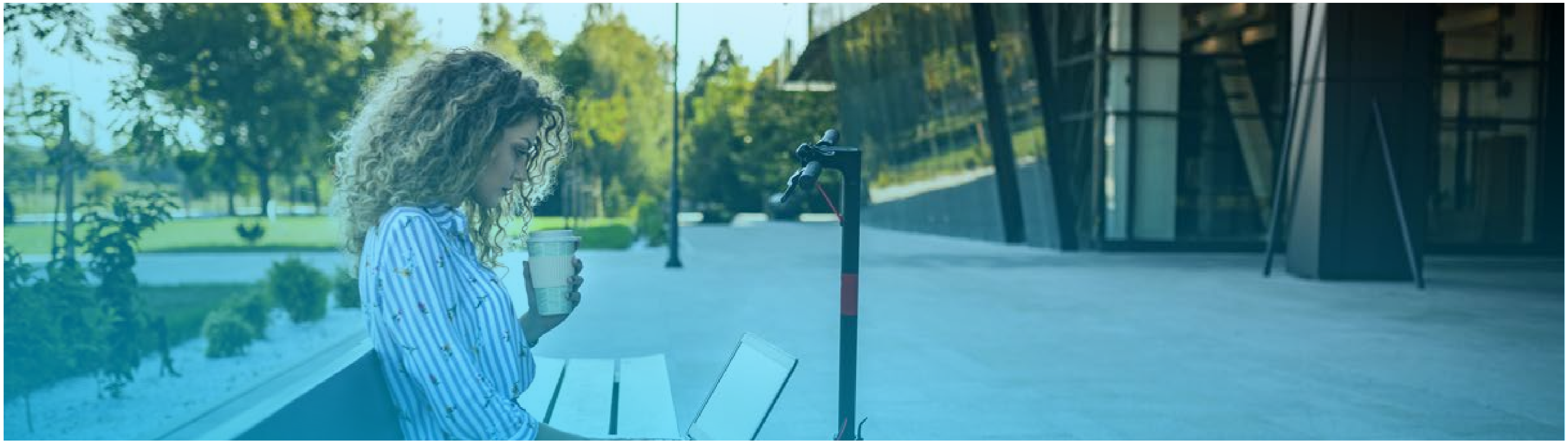
[2] *EAD.*

Table 7.5. EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

			Secured exposures			
Amounts in millions of euros		Exposures exposures carrying amount	Carrying amount	Exposures covered by collateral	Exposures covered by financial guarantees	Exposures secured by credit derivatives
1	**Loans and advances**	**167,548**	**222,573**	**177,265**	**45,308**	**225**
2	Debt securities	88,690	657	0	656	0
3	**Total exposures**	**256,238**	**223,230**	**177,266**	**45,964**	**225**
4	Of which: *non-performing exposures*	5,657	5,851	4,262	1,589	13
EU5	Of which: *defaulted*	5,509	5,781	0	**0**	0

Of the total of all exposures at year-end 2022, the exposures secured with collateral represented 47% of the total, and 57% in the case of loans. As for the exposures in default, those guaranteed with collateral represent 51% of the total.

At year-end 2022, CaixaBank has no credit derivatives covered by collateral contracts for hedging credit risk, and therefore the table EU CR7 has not been published.



3. Monitoring and measurement of credit risk

The Group has a monitoring and measurement system that guarantees the coverage of any borrower and/or transaction through methodological procedures adapted to the nature of each holder and risk:

1 BORROWER MONITORING PROCESSES

SCOPE

INDIVIDUALISED MONITORING

Large exposures:
By economic group of borrowers
- Greater than EUR 30 million in general
- Lower than EUR 30 million euros, but they meet the condition that some of their group components:
  - Exceed an exposure volume of EUR 10 million euros and presents some weakness (defaults over 45 days, refinanced transactions, etc.)
  - Exceed an exposure volume of EUR 5 million and have non-performing contracts

Market and balance sheet risk:
Per borrower
- When there is market information

COLLECTIVE MONITORING

Other transactions/ borrowers

2 QUANTIFICATION AND ASSESSMENT OF THE CREDIT RISK

RATING METHOD

Manual:
- Expert allocation of the monitoring rating for each borrower

Automatic
- Model based on statistical patterns (Early Alert Model), the PD calibrated with forward-looking vision and other relevant alerts

3 DEFINING THE ACCOUNTING CLASSIFICATION

***STAGING:* ASSESSMENT OF THE EXISTENCE OF SICR AND DEFAULT**

Single Names (SN)
- Borrowers that, due to their exposure volume or associated risk, require individualised and expert processing File on SNs and continuous and proactive management via triggers

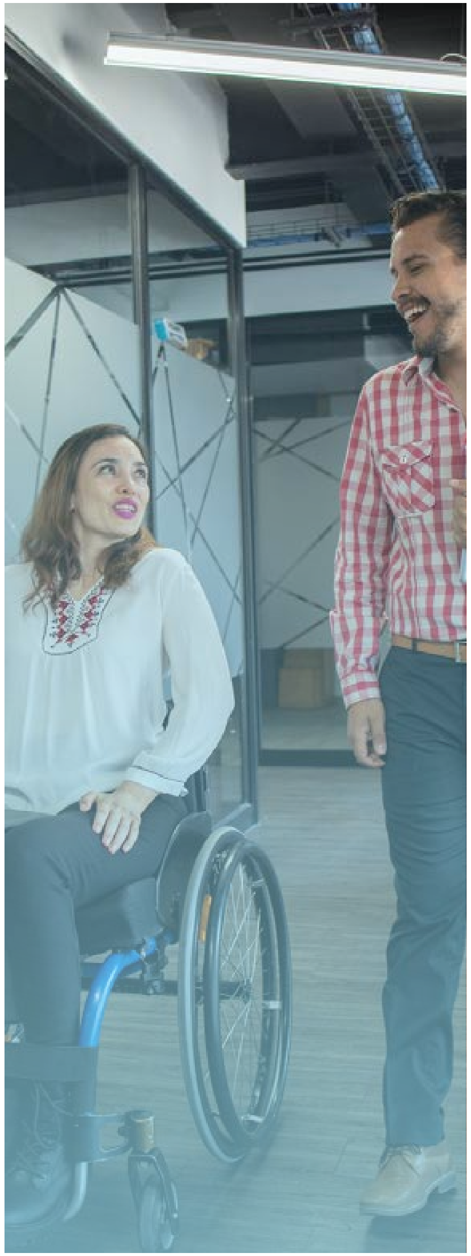
REST (NON-SN)
- Classification through automatic processes
- There is alignment between the monitoring rating and the accounting classification

4 DEFINING THE HEDGE ACCOUNTING

BASED ON EXPECTED LOSS

- Calculation of the provision based on **expert criteria**

- Monitoring
- Determining hedging through **statistical models** based on the Group's experience and projections of relevant variables



1. Borrower monitoring process

The purpose of the monitoring action is to determine the quality of the risk assumed with the borrower ("Monitoring Rating"and any actions to be taken depending on its result, including the estimation of impairment. The targets of risk monitoring are the accredited holders of the debt instruments and off-balance-sheet exposures that bear credit risk, and the profit or loss is a reference for the future granting policy.

The Credit Risk Monitoring Policy is based on the type and specific nature of the exposure, which is segregated into differentiated areas, in accordance with the various credit risk measurement methods.

The Monitoring Rating is an assessment of the situation of each customer and their risks. All borrowers have a monitoring rating based on five categories[1], ranging from better to worse: imperceptible, low, medium, medium-high and non-performing; and they can be generated manually (in the case of the scope of borrowers under individualised monitoring) or automatically (for the rest).

According to the scope of monitoring and rating of borrowers, monitoring can be:

- **Individualised:** applied to exposures of a significant amount or that have specific characteristics. The monitoring of large exposures leads to the issuance of group monitoring reports, concluding in a monitoring rating for the borrowers in the group. The Group defines as individually significant borrowers (Single Names) those that meet the following thresholds or characteristics[2]:
  - Exposure greater than 30 million euros for two consecutive months or more than 36 million euros one month.
  - Exposure greater than 10 million euros for two consecutive months or more than 12 million euros one month, which meet one of the following criteria: expected loss of 200 thousand euros, with refinanced operations, with early default (>45 days) or those consolidated with the Bank by the equity method.
  - Exposure exceeding 5 million euros with non-performing transactions (objective or subjective) accounting for more than 5% of the borrower's risk.
  - Borrowers that form part of the Group (fully consolidated), with the exception of BPI.
- **Collective:** the ratings are obtained by combining a statistical model, referred to as the Early Alert Model (EAM), the Probability of Default (PD) calibrated with a forward-looking view (consistent with the PD used to calculate the credit risk hedges) and other relevant alerts.Both the EAM and the PD are obtained at least on a monthly basis, and daily in the case of the alerts.

Additionally, the EAM and PD models are subject to the Policy of credit risk models.

[1] *The different monitoring ratings are:*

- *Imperceptible risk: all customer operations are carried out correctly and there are no indications that the customer's ability to repay is in doubt.*
- *Low risk: the payment capacity is adequate, although the customer or one or more of their operations shows some minor signs of weakness.*
- *Medium risk: there are indications of customer impairment, nonetheless, these weaknesses do not, at present, put the ability to repay the debt at risk.*
- *Medium-high risk: the customer's credit quality has been seriously weakened. If the customer impairment continues, the customer may not have the capacity to repay the debt.*
- *Non-performing (doubtful): there is evidence of sustained impairment or non-performance as regards the customer's capacity to meet their obligations.*
- *No rating: there is insufficient information to assign a monitoring rating.*

[2] *In addition to these borrowers, transactions with low credit risk, classified as such because they are transactions with no discernible risk, which are non-performing, will require an individual estimate of the credit risk loss. On the basis of a materiality criterion, the individual loss estimation will be made for borrowers with more than EUR 1 million of exposure where more than 20% of the exposure is non-performing.*

2. Quantification and assessment of the credit risk

Credit risk quantifies losses that might derive from failure by borrowers to comply with their financial obligations, based on two concepts: expected loss and unexpected loss.

- **Expected Loss (EL):** the average or mathematical expectation of potential losses foreseen, calculated by multiplying three factors: probability of default (PD), exposure at default (EAD) and loss given default (LGD).

- **Unexpected loss:** potential unforeseen loss caused by a possible variability in losses with respect to the estimated expected loss. This can occur due to sudden changes in cycles, alterations in risk factors, and the dependence between the credit risk for the various debtors. Unexpected losses have a low probability and large amount, and should be absorbed by the Group's own funds. The calculation of unexpected loss is also mainly based on the operation's PD, EAD and LGD.

Credit risk parameters are estimated based on the historical default experience. To do so, the Group has a set of tools and techniques for the specific needs of each type of risk, described below based on how they affect the three factors for calculating the expected loss:

- **EAD:** provides an estimate of the outstanding debt in the event of default by the customer. This measurement is significant for financial instruments with a repayment structure that varies according to customer drawdowns (in general, any revolving credit product).

  This estimate is obtained based on the internal default experience, relating the drawdown levels upon default with drawdown levels over the 12 preceding months. Several variables are considered to build the model, such as product type, term to maturity and customer characteristics.

- **PD:** the Group uses management tools covering virtually all of its lending business to help predict the probability of default associated with each borrower.

These tools, implemented in the branch network and the risk monitoring and granting channels, were developed on the basis of NPL experience and include the measurements required to fine-tune the results both to the business cycle, with a view to securing relatively stable measures in the long term, and to recent experience and future projections. The models can be classified according to their orientation toward the product or customer:

- **Product-oriented tools** are used mainly within the scope of authorisation of new retail banking transactions (approval scorings) and take account of the debtor's characteristics, information derived from the customer relationship, internal and external alerts, as well as the specific characteristics of the transaction to determine its probability of default.

- **Customer-oriented tools** assess the debtor's probability of default. They comprise behavioural 'scoring' models for the monitoring of risk of individuals and ratings or companies.

  - Rating tools for **corporates** are specific according to the customer segment. The rating process for micro-enterprises and SMEs, in particular, is based on a modular algorithm, in which four different areas of data are rated: the financial statements, the information drawn from dealings with customers, internal and external alerts and certain qualitative factors.

  - As regards **large corporates**, the Group has models that require the expert criteria of analysts, and their goal is to seek to replicate and be coherent with the ratings of rating agencies. In view of the lack of sufficient frequency of internal default rates for drawing up purely statistical models, the models were built in line with the Standard & Poor's methodology, enabling the global public default rates to be used, making the methodology much more reliable.

The customers are scored and rated on a monthly basis in order to keep the credit rating up to date, except for the rating of large corporates, which is updated at least annually, and whenever significant events occur that can alter credit quality. For legal persons, the financial statements and qualitative information is updated periodically to achieve the maximum level of coverage of the internal rating.

- **LGD:** quantifies the percentage of debt that cannot be recovered in the event of borrower default.

The historic loss given default is calculated using internal information, taking into account the cash flows associated with contracts from the moment of default. The models enable loss given defaults to be obtained based on the guarantee, the Loan to Value ratio, the product type, the borrower's credit quality and, for uses in which it is required by regulation, the recessional conditions of the economic cycle. This calculation also makes an estimate of the indirect expenses (office staff, infrastructure costs and similar) associated with the recovery process. In the case of large corporates, loss given default also includes elements of expert judgement, coherent with the rating model.

It should be noted that through LGD the Group considers the income generated on the sale of written-off loans as one of the possible future cash flows generated to measure expected credit impairment losses. This income is calculated based on the internal information of the sales made in the Group[1]. The sale of these assets is considered reasonably foreseeable as a recovery method and is therefore considered by the Group as one of the recurrent tools to be used as part of its strategy to reduce non-performing balances. In this sense, there is an active impaired debt market that ensures a high probability of generating future debt sale transactions[2].

> In addition to regulatory use to determine the Group's minimum capital requirements and the calculation of hedges, the credit risk parameters (PD, LGD and EAD) are used in a **number of management tools**, e.g., the Risk-Adjusted Return (RAR) calculation tool, the pricing tool, customer pre-classification tools, monitoring tools and alert systems.

3. Defining the accounting classification

Accounting definitions of default and impaired positions.

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows of the holder of the debt as regards those that were estimated at the time the transaction was granted, where the borrower is unable or will be unable to meet its obligations in time or form, or when the asset's carrying amount may not be fully recovered. However, a decline in fair value to below the cost of acquisition is not in itself evidence of impairment.

Positions are classified into one of the following categories, on the basis of the insolvency risk at-

[1] See Note 2.7 to the CaixaBank Group's 2022 financial statements report for reference to the fact that cases of exposure sales with significantly increased credit risk do not compromise the business model of holding assets to collect contractual cash flows.
[2] See note 27.4 to the CaixaBank Group's 2022 financial statements report for reported sales of non-performing and write-off portfolios.

tributable to the customer or transaction:

RISK CATEGORY CARDS	OBSERVED CREDIT RISK IMPAIRMENT SINCE INITIAL RECOGNITION			
	PERFORMING	PERFORMING PERFORMING	NON-PERFORMING	WRITE-OFF
	STAGE 1	STAGE 2	STAGE 3	
CRITERIA FOR CLASSIFICATION AND TRANSFER	Operations for which there has been no material increase in credit risk since the initial recognition	Operations for which there has been a significant increase in credit risk (SICR) but there are no default events	Operations with credit impairment Default event when there are amounts past due over **90 days**	Operations without reasonable expectations of recovery
CALCULATION OF THE IMPAIRMENT HEDGE	Expected credit losses at twelve months	Expected credit losses during the life of the operation		Recognition in results of losses for the carrying amount of the operation and total derecognition of the asset
INTEREST CALCULATION AND RECOGNITION	Calculated by applying the effective interest rate to the gross carrying amount of the operation		Calculated by applying the effective interest rate at amortised cost (adjusted to reflect impairment value corrections)	Not recognised in the statement of profit or loss
INCLUDED OPERATIONS	Initial recognition of financial instruments	Operations included in a sustainability agreement that have not completed the probation period Operations of debtors seeking bankruptcy proceedings which are not classified as non-performing or write-offs Refinanced or restructured operations which do not need to be classified as non-performing and are still in the probation period Operations with amounts past due over **30 days** Operations that can be determined as having produced a significant increase in risk, using market indicators/triggers	**Doubtful due to borrower arrears:** operations with amounts past due over **90 days.**Operations where all holders are considered cluster risk (personal risk criterion) **Doubtful for reasons other than borrower arrears:** • Operations that pose reasonable doubts regarding full repayment • Operations with legally claimed balances • Operations in which collateral execution processes have been initiated • Operations and guarantees by insolvent borrowers without an application for liquidation • Refinanced operations classifiable as non-performing • Operations purchased / originated with credit impairment	Operations with unlikely recovery Partial derecognition of operations without extinction of the rights (partial write-offs) Non-performing operations due to default reasons, which have been in the category for more than 4 years, or when the amount not hedged with collateral has been maintained with credit risk hedging of 100% for more than 2 years (except when there is collateral to cover at least 10% of the gross amount) Operations where all the holders are declared bankrupt in the settlement phase (except if they have collateral to cover at least 10% of the gross amount)

Stage 1 or performing comprises instruments that do not meet the requirements for classification in other categories.

The next tranche, known as **Stage 2** or watch-list performing, encompasses all operations which, without qualifying individually for classification as non-performing or write-off risk, show impairment in their credit quality from the time they are granted.

With regard to **Stage 3** or non-performing due to customer arrears, the amount to be classified in this category includes the total amount of any debt instruments with a portion of principal, interest or contractually agreed expenses that are past-due more than 90 days, regardless of who the holder is and whatever the guarantee or collateral, unless such instruments should be classified as write-offs. This category also includes guarantees given where the guaranteed transaction is non-performing. In addition, transactions in which all the holders are non-performing due to personal risk criteria are also classified as non-performing due to arrears, i.e. when transactions with amounts past due of over 90 days account for more than 20% of the amounts pending collection.

The classification of non-performing due to reasons other than borrower arrears also applies to debt instruments which, although they do not meet the criteria for classification as write-offs or non-performing due to borrower arrears, pose reasonable doubts regarding full repayment (principle and interest) within the contractual terms agreed; as well as off-balance-sheet exposures whose payment by the bank is probable and whose repayment is doubtful.

The Group classifies debt instruments for which – after an individual analysis – recovery is considered remote, as **write-offs**[1], regardless of whether they have matured. It proceeds to derecognise the asset, without prejudice to any actions that may be initiated to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

In order to reclassify transactions to this category before these terms expire, it is necessary to demonstrate the remote likelihood of recovering the corresponding balances.

According to the Group's experience of recoveries, it deems the recovery of the remaining balance of mortgage transactions remote when there is no additional collateral once the good has been recovered, and therefore, the aforementioned remainder is classified as a write-off.

Prudential definition of default

The definition of default used for regulatory purposes is provided for in Article 178 of the Capital Requirements Regulation (CRR) (EU) 575/2013 implemented in the guidelines EBA/GL/2016/07; hereinafter NDoD (New Definition of Default).

The most differential aspects of the NDoD with respect to the accounting definition of default (Stage 3) are as follows:

- **Establishment of thresholds:** the materiality criterion incorporates a relative component in addition to the absolute component for individuals (€100 € and 1%) and legal entities (€500 € and 1%).
- **Default period accounting:** the beginning of the periods of default is set after the first 90 days of the two previous thresholds being exceeded.
- **Cure period:** once the asset is no longer in a default situation, it must be maintained as non-performing for at least 3 additional months. If there are amounts due exceeding thresholds for more than 30 consecutive days, the transaction would be considered in arrears again.
- **Pulling effect:** In businesses, default is established at the holder level. Among other consequences, this classifies as default all contracts in which the holders are non-performing.

Definition of Default

	Prudential	Accounting
	Article 178 of CRR	Circular 4/2017 Bank of Spain
Period counting for the identification of default	The default date is counted from when the defaulted amount exceeds the absolute and relative thresholds established in the EBA definition of default and continues as long as the defaulted amount exceeds the thresholds.* The operation defaults when the number of days past due is >90 days. *Absolute and relative materiality criteria for individuals (€100€ and 1%) and legal entities (500€ and 1%)	The default date corresponds to the oldest past due and unpaid debt. The entry into Stage 3 occurs when 90 days of non-payment are exceeded.
Cure period	Once the asset is no longer in a default situation, it must be maintained as non-performing for at least 3 additional months. If there are amounts due exceeding thresholds for more than 30 consecutive days, the transaction would be considered in arrears again.	There is no cure period.
Pulling effect	In Businesses, all operations of holders in which the best holder is in default are moved to default. In Individuals, the operations of holders (best holder) are moved to default when all operations with amounts past due over 90 days represent more than 20% of the outstanding amounts.	The pulling effect for classifying in **Stage 3** follows, for all portfolios, the same criterion as the pulling effect just described for default of Individuals, but calculating 20% at the level of the first holder instead of the best holder.

[1] *The impact and cost of risk of written-off loans are detailed in note 14. Financial assets at amortised cost of the CaixaBank Group's 2022 financial statements.*

Non-performing exposures, both due to arrears and reasons other than arrears, which are classified in **Stage 3** for accounting purposes, are considered impaired operations.

Risks classified as non-performing may not simultaneously meet the classifications of impaired (**Stage 3**) and defaulted[1].

Operations marked as refinancing operations may be classified in **Stage 3** or **Stage 2** for accounting purposes and as either defaulted or non-defaulted from a regulatory point of view.

Accounting classification process

The accounting classification among the different **Stages** of IFRS 92 for operations with credit risk is defined according to whether a default event has occurred and/or whether there has been a significant increase in credit risk (SICR) since the operation's initial recognition.

It will be considered that there has been SICR from the initial recognition (such transactions being classed as Stage 2) when there are weaknesses that may involve significantly higher losses than expected at the time the credit is granted. To identify weaknesses, the Group has the monitoring and rating processes described in point 2. Quantification and assessment of credit risk. Specifically, when the operations meet any of the following qualitative or quantitative criteria, unless they must be classified as Stage 3.

i. Transactions with amounts more than 30 days past due, but less than 90 days past due, in which case they would be classified as Stage 3.

ii. Transactions made by insolvent borrowers classified as **Stage 2.** The risks of borrowers declared bankrupt without liquidation request shall be reclassified as **Stage 2** when they have fulfilled one of the following conditions:

- **a.** The borrower has paid at least 25% of the company's loans affected by the insolvency proceedings – after deducting the agreed write-off, where applicable.
- **b.** Two years have elapsed since the order approving the borrowers' agreement was registered with the Commercial Register, provided that this agreement is being faithfully performed and the equity and financial situation of the corporation dispels any doubts regarding full repayment of its debts, all unless interest has been agreed that is noticeably lower than the market rate.

iii. Operations for which, through market indicators/ triggers, it is possible to determine that an SICR has occurred.

iv. Operations for which an SICR has occurred since the initial recognition on the basis of either of the two following criteria[3]: a deterioration in the monitoring rating or a relative increase in PD.

Operations that no longer meet the conditions to qualify for Stage 1 will be classified as Stage 2.However, the specific structure of certain operations may mean that under individual analysis it may be determined that there is no significant increase in risk despite the resulting downgrading of the rating of their holders and that, as a result, their rating does not correspond to Stage 2.

Conversely, operations of individually significant borrowers will be classified as Stage 2 if it is determined after an individual analysis that a SICR has occurred.

The refinancing or restructuring of an operation will be deemed to be a rebuttable presumption of the existence of a SICR. Consequently, unless otherwise determined, refinancing, refinanced or restructured operations in the probationary period for which classification as Stage 3 is not applicable will be classified as Stage 2.

Refinancing, refinanced or restructured operations classified within the **Stage 2** category due to failing to proceed to classify them as **Stage 3** on the date of refinancing or restructuring or due to having been reclassified from the Stage 3 category will remain identified as refinancing, refinanced or restructured operations for a probationary period until they meet all the following requirements with a general nature:

- **a.** After comprehensively reviewing the borrower's asset and financial position, it is concluded that they are unlikely to have financial difficulties and therefore it is highly probable that they will meet their obligations vis-a-vis the entity in both time and form. This analysis of the time and manner of risk recoverability needs to be supported by objective evidence, such as the existence of a payment schedule aligned with the holder's recurrent cash flow or the addition of new guarantors or new effective collateral;
- **b.** A minimum period of two years has elapsed from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from the non-performing category;

[1] *See Table 7.8 in this report.*
[2] *See Note 2 to the CaixaBank Group's 2022 financial statements.*
[3]*Unless, for transactions with individually significant borrowers or Single Names, the individualised analysis determines that this significant increase in risk has not occurred.*

c. The borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from the non-performing category. Additionally, the borrower must have made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it;

d. There are no contractual clauses that may delay repayments, such as grace periods for the principal;

e. One of the borrowers must have no other transactions with past due amounts for more than 30 days at the end of the trial period.

It will be considered that default has occured, and therefore an operation will be classified as **Stage 3**, when there is an amount (whether capital, interests or contractually agreed costs) that is more than 90 days overdue, regardless of who the holder is and what guarantees are in place. This will also be the case when the amount that is more than 90 days overdue represents more than 20% of the total outstanding amount.

Operations classified in **Stage 3** due to the customer being non-performing will be reclassified to Stage 1 or Stage 2 when, as a result of collecting part of the overdue amounts, the reasons that caused their classification as Stage 3 disappear and there remain no reasonable doubts regarding their full repayment by the holder for other reasons.

In addition, the following operations will be classified as **Stage 3**:

i. transactions with legally claimed balances;

ii. transactions in which the collateral execution process has been initiated;

iii. transactions made by borrowers who have declared insolvency or are expected to declare insolvency where no liquidation petition has been made;

iv. guarantees extended to borrowers that are undergoing insolvency proceedings where the liquidation phase has or will be declared, or that have undergone a significant and irrecoverable loss of solvency, even though the beneficiary of the guarantee has not demanded payment;

v. refinancing, refinanced or restructured operations will be classified as Stage 3 on the refinancing date when the general criteria determining this classification are met or when, in the absence of evidence to the contrary, the following specific criteria exist:

a. An inadequate payment plan.

b. Contractual clauses that delay the repayment of the transaction through regular payments (grace periods longer than two years).

c. Amounts derecognised from the balance sheet as unrecoverable exceeding the hedges resulting from applying the percentages established in the alternative solutions of Annex IX(III) of Circular 4/2017 to Stage 2 transactions.

d. A modification of its conditions that implies changes in the structure of the transaction that result in a reduction of the current value of future flows greater than 1%.

e. Operations that were previously classified as Stage 3.

f. Refinancing, refinanced or restructured transactions that, having been classified as Stage 3 before the trial period, are refinanced or restructured or that have amounts that are more than 30 days past-due;

vi. transactions that have a second or subsequent charge mortgage guarantee when the first-charge secured transaction is classed as Stage 3;

vi. transactions in which all the holders have transactions refinanced under a Code of Good Practices; and

vii. transactions with holders who, after an individualised review, pose reasonable doubts regarding full repayment (principal and interest) in the contractually agreed terms.

Unless they are identified as refinancing, refinanced or restructured operations, those classified as **Stage 3** for reasons other than the customer being non-performing can be reclassified to **Stage 1** or **Stage 2** if, as a result of an individualised study, the reasonable doubts regarding their full repayment by the holder in the contractually agreed terms disappear and there are no amounts overdue by more than ninety days on the date of reclassification to **Stage 1** or Stage 2.

In the case of refinanced, restructured or refinancing operations, in order to consider the credit quality of the operation to have improved and, therefore, to proceed to reclassify it to Stage 2, all the following criteria must be verified in general:

a. After comprehensively reviewing the borrower's asset and financial position, it is concluded that they are unlikely to have financial difficulties.

b. One year has elapsed since the refinancing or restructuring date or, if later, since the date of the reclassification of same to the non-performing category.

c. One year has elapsed since the contractual clauses delaying repayment —such as grace periods for the principal if the transaction included them— ceased to apply.

d. The borrower has covered all the principal and interest payments (i.e. the transaction has no overdue amounts) thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing transaction, or, if later, from the date of its reclassification to the **Stage 3** category.

e. That an amount equal to all amounts, principal and interest, which were due at the date of the refinancing or restructuring operation, or which were written off as a result of it, has been satisfied by means of regular payments.

f. That one of the borrowers must have no other transactions with past due amounts for more than 90 days.

The process for determining the borrower's accounting classification is specified below:

- **Single Name:** these borrowers are constantly assessed as regards the existence or indications of impairment, as well as a potential significant increase in credit risk (SICR) from the initial recognition, and losses associated with the assets of this portfolio are assessed.

To assist in the proactive management of evidence, indications of impairment and SICR, the Group has developed triggers, which are indications of asset impairment affecting the customer or operations and are assessed by the analyst to determine the **Stage 2** or **Stage 3** classification of the customer's operations. They are based on available internal and external information, by borrower and by transaction, grouped according to segment, which determines the type of information required for credit risk analysis and the sensitivity to changes in the impairment indicator variables. The triggers are an indication of asset impairment affecting the customer or the operations. They are classified into:

1. Global triggers:

- Financial difficulties of the issuer or debtor: subjective doubtful triggers (i.e. unfavourable financial information on the debtor, measured via various ratios on the available financial statements) and triggers of a minimum of Stage 2 (due to deterioration of the monitoring rating).

- A breach of contract, such as a default or delinquency in interest or principal payments: **Stage 3** triggers (i.e. non-payments exceeding 90 days) and triggers of a minimum of **Stage 2** (non-payments exceeding 30 days).

- In the event of financial difficulties, the borrowers are given concessions or advantages that would otherwise not be considered. Trigger of a minimum of **Stage 2** (refinancing).

- Probability of the borrower declaring bankruptcy or restructuring **Stage 3** trigger (declared insolvent)

- Market triggers, referring to identifying financial difficulties of the debtor or issuer, due to breaches of contractual clauses or to the disappearance of an active market for the financial security.

  - External or internal rating indicating default or near to default (Level 6 credit quality as defined in CRR).

  - Significant deterioration in the Group's credit rating of the borrower.

  - Deterioration of the automatic rating.

  - External rating lower than CCC+.

  - Relative variation of the CDS to a benchmark (iTraxx).

- Significant impairment in the issuer's external rating with respect to the time the transaction is granted.
- Default event other than those covered by the ISDA definition of default.
- Reduction in the price of the borrower's bond issue >30% or share price below 70%.
- Trading of the borrower's shares is suspended.

2. **Specific triggers:** for sectors such as property developers, project finance and public administrations.

- In cases in which, in the opinion of the analyst, contracts are classified as **Stage 2** or **Stage 3**, the Group proceeds to the expert calculation of the specific provision.
- **Other contracts (not Single Name):** as previously stated, when the borrower's monitoring rating has significantly deteriorated or when there is a relative increase of relevant PD with respect to the start of the transaction, the Group proceeds to classify the contract at accounting **Stage 2**. For these purposes, the classification is revised on a monthly basis, taking into account that any of the two following conditions would determine that an SICR has occurred:
- **Deterioration of the monitoring rating:** an SICR shall be deemed to have occurred if at the accounting classification date (close of each month) the borrower's monitoring rating has deteriorated from the time of initial recognition of the transaction to medium risk or worse.
- **Relative increase in PD:** there is deemed to be an SICR if the regulatory PD[1] of the transaction at the accounting date exceeds a certain absolute threshold and there has been a relative increased in regulatory PD of the transaction since its initial recognition (in the case of exposures for natural persons, this is compared to the earliest outstanding PD of the transaction). Therefore, it must be reclassified to **Stage 2** if it meets the following conditions:

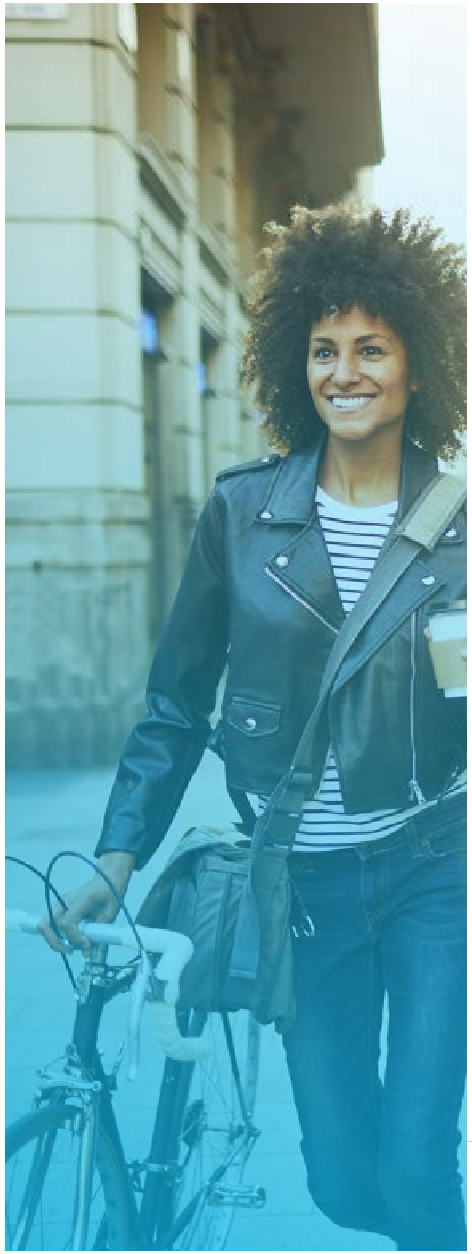
- The Master Scale[2] is greater than or equal to 4. That is, with a PD greater than 0.4205%.
- The current PD is more than 3 times the original PD of the contract.

The monitoring rating and PDs used are the most recent. Both are updated at least once a month, as are the other **Stage 2** and **Stage 3** classification criteria.

In the context of COVID-19, there have been no changes in the criteria for the SICR determination. Notwithstanding the foregoing, the Group applied prudent adjustments in the form of a transitional overlay on the SICR criteria. This adjustment has been eliminated in 2022 because the reasons behind it, such as general moratoria, no longer apply.

[1] Regulatory PD: probability of default estimated as the expected average PD over an economic cycle or trough-the-cycle, in accordance with the requirements of the CRR for use in calculating risk-weighted assets under the internal ratings-based (IRB) approach.

2The Master Scale is a correlation table between probability of default ranges (PD) and a scale between 0 and 9.5, with 0 being the score associated with the best PDs and 9.5 being those associated with the highest PDs in the performing portfolio. The use of this Master Scale is linked to the use of default probabilities in management, as elements such as cut-off points or authority levels are expressed in terms of Master Scale score rather than PD.



4. Defining the hedge accounting

The aim of the IFRS 9 requirements as regards impairment is to ensure recognition of the expected credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including information of a prospective nature (forward looking)[1].

> Principles for measuring expected credit losses for the purpose of defining the credit risk loss hedges.

The **calculated accounting hedge or provision** is defined as the difference between the gross carrying amount of the transaction and the estimated value of future expected cash flows, discounted at the original effective interest rate of the transaction, **considering the effective guarantees received.**

The Group estimates the expected credit losses of a transaction so that these losses reflect:

i. a weighted and non-biased amount, determined through the assessment of a series of possible results;

ii. the time value of money; and

iii. the reasonable and substantial information that is available at the reference date, at no disproportionate cost or effort, on past events, current conditions and forecasts of future economic conditions.

In line with applicable rules, the coverage calculation method is set according to whether the borrower is individually significant and its accounting category.

- If, in addition to being **individually significant**, the customer has transactions that are **Stage 3** non-performing (whether for reasons of delinquency or for other reasons) or in **Stage 2**, the allowances for their non-performing transactions are estimated through a detailed analysis of the holder's status and their capacity to generate future cash flows.

- In all other cases, hedging is estimated collectively using internal methodologies, subject to the **Policy of credit risk models** in force, based on past experience of portfolio defaults and recoveries and factoring in the updated and adjusted value of the effective guarantees. Additionally, future economic condition predictions will be considered under various scenarios.

- To determine hedging for credit losses of portfolios under collective analysis, the Group uses models to estimate the PD; probability of correcting defaulting cycles (specifically its complementary measurement, PNC); loss given loss (LGL) in the event of no correction; recoverable value models for mortgage guarantees (haircuts); and adjustments to include lifetime or forward-looking effects, according to the agreement's accounting classification. It should be noted that all haircuts, LGL and PNC models are models of LGD.

[1] For further details on the incorporation of forward-looking information into the expected loss models, see section 3.4.1. heading "Determining the accounting hedge", sub-heading "Incorporation of forward-looking information into the expected loss models" of Note 3 to the CaixaBank Group's 2022 financial statements.

The models used are re-estimated or re-trained every six months, and they are executed monthly in order to properly reflect the current economic environment at any given time. This makes it possible to reduce the differences between estimated loss and recent observations. The models will include an unbiased view of the potential forward-looking evolution to determine the expected loss, taking into account further relevant macroeconomic factors: **(i)** GDP growth, **(ii)** the unemployment rate, **(iii)** 12-month Euribor and **(iv)** evolution of property prices. Following on from this, the Group generates a baseline scenario, as well as a range of potential scenarios that make it possible to adjust the estimated expected loss, weighted by its probability.

The calculation process is structured in two steps:

- Establishing the basis for calculation of allowances, which is itself a two-stage process:

a. Calculation of the exposure amount, which is the sum of the gross carrying amount at the time of calculation plus off-balance-sheet amounts (available or exposure) expected to be disbursed when the borrower fulfils the conditions to be considered non-performing.

b. Calculation of the **recoverable value of the effective guarantees** linked to the exposure. In order to establish the recoverable value of these guarantees, for real estate collateral the models estimate the amount of the future sale of the collateral which is discounted from the total expenses incurred until the moment of the sale.

- Establishing the **hedging** to be applied on this basis for calculation of allowances:

This calculation factors in the probability of the borrower defaulting on the transaction obligations, the probability of the situation being remedied or resolved and the losses that would occur if this did not happen.

For insignificant portfolios where it is considered that the internal model approach is not suitable due to the processes involved or a lack of past experience, the Group may use the default coverage rates established in the current national regulations.

Both transactions classified as not bearing appreciable risk and those that, due to their type of collateral, are classified as not bearing appreciable risk, could have 0% accounting hedging. In the case of the latter, this percentage will only be applied to the guaranteed part of the risk.

The hedges estimated individually or collectively must be coherent in terms of the way in which the different categories into which the transactions can be classified are processed. Thus, the hedging level for a transaction must be higher than the level that would correspond to it, if it were classified in another category of a lower credit risk.

The detail of the cost of risk is included in section 14 of the consolidated financial statements. Financial assets at amortised cost.

The necessary improvements detected in the backtesting and benchmarking exercises are also inserted in the review cycles.Similarly, the models developed are documented so they can be replicated by a third party. The documentation contains key definitions, information regarding the process of acquiring samples and data processing, methodological principles and results obtained, as well as the comparison of said results with those of previous years.

CaixaBank has a total of 68 models, in order to obtain the parameters necessary to calculate the hedges using a collective analysis. For each of the risk parameters, different models can be used to adapt to each type of exposure. Specifically, the models include those indicated below:

- **18** scoring and rating parameter models
- **19** PD parameter models
- **7** EAD parameter models
- **13** PNC parameter models
- **7** LGL parameter models
- **3** Haircut parameter models
- **1** LT/FL (Forward-looking) transformation parameter model

Other subsidiaries also have their own additional internal models. In the case of BPI, it has a total of 70, and in the case of CaixaBank Payments & Consumer, it has a total of 43.

The above list related to the key considerations for the management, estimates and assumptions used in the global definition of provisions is also included in Note 3 to the CaixaBank Group's 2022 financial statements (Section 3.4.1 Credit risk, under the heading "Determining the accounting hedge"(EBA/GL/2014/13). This section also includes a sub-heading ("Sensitivity analysis") that details the sensitivity analysis of the different macroeconomic variables with respect to the expected loss.

In view of subsequent macroeconomic developments, as well as uncertainties in estimating these scenarios[1], the Group maintains a Post Model Adjustment (PMA) in the provision funds, with the result that it has a collective provision fund amounting to EUR 1,137 million at 31 December 2022. This collective WFP fund includes the update to the baseline macroeconomic scenario; the foreseeable effects of inflation and interest rates on the portfolio's credit quality, given that the movements in these macroeconomic figures have not manifested themselves in the form of increases in non-performing loans in recent years; and they enable uncertainties in the estimation of these future macroeconomic prospects to be absorbed. This collective fund has been estimated by conducting top-down and bottom-up analyses on the lending portfolio, is of a temporary nature, is based on the directives issued by the supervisors and regulators, and is backed by duly documented processes and subject to strict oversight. Furthermore, it will be reviewed in the future with the new available information and the reduction in uncertainty regarding the macroeconomic scenario. The details of this Post Model Adjustment are also included in Note 3 to the CaixaBank Group's 2022 financial statements, in Section 3.4.1 Credit risk, heading "Determining the accounting hedge" , sub-heading "Assumptions and adjustments to the models".

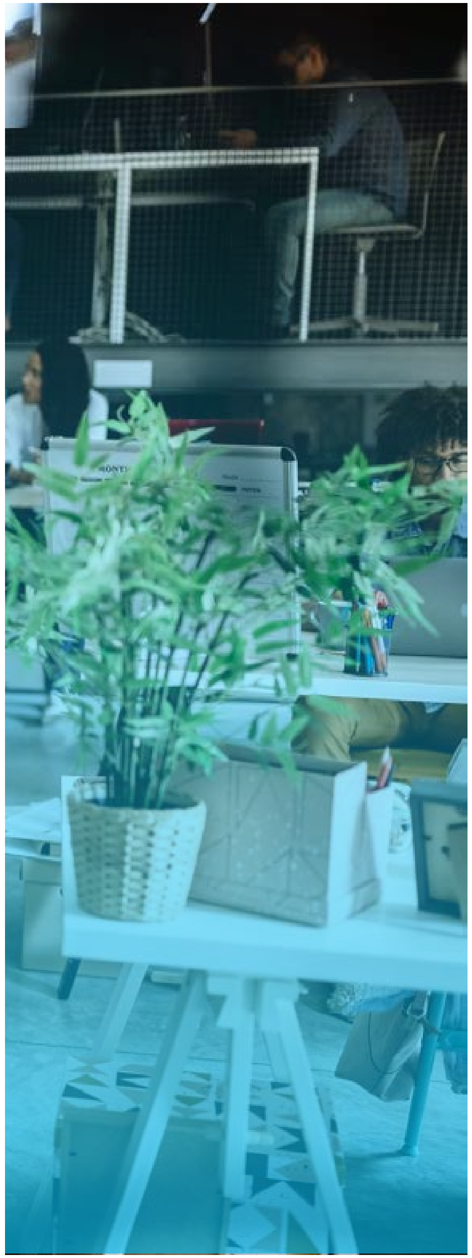
4. NPL management

The default and recovery function is aligned with the Group's risk management guidelines. The default monitoring and recovery activity is especially relevant in the current economic context of uncertainty, with the main objective to maximise the recovery of the financing operations granted, always respecting the situation of each customer and minimising the impact on the volume of non-performing positions and provisions.

The principles underlying NPL management focus not only on default management, but also on preventive and anticipatory actions based on the various impairment indicators available to the bank, avoiding the emergence of triggers that would lead to the classification of positions as **Stage 2** and their consequent impact on the statement of profit & loss.

The portfolio classified in **Stage 3** for reasons other than non-performing loans is also proactively monitored for provisions, designing specific management plans focused on the reasons that led to its classification in this accounting stage.

On the one hand, the governance model and operational framework for problem asset management maintains a holistic view of the overall life cycle and specialised management according to the moment of default of the debt. The responsibility for management is broken down into two different areas:



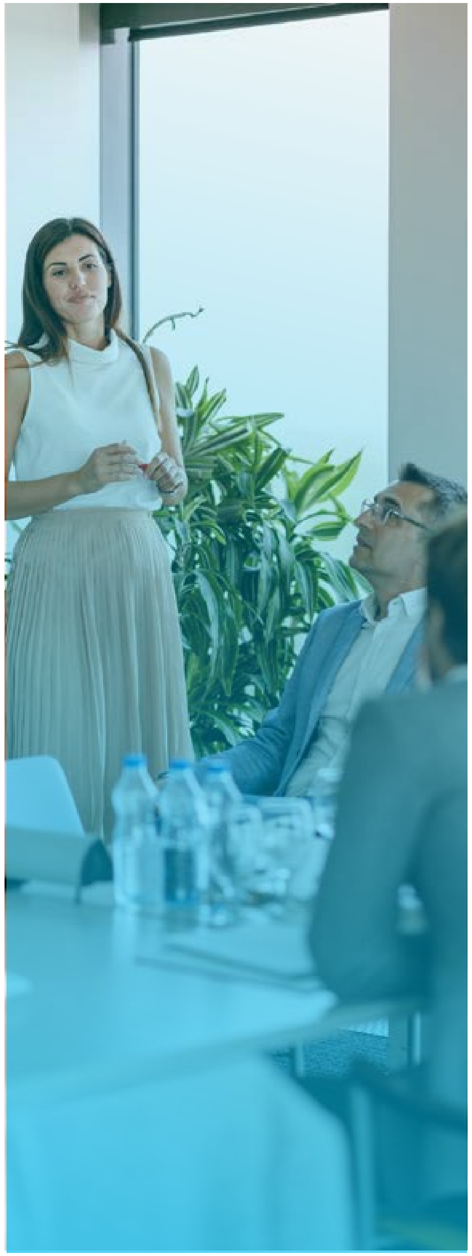
[1] *See subsection "Incorporation of forward-looking information into the expected loss models" in section 3.4.1 Credit risk of Note 3 to the CaixaBank Group's 2022 financial statements.*

- **Cash flow management:** comprises preventive and anticipatory management and early non-payment and default management of customers with payments past due between 1 and 90 days. On the business side, the Solutions & Collections area centrally coordinates the network of branches and collection agencies in the management of the recovery prior to going into default. In the current economic climate, the branch network's connectivity and closeness with the customer continues to be essential in identifying their situations and needs, especially in terms of social vulnerability.
- **Stock management:** concerns the management of customers with default positions, with non-payment exceeding 90 days. This area is the responsibility of the Risks department, with management differentiated by the retail and corporate customer segment. The specialist team is geared towards finding definitive solutions in more advanced default scenarios.

On the other hand, the overall management of recovery and NPLs has been adapted to the measures adopted by CaixaBank since 2020 to support the economy in order to combat the consequences of the pandemic, as well as the current energy and geopolitical crisis arising from the war in Ukraine. In terms of non-performing loans, we have collaborated and continue working on in identifying and supporting customers whose debt remains structurally viable with sustainable solutions, ensuring that the financing needs of these customers, arising from the temporary decline in their income, are covered. Similarly, it is worth mentioning the Entity's commitment to the original contracts of the ICO COVID facilities relating to the Code of Good Practices and extensions of the terms of said financing, as well as to the current ICO Ukraine facility, in order to continue supporting the business fabric.

All this management has been subject to the application of the policies and procedures in force which, in accordance with accounting and regulatory standards, establish the guidelines for the appropriate classification of loans and estimation of hedges.

One of the main lines of work is the support provided throughout the management cycle of the moratoria, Code of Good Practices and ICO-backed loans granted, especially through active monitoring of the expiry of the measures granted.



Foreclosure assets

BuildingCenter is the Group's company responsible for the management of property assets in Spain, which originate from converting the Group's financial assets in default through any of the following ways: **(i)** acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans; **(ii)** acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts; **(iii)** acquisition of real estate assets of companies, mainly property developers, to cancel their debts; and **(iv)** foreclosure through insolvency proceedings.

The acquisition process includes conducting full legal and technical reviews of the properties using the committees appointed for such purpose.

In all cases, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the internal rules approved.

The strategies undertaken for the sale of these assets are as follows:

- **Individual sale:** there is a servicing contract with Servihabitat Servicios Inmobiliarios and Haya Real State, S.A., for multi-channel marketing activities through their own branches, the external collaboration of the network of real-estate agents and an active presence on the internet. This marketing activity comes in addition to a key factor: support in prescribing properties generated by the branch network.

- **Institutional sales:** the Group features institutional transactions of sales of asset portfolios to other specialised companies.

- **Completion of housing developments:** a number of minor measures to improve some of these developments are made to ensure they can be sold. These measures are performed using the synergies of the Group.

- **Rental:** a means of benefiting from rising demand and generating recurring income, as well as creating added value on the property in the event of its future sale.

Refinancing policies

The general principles published by the EBA for this type of transaction in the **Guidelines on managing non-performing and restructured or refinanced exposures** and the definitions laid down in Annex IX of Bank of Spain Circular 4/2017 and its subsequent amendments are included in the Corporate credit risk management policy, and in the Refinancing and recovery policy.

In accordance with the preceding paragraph, the remainder of the regulatory framework and current legislation, these relate to operations in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, the agreement has been amended and/or a new transaction has been arranged.

These operations may derive from:

1. A new operation (refinancing operation) granted that fully or partially cancels other operations (refinanced operations) previously granted by any Group company to the same borrower or other companies forming part of its economic group, the previously past-due loans becoming current.

2. The amendment of the contractual terms of an existing operation (restructured operations) that changes its repayment schedule by reducing the amount of the repayments (grace periods, extension of loan maturities, reduction in interest rates, changes in the repayment schedule, extension of all or part of the capital on maturity, etc.).

3. The activation of contract clauses agreed at source that extend the debt repayment terms.

4. The partial cancellation of the debt without any contribution of customer funds, primarily through the forgiveness of principal or ordinary interest (on the credit granted to the customer).

The existence of previous defaults is an indication of financial difficulty. Unless otherwise demonstrated, a restructuring or refinancing transaction is assumed to exist when the amendment to contractual term affects transactions that have been past-due for more than 30 days at least once in the three months prior to the amendment.

Restructuring or refinancing shall also be presumed to exist in the following circumstances, unless there is evidence to the contrary:

- At the same time as additional financing is granted by the Entity, or at a time close to such granting, the borrower has made payments of principal or interest on another operation with the Entity that is not classified as non-performing, the payments of which have been past due, in whole or in part, for more than 30 days at least once in the three months prior to the refinancing.

- The Entity approves the use of implicit amendment clauses in relation to operations that are not classified as non-performing with pending amounts past due for 30 days, of that would be past due for 30 days if such clauses were not exercised.

However, previous defaults are not a requirement for a transaction to be classified as refinanced or restructured.

In contrast, debt renewals and renegotiations may be granted when the borrower does not have, or is not expected to have, financial difficulties; i.e. for business reasons, not to facilitate repayments.

For a transaction to be classified as such, the borrower must have the capacity to obtain credit from the market, at the date in question, for a similar amount and on similar terms to those offered by the Entity. These terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

For further details on the classification and risk transition criteria, see point 3 above "Determining the accounting classification" in the section "Credit Risk Monitoring and Measurement".

The risk management procedures and policies applied allow for detailed monitoring of credit transactions. In this regard, any transaction detected whose terms may need to be changed due to evidence of impairment of the borrower's solvency is marked appropriately so it has the corresponding accounting classification and provision for impairment. Therefore, as these transactions are correctly classified and valued according to the Group's best judgement, no additional provisions emerge in relation to the impairment of refinanced loans.

Exposure credit quality

This section shows information from the FINREP on the quality and management of credit risk exposures with the following disclosures:

- Maturity of exposures.
- Exposure class
- Business sector
- Geographical area.
- Exposures subject to the measures applied in response to the COVID-19 crisis.

Also, in accordance with article 431.3 of the CRR, all information that the Bank considers relevant for the disclosure of the Group's risk profile in relation to non-performing assets is shown. In this regard, it has been considered that the Entity is not subject to additional regulatory reporting requirements on this category of assets as it does not exceed 5% in the ratio of exposures in regulatory default or **Stage 3** accounting[1].

The amounts shown in the tables in this section do not include counterparty, securitisation or equity portfolio exposures.

Maturity of exposures

The following tables show the distribution of exposures for the CaixaBank Group at 31 December 2022, in terms of the net value of valuation adjustments and provisions, broken down by the residual maturity and by loans and advances and debt securities.

By residual maturity, 82% of the exposure has a maturity of more than 1 year, and 54% a maturity of more than 5 years.

Table 7.6. EU CR1-A - Maturity of exposures

Amounts in millions of euros

	Net exposure value					
	Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity	Total
Loans and advances	5,057	64,727	89,409	206,158	0	365,351
Debt securities	0	17,758	35,281	36,478	—	89,516
Total	**5,057**	**82,485**	**124,690**	**242,636**	**—**	**454,868**

Performing and non-performing exposures

The following table shows information on changes in the stock of non-performing loans and advances between the previous and current year ends.

Table 7.7. EU CR2 - Changes in the stock of non-performing loans and advances

Amounts in millions of euros

		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**15,415**
020	Inflows to non-performing portfolios	3,629
030	Outflows from non-performing portfolios	(7,549)
040	Outflows due to write-offs	(1,657)
050	Outflow due to other situations	(5,892)
060	**Final stock of non-performing loans and advances**	**11,496**

During 2022 there was a decrease in loans and advances classified as non-performing of EUR -3,919 million following the good performance of the asset quality and active management of non-performing assets.

[1] In accordance with the requirements of EBA/ITS/2020/04, tables CR2-A, CQ2, CQ6 and CQ8 were not prepared, as CaixaBank's NPL ratio does not exceed 5%.

Table 7.8 EU CR1 shows both an NPE overview (prudential) of EUR 12,870 million€ and a Stage 3 accounting exposure of EUR 10,596 million€, of which the NPE amount of loans and advances is EUR 11,496 million.€.

Table 7.8. EU CR1 - Performing and non-performing exposures and related provisions

	Gross carrying / nominal amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
	Performing exposures			*Non-performing exposures*					Performing exposures - Accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collateral and financial guarantees received	
Amounts in millions of euros		Of which: *Stage 1*	Of which: *Stage 2*		Of which: *Stage 2*	Of which: *Stage 3*	Of which: *defaulted*	Of which: financial assets acquired or originated with credit impairment		Of which: *Stage 1*	Of which: *Stage 2*		Of which: *Stage 2*	Of which: *Stage 3*	Accumulated partial write-off	On performing exposures	On non-performing exposures
Cash balances at CB and other demand deposits	**17,373**	**17,373**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Loans and advances	**361,253**	**333,781**	**27,417**	**11,496**	**1,143**	**9,639**	**11,290**	**465**	**(2.574)**	**(1.294)**	**(1.279)**	**(4.823)**	**(111)**	**(4.474)**	**—**	**216,723**	**5,850**
Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public administrations	20,313	19,954	310	44	8	5	43	23	(2)	(1)	0	(5)	—	(1)	—	1,579	19
Credit institutions	12,171	12,156	15	24	0	6	24	—	(5)	(4)	0	(3)	—	(3)	—	5,885	19
Other financial corporations	9,218	9,050	168	23	0	23	18	0	(10)	(7)	(3)	(11)	0	(11)	—	4,294	2
Non-financial corporations	140,324	128,004	12,317	5,568	872	4,327	5,457	161	(1.132)	(646)	(485)	(2.420)	(82)	(2.229)	—	55,145	2,532
Of which SMEs	51,919	45,074	6,842	3,667	589	2,813	3,604	131	(541)	(260)	(281)	(1.4699	(48)	(1.344)	—	31,286	1,983
Households	179,226	164,617	14,607	5,837	263	5,279	5,748	282	(1.425)	(636)	(790)	(2.384)	(29)	(2.229)	—	149,820	3,277
Debt securities	**89,334**	**89,269**	**59**	**12**	**—**	**12**	**12**	**—**	**(6)**	**(4)**	**(2)**	**(10)**	**—**	**(10)**	**—**	**656**	**0**
Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public administrations	81,282	81,282	—	—	—	—	—	—	—	—	—	—	—	—	—	474	—
Credit institutions	3,984	3,984	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other financial corporations	741	736	—	—	—	—	—	—	0	0	—	—	—	—	—	26	—
Non-financial corporations	3,327	3,268	59	12	—	12	12	—	(5)	(4)	(2)	(10)	—	(10)	—	156	0
Off-balance-sheet exposures	**160,866**	**155,252**	**5,614**	**1,362**	**308**	**944**	**1,321**	**—**	**(143)**	**(91)**	**(51)**	**(404)**	**(20)**	**(382)**	**—**	**43,557**	**723**
Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public administrations	5,639	5,594	44	5	0	5	1	—	0	0	0	0	0	0	—	60	0
Credit institutions	10,164	10,162	2	3	—	2	3	—	(1)	(1)	0	0	—	0	—	60	0
Other financial corporations	3,934	3,866	68	10	—	10	7	—	(2)	(1)	(1)	(1)	—	(1)	—	985	2
Non-financial corporations	84,605	81,649	2,956	1,070	279	687	1,040	—	(99)	(54)	(45)	(370)	(20)	(349)	—	17,092	521
Households	56,525	53,981	2,544	274	29	240	270	—	(41)	(35)	(6)	(32)	0	(32)	—	25,360	199
Total	**628,827**	**595,676**	**33,090**	**12,870**	**1,451**	**10,596**	**12,623**	**465**	**(2.722)**	**(1.390)**	**(1.333)**	**(5.238)**	**(131)**	**(4.867)**	**—**	**260,935**	**6,574**

The following table shows the main differences arising from the two criteria (regulatory and accounting), notably those explained in section 3: period accounting for NPL detection (past-due), cure periods and difference in application of pulling effect.

Table 7.9. Differences between prudential criteria and accounting criteria for loans and advances

Amounts in millions of euros	IRP EUR CR1 - NPL	Differences in the calculation criteria of past due days	Differences by probationary period in the definition of NPL	Differences by pulling effect	Differences by impaired asset acquired or originated[1]	IRP EUR CR1 - Stage 3
Loans and advances	11,496	-256	-326	-809	-465	9,639

[1] *This amount, although not included in the amount of Stage 3 of table EU CR1, is included in the NPL ratio published in the financial statements, which uses a Stage 3 criterion.*

Table 7.10. EU CQ3 - Credit quality of performing and non-performing exposures by past due days

	Gross carrying / nominal amount											
	Performing exposures			*Non-performing exposures*								
Amounts in millions of euros	Performing exposures	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Non-performing exposures	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due >180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which: *defaulted*
Cash balances at central banks and other demand deposits	**17,373**	**17,372**	**0.954**	-	-	-	-	-	-	-	-	-
Loans and advances	**361,253**	**360,189**	**1,064**	**11,496**	**6,092**	**883**	**1,329**	**1,062**	**1,102**	**300**	**728**	**11,290**
Central banks	—	—	-	-	-	-	-	-	-	-	-	-
Public administrations	20,313	20,307	6	44	20	0	0	0	2	0	21	43
Credit institutions	12,171	12,165	5	24	24	0	0	0.016	-	-	-	24
Other financial corporations	9,218	9,216	1	23	22	0	0	0	1	0.003	0	18
Non-financial corporations	140,324	139,620	705	5,568	3,782	277	433	419	382	65	211	5,457
Of which SMEs	51,919	51,763	156	3,667	2,265	241	338	283	337	63	142	3,604
Households	179,226	178,880	346	5,837	2,245	606	896	643	717	235	496	5,748
Debt securities	**89,334**	**89,334**	-	**12**	**12**	-	-	-	-	-	-	**12**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
Public administrations	81,282	81,282	-	-	-	-	-	-	-	-	-	-
Credit institutions	3,984	3,984	-	-	-	-	-	-	-	-	-	-
Other financial corporations	741	741	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	3,327	3,327	-	12	12	-	-	-	-	-	-	12
Off-balance-sheet exposures	**160,866**	-	-	**1,362**	-	-	-	-	-	-	-	**1,321**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
Public administrations	5,639	-	-	5	-	-	-	-	-	-	-	1
Credit institutions	10,164	-	-	3	-	-	-	-	-	-	-	3
Other financial corporations	3,934	-	-	10	-	-	-	-	-	-	-	7
Non-financial corporations	84,605	-	-	1,070	-	-	-	-	-	-	-	1,040
Households	56,525	-	-	274	-	-	-	-	-	-	-	270
Total	**628,827**	**466,896**	**1,065**	**12,870**	**6,104**	**883**	**1,329**	**1,062**	**1,102**	**300**	**728**	**12,623**

Table 7.11. EU CQ4 - Quality of non-performing exposures by geography

	Gross carrying / nominal amount				
Amounts in millions of euros	Gross carrying / nominal amount	Of which: defaulted	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On-balance-sheet exposure	**462,094**	**11,302**	**(7,406)**	**-**	**(7)**
Spain	363,441	10,318	(6,688)	-	(7)
Portugal	32,814	633	(570)	-	-
Rest of the world	65,839	351	(147)	-	-
Off-balance-sheet exposures	**162,229**	**1,321**	**-**	**547**	**-**
Spain	125,799	1,262	-	524	-
Portugal	7,369	39	-	13	-
Rest of the world	29,060	20	-	10	-
Total	**624,323**	**12,623**	**(7,406)**	**547**	**(7)**

Table 7.12. EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

Amounts in millions of euros	Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk for non-performing non-performing
		Of which: defaulted		
Agriculture, forestry and fishing	3,073	208	(128)	-
Mining and quarrying	555	18	(12)	-
Manufacturing	24,650	858	(524)	-
Electricity, gas, steam and air conditioning supply	10,476	114	(115)	-
Water supply	1,764	15	(16)	-
Construction	11,283	641	(472)	-
Wholesale and retail trade	19,779	923	(536)	-
Transport and storage	12,636	348	(329)	-
Accommodation and food service activities	8,865	683	(241)	-
Information and communications	4,715	122	(86)	-
Financial and insurance activities	13,504	69	(98)	-
Real estate activities	13,992	350	(228)	-
Professional, scientific and technical activities	7,182	513	(283)	-
Administrative and support service activities	4,407	134	(81)	-
Public administration and defence; compulsory social security	1,563	0	(13)	-
Education	656	44	(25)	-
Human health services and social work activities	1,761	39	(35)	-
Arts, entertainment and recreation	1,189	202	(82)	-
Other services	3,843	177	(240)	(7)
Total	**145,893**	**5,457**	**(3,544**	**(7)**

A substantial part of the portfolio in default is concentrated in the economic sectors: Wholesale and retail trade (16.1%), Manufacturing (13.9%), Construction (12.1%) and Hospitality (11.8%).

Forborne exposures

Table 7.13. EU CQ1 - Credit quality of forborne exposures

	Gross carrying amount/ nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne						
Amounts in millions of euros			Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne non-performing		Collateral and financial guarantees received on exposures with forbearance measures non-performing
Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
Loans and advances	5,159	5,665	5,624	5.395	(298)	(2.257)	6,787	3,091
Central banks	—	—	—	—	—	—	—	—
Public administrations	151	9	9	9	0	(1)	66	6
Credit institutions	—	—	—	—	—	—	—	—
Other financial corporations	106	21	17	21	(2)	(10)	100	1
Non-financial corporations	3,088	2,841	2,809	2,577	(127)	(1.205)	3,454	1,355
Of which: small and medium-sized enterprises	1,218	1,621	1,607	1,500	(84)	(574)	1,922	953
Of which: secured by commercial immovable property	779	1,071	1,060	1,026	(61)	(393)	1,370	669
Households	1,814	2,794	2,789	2,787	(170)	(1.040)	3,168	1,728
Of which: loans secured by residential immovable property	1,522	2,414	2,411	2,410	(138)	(786)	2,934	1,617
Of which: consumer credit	151	165	164	164	(16)	(79)	112	62
Debt securities	11	12	12	12	(1)	(10)	0	0
Loan commitments given	173	79	78	54	(3)	(14)	102	43
Total	5,343	5,756	5,714	5,461	(302)	(2.281)	6,890	3,135

Table 7.14. Refinanced or restructured exposures by geographical area

Amounts in millions of euros	Gross carrying amount/Nominal amount of exposures with forbearance measures		
	Spain	Portugal	Rest of the world
Cash balances at central banks and other demand deposits	**0**	**0**	**0**
Loans and advances	**9,921**	**335**	**568**
Central banks	0	0	0
Public administrations	161	0	0
Credit institutions	0	0	0
Other financial corporations	127	0	0
Non-financial corporations	5,191	192	546
Of which: small and medium-sized enterprises	2,715	107	16
Of which: secured by commercial immovable property	1,821	29	0
Households	4,442	143	22
Of which: loans secured by residential immovable property	3,802	113	21
Of which: consumer credit	296	20	0
Debt securities	**0**	**23**	**0**
Loan commitments given	**218**	**17**	**17**
Total	**10,139**	**375**	**585**

Table 7.15. EU CQ7 - Collateral obtained by taking possession and execution processes

Amounts in millions of euros	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment	**—**	**—**
Other than PP&E	**4,400**	**(1,075)**
Residential immovable property	3,483	(719)
Commercial immovable property	917	(356)
Movable property (auto, shipping, etc.)	0	(0)
Equity and debt instruments	—	—
Other collateral	—	—
Total	**4,400**	**(1,075)**

Exposures subject to measures applied in response to the COVID-19 crisis

The table below presents a breakdown of the legislative and non-legislative moratoria for loan repayments applied in face of the COVID-19 crisis.

Table 7.16 shows that loans and advances subject to legislative and non-legislative moratoria are due as of 31 December 2022.

Table 7.16. Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
	—	Performing			Non-performing			—	Performing forborne			Non-performing forborne			
Million of euros			Of which: exposures with forbearance measures	Of which: Instruments with SICR since initial recognition but not credit impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past due or are past due ≤ 90 days			Of which: exposures with forbearance measures	Of which: Instruments with SICR since initial recognition but not credit impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past due or are past due ≤ 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which: Households	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which: Collateralised by residential immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which: Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
of which: small and medium-sized enterprises	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Of which: Collateralised by commercial immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The following table shows the moratoria offered and granted according to their maturity:

Table 7.17. Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

		Gross carrying amount							
					Remaining maturity of moratoria				
Millions of euros	Number of obligors[1]		Of which: legislative moratoria[2]	Of which: past due —	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which moratorium was offered	**371**	**19,804**							
Loans and advances subject to moratorium (granted)	325	17,698	12,593	17,698					
of which: Households		14,965	9,911	14,965					
of which: Collateralised by residential immovable property		13,892	9,296	13,892					
of which: Non-financial corporations		2,733	2,682	2,733					
of which: small and medium-sized enterprises		1,844	1,810	1,844					
Of which: Collateralised by commercial immovable property		1,025	1,000	1,025					

The new exposures subject to public guarantee programmes are detailed below:

Table 7.18. Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
Amounts in millions of euros		Of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	**18,268**	**1,587**	**13,917**	**383**
of which: Households	1,121	—	—	28
of which: Secured by residential immovable property	2	—	—	—
of which: Non-financial corporations	17,147	1,507	13,026	355
of which: Small and medium-sized enterprises	11,854	—	—	244
Of which: Collateralised by commercial immovable property	31	—	—	—

7.1.2. Minimum capital requirements for credit risk

The tables in this section, both under the standardised and advanced approach, present:

- The original exposure ("Exposure prior to the application of the credit conversion factor and credit risk mitigation provisions, which includes exposures to credit risk both on and off the balance sheet"(EBA/GL/2014/13).
- EAD ("Exposures post-CCF and CRM"(EBA/GL/2014/13).
- Risk-weighted assets (RWAs).
- The ratio of EAD to RWAs gives the RWA density ratio. This calculation equates to the average weighting applied to each category of exposure.

With regard to the evolution of the RWAs during 2022, the following aspects should be noted:

- Decrease of EUR 1,439 million in RWAs in the portfolio under the standard model, mainly due to the rollout of the BPI mortgage portfolio, decline in deferred tax assets, the sale of real estate and the decrease in exposure and improvement of the average density of the retail portfolio, which has been partially offset by the increase in exposure in the category of corporates.
- Increase of EUR 5,283 million in RWAs in the portfolio under IRB model, mainly due to the growth of the portfolio in addition to the rollout of the BPI mortgage portfolio following an IRB approach.

Minimum capital requirements for credit risk by standardised method

Using the standardised approach, risk is weighted in accordance with the exposure's credit quality. The CaixaBank Group uses the external rating agencies designated as being eligible by the EBA (European Banking Authority), namely Standard & Poor's,*'Moody's,'Fitch and DBRS*.

Table 7.19. Credit quality level correspondence between rating agencies

Credity quality level	S&P's	Moody's	Fitch	DBRS
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	A+ to A-	A1 to A3	A+ to A-	AH to AL
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	B+ to B-	B1 to B3	B+ to B-	BH to BL
6	Below B-	Below B3	Below B-	CCCH and below

Table 7.20. Correspondence of credit quality level by weighting between exposure categories[1]

Credit quality level	Central administrations or central banks	Public sector entities	Rated institutions ≤ 3 months	Rated institutions > 3 months	Unrated institutions[2]	Corporates
1	0%	20%	20%	20%	20%	20%
2	20%	50%	20%	50%	50%	50%
3	50%	100%	20%	50%	100%	100%
4	100%	100%	50%	100%	100%	100%
5	100%	100%	50%	100%	100%	150%
6	150%	150%	150%	150%	150%	150%

[1] General treatment of exposures, with the particular cases provided in the CRR falling outside the scope of the Table.

[2] For the category "Unrated institutions" , the rating corresponding to the central government of the country to which the exposure belongs is used.

CaixaBank Group applies the standardised approach permanently to the following exposures:

- Central government administrations and central banks.
- Regional administrations and local authorities.
- Public sector entities.
- Institutions.
- Within corporates, the project finance portfolio.
- All the exposure of CaixaBank *Payments & Consumer* and CaixaBank *Equipment Finance*, except for card exposures, for which advanced models have been approved.

In addition, all exposures outside the scope of the internal ratings-based (IRB) models are assessed under the standardised approach, as are the exposures incorporated from Banco BPI[1].

According to the application of the measurement approaches set out in the regulations in force, where external ratings are not available for exposures of regional or local administrations, the rating for the next higher level of public body available is used.

The Group does not assign credit ratings for publicly traded security issues or comparable assets not included in the trading portfolio.

The following tables provide details of original exposure, EAD and RWA at December 2022 by category, under the standardised approach. This does not include exposures to counterparty, securitisations or equity portfolio risks.

Table 7.21. EU CR4 - Standardised approach - Credit risk exposure and CRM effect

Amounts in millions of euros	Exposures before credit conversion factor and credit risk mitigation		Exposures after credit conversion factor and credit risk mitigation		RWAs and RWA density	
Exposure class	**On-balance-sheet exposure**	**Exposures off balance sheet**	**On-balance-sheet exposure**	**Exposures off balance sheet**	**RWA**	**RWA density (%)**
Central administrations or central banks	92,222	69	125,441	1,316	17,705	13.97%
Regional governments or local authorities	18,729	3,556	17,942	807	268	1.43%
Public sector entities	22,948	1,903	6,260	385	926	13.94%
Multilateral development banks	1,793	14	4,651	1	—	0.00%
International organisations	2,910	—	2,910	—	—	0.00%
Institutions	6,328	2,040	4,312	614	1,690	34.31%
Corporates	37,798	15,450	34,380	3,425	34,394	90.98%
Retail	16,804	4,474	15,566	225	8,616	54.56%
Exposures secured by mortgages on immovable property	4,318	1,001	4,117	245	2,073	47.52%
Exposures in default	640	137	559	14	738	128.77%
Exposures associated with particularly high risks	264	290	251	40	438	150.00%
Covered bonds	—	—	—	—	—	0.00%
Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	0.00%
Collective investment undertakings	—	—	—	—	—	0.00%
Equity exposures	—	—	—	—	—	0.00%
Other items	15,075	—	15,074	—	11,965	79.38%
Total	**219,828**	**28,933**	**231,464**	**7,074**	**78,814**	**33.04%**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

[1] Except for BPI retail mortgage, which in Dec. 2022 changed to IRB.

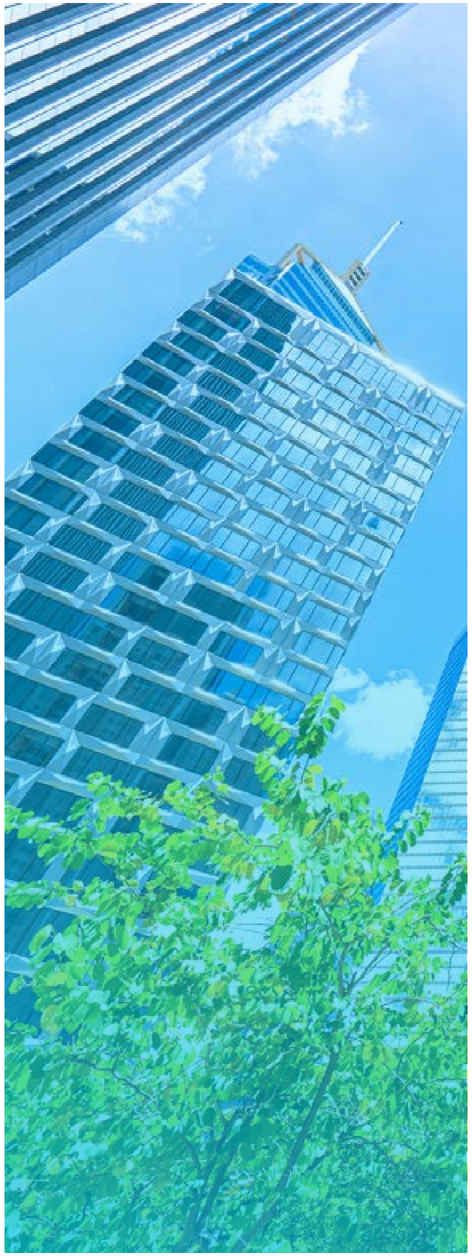


Table 7.21. EU CR4 - Standardised approach - Credit risk exposure and CRM effect

2021

Amounts in millions of euros

Exposure class	Exposures before credit conversion factors and credit risk mitigation		Exposures after credit conversion factor and credit risk mitigation		RWAs and RWA density	
	On-balance-sheet exposure	Exposures off balance sheet	On-balance-sheet exposure	Exposures off balance sheet	RWA	RWA density (%)
Central administrations or central banks	169,567	776	205,050	1,528	18,472	8.94%
Regional governments or local authorities	40,467	4,969	20,712	997	296	1.36%
Public sector entities	5,389	1,289	5,883	288	1,802	29.20%
Multilateral development banks	1,467	17	2,937	4	—	0.00%
International organisations	—	—	—	—	—	0.00%
Institutions	5,309	1,627	3,559	418	1,385	34.83%
Corporates	31,910	10,412	28,450	2,195	27,436	89.53%
Retail	16,496	6,923	15,208	884	8,978	55.79%
Exposures secured by mortgages on immovable property	17,938	1,173	17,722	258	6,985	38.85%
Exposures in default	1,204	214	1,023	27	1,293	123.18%
Exposures associated with particularly high risks	293	190	282	48	496	150.00%
Covered bonds	—	—	—	—	—	0.00%
Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	0.00%
Collective investment undertakings	—	—	—	—	—	0.00%
Equity exposures	—	—	—	—	—	0.00%
Other items	17,111	—	17,111	—	13,110	76.62%
Total	**307,151**	**27,590**	**317,938**	**6,648**	**80,253**	**24.72%**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

The following table shows the distribution of exposure and risk-weighted assets based on CRR regulatory categories, and the risk weights applied, not including exposures to counterparty risk, securitisation risk or the equity portfolio:

Table 7.22. EU CR5 - Standardised approach (EAD)

Amounts in millions of euros	Risk weighting																
Exposure class	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Total**	**Of which: unrated**
Central administrations or central banks	111,987	—	—	—	8	—	149	—	—	12,602	2	2,010	—	—	—	126,757	119,322
Regional governments or local authorities	17,692	—	—	—	935	—	82	—	—	40	—	—	—	—	—	18,749	18,626
Public sector entities	4,919	—	—	—	540	—	735	—	—	451	—	—	—	—	—	6,645	6,006
Multilateral development banks	4,652	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,652	2,202
International organisations	2,910	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,910	2,910
Institutions	291	—	—	—	2,716	—	1,545	—	—	373	1	—	—	—	—	4,926	1,824
Corporates	152	0	—	—	289	—	448	—	—	36,913	3	—	—	—	—	37,805	37,222
Retail exposures	3,398	—	—	—	—	—	—	—	12,394	—	—	—	—	—	—	15,791	15,791
Exposures secured by mortgages on immovable property	—	—	—	—	—	1,075	2,788	—	24	475	—	—	—	—	—	4,362	4,362
Exposures in default	—	—	—	—	—	—	—	—	—	243	330	—	—	—	—	573	573
Exposures associated with particularly high risks	—	—	—	—	—	—	—	—	—	—	292	—	—	—	—	292	292
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exposure to institutions and companies with short-term credit evaluation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other items	2,991	—	—	—	148	—	—	—	—	11,936	—	—	—	—	—	15,074	15,074
Total	**148,993**	**0**	**—**	**—**	**4,635**	**1,075**	**5,747**	**—**	**12,418**	**63,034**	**627**	**2,010**	**—**	**—**	**—**	**238,538**	**224,204**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.22. EU CR5 - Standardised approach (EAD)

2021

Amounts in millions of euros	Risk weighting															
Exposure class	0 %	2 %	4 %	10 %	20 %	35 %	50 %	70 %	75 %	100 %	150 %	250 %	370 %	1,250 %	Other	Total	Of which: unrated
Central administrations or central banks	191,565	—	—	—	0	—	—	—	—	12,705	2	2,306	—	—	—	206,578	206,575
Regional governments or local authorities	20,627	—	—	—	938	—	73	—	—	71	—	—	—	—	—	21,710	21,622
Public sector entities	2,925	—	—	—	276	—	2,447	—	—	523	—	—	—	—	—	6,171	6,170
Multilateral development banks	2,942	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,942	2,942
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	340	—	—	—	1,877	—	1,510	—	—	241	9	—	—	—	—	3,977	1,736
Corporates	305	—	—	—	51	—	335	—	—	29,944	10	—	—	—	—	30,645	30,497
Retail exposures	3,230	—	—	—	—	—	—	—	12,863	—	—	—	—	—	—	16,093	16,093
Exposures secured by mortgages on immovable property	—	—	—	—	—	14,154	3,106	—	117	603	—	—	—	—	—	17,980	17,980
Exposures in default	—	—	—	—	—	—	—	—	—	563	487	—	—	—	—	1,050	1,050
Exposures associated with particularly high risks	—	—	—	—	—	—	—	—	—	—	330	—	—	—	—	330	330
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exposure to institutions and companies with short-term credit evaluation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other items	3,893	—	—	—	135	—	—	—	—	13,083	—	—	—	—	—	17,111	17,111
Total	**225,827**	—	—	—	**3,277**	**14,154**	**7,471**	—	**12,980**	**57,733**	**838**	**2,306**	—	—	—	**324,586**	**322,107**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.23. EU CR5 - Standardised approach (RWA)

Amounts in millions of euros

	Risk weighting																
Exposure class	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Total**	**Of which: unrated**
Central administrations or central banks	—	—	—	—	2	—	74	—	—	12,602	3	5,024	—	—	—	17,705	17,704
Regional governments or local authorities	—	—	—	—	187	—	41	—	—	40	—	—	—	—	—	268	244
Public sector entities	—	—	—	—	108	—	367	—	—	451	—	—	—	—	—	926	925
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	543	—	773	—	—	373	1	—	—	—	—	1,690	527
Corporates	—	0	—	—	58	—	224	—	—	34,108	4	—	—	—	—	34,394	33,973
Retail exposures	—	—	—	—	—	—	—	—	8,616	—	—	—	—	—	—	8,616	8,616
Exposures secured by mortgages on immovable property	—	—	—	—	—	345	1,282	—	15	431	—	—	—	—	—	2,073	2,073
Exposures in default	—	—	—	—	—	—	—	—	—	243	494	—	—	—	—	738	738
Exposures associated with particularly high risks	—	—	—	—	—	—	—	—	—	—	438	—	—	—	—	438	438
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exposure to institutions and companies with short-term credit evaluation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	30	—	—	—	—	11,936	—	—	—	—	—	11,965	11,965
Total	**—**	**0**	**—**	**—**	**927**	**345**	**2,761**	**—**	**8,631**	**60,185**	**940**	**5,024**	**—**	**—**	**—**	**78,814**	**77,203**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.23. EU CR5 - Standardised approach (RWA)

2021

Amounts in millions of euros

Exposure class	Risk weighting															Total	Of which: unrated
	0 %	2 %	4 %	10 %	20 %	35 %	50 %	70 %	75 %	100 %	150 %	250 %	370 %	1,250 %	Other		
Central administrations or central banks	—	—	—	—	0	—	—	—	—	12,705	3	5,764	—	—	—	18,472	18,468
Regional governments or local authorities	—	—	—	—	188	—	37	—	—	71	—	—	—	—	—	296	278
Public sector entities	—	—	—	—	55	—	1,223	—	—	523	—	—	—	—	—	1,802	1,800
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	—	—	—	375	—	755	—	—	241	14	—	—	—	—	1,385	375
Corporates	—	—	0	—	10	—	168	—	—	27,245	14	—	—	—	—	27,436	27,288
Retail exposures	—	—	—	—	—	—	—	—	8,978	—	—	—	—	—	—	8,978	8,978
Exposures secured by mortgages on immovable pro-perty	—	—	—	—	—	4,922	1,429	—	85	550	—	—	—	—	—	6,985	6,985
Exposures in default	—	—	—	—	—	—	—	—	—	563	730	—	—	—	—	1,293	1,293
Exposures associated with particularly high risks	—	—	—	—	—	—	—	—	—	—	496	—	—	—	—	496	496
Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exposure to institutions and companies with short-term credit evaluation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other items	—	—	—	—	27	—	—	—	—	13,083	—	—	—	—	—	13,110	13,110
Total	—	—	0	—	655	4,922	3,611	—	9,063	54,981	1,256	5,764	—	—	—	80,253	79,073

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

The following table shows exposure guaranteed by real estate assets, broken down into commercial and residential.

Table 7.24. Standardised approach: exposure guaranteed by real estate assets, by type of collateral

Amounts in millions of euros	Original Original	Exposure after CRM and before CCF	EAD	RWA	Density of RWAs	Capital (8 %)
Commercial	3,728	3,532	3,253	1,698	52.21%	136
Residential	1,591	1,562	1,109	375	33.77%	30
Total	**5,319**	**5,094**	**4,362**	**2,073**	**47.52%**	**166**

2021

Amounts in millions of euros	Original Original	Exposure after CRM and before CCF	EAD	RWA	Density of RWAs	Capital (8 %)
Commercial	4,153	3,966	3,683	1,957	53.13%	157
Residential	14,957	14,919	14,297	5,028	35.17%	402
Total	**19,110**	**18,885**	**17,980**	**6,985**	**38.85%**	**559**

Minimum capital requirements for credit risk under the IRB approach

The Group has internal rating based (IRB) models for the calculation of capital requirements. The Group has advanced methodology (AIRB) models for the retail portfolio (retail, SME/non-SMEs secured by real estate mortgage, retail, qualifying revolving, and other retail, SME/non-SMEs), as well as for the corporates and SME portfolio and equities. Following the integration of Bankia, the specialised financing portfolios originating in Bankia are methodologically maintained by slotting criteria. In sub-section "Use of the internal ratings-based approach" in 5.1.3. Quantitative aspects are related to the IRB models authorised to date.

Exposures under IRB according to the regulatory categories of the current regulation are set out below:

Table 7.25. IRB: Credit risk exposures by portfolio

	Original exposure			EAD											
In millions of euros	On-balance-sheet amount	Off-balance-sheet amount	Total Original exposure	On-balance-sheet amount	Off-balance-sheet amount	Total EAD	Average PD[1]	Number of obligors[2]	LGD Average	Average maturity (years)	RWA	Density of RWAs	EL	Value adjustments and provisions	Capital (8%)
Specialised lending under the slotting approach	**2,293**	**157**	**2,450**	**2,293**	**28**	**2,321**	**0.00%**	**0**	**0.00%**	**—**	**1,689**	**72.77%**	**88**	**(123)**	**135**
Institutions	—	—	—	—	—	—	0.00%	—	0.00%	—	—	0.00%	—	—	—
Corporates	86,271	53,846	140,118	77,212	15,770	92,982	3.82%	53	40.79%	2.47	51,995	55.92%	1,440	(2,157)	4,160
Of which SMEs	20,329	5,125	25,454	16,465	1,642	18,108	8.59%	42	30.55%	2.79	8,141	44.96%	563	(829)	651
Of which Other	65,942	48,721	114,663	60,747	14,127	74,874	2.67%	10	43.26%	2.39	43,855	58.57%	877	(1,328)	3,508
Retail	189,471	59,816	249,288	183,336	12,047	195,383	4.63%	17,621	29.50%	—	40,055	20.50%	3,366	(4,306)	3,204
Of which: retail exposures - real estate, SME	11,485	2,322	13,807	11,465	236	11,700	9.59%	152	18.92%	—	2,594	22.17%	309	(372)	208
Of which: retail exposures - real estate, non-SME	146,362	25,012	171,374	146,359	1,080	147,439	4.12%	2,203	21.67%	—	23,731	16.10%	1,824	(2,372)	1,899
Of which: retail — qualifying revolving	5,349	21,710	27,059	5,349	7,131	12,480	2.67%	11,492	76.80%	—	3,341	26.77%	259	(236)	267
Of which: retail exposures - other, SME	15,975	6,654	22,629	9,884	2,154	12,038	7.77%	688	52.12%	—	4,241	35.23%	538	(810)	339
Of which: retail exposures - other, non-SME	10,300	4,118	14,418	10,279	1,446	11,725	4.97%	3,086	64.96%	—	6,147	52.43%	436	(516)	492
AIRB credit risk approach	**275,743**	**113,663**	**389,405**	**260,548**	**27,817**	**288,365**	**4.37%**	**17,674**	**33.14%**	**2.47**	**92,050**	**31.92%**	**4,806**	**(6,463)**	**7,364**
Total[3]	**278,036**	**113,820**	**391,856**	**262,841**	**27,845**	**290,686**	**4.37%**	**17,674**	**33.14%**	**2.47**	**93,739**	**32.25%**	**4,894**	**(6,586)**	**7,499**

[1] *Includes portfolio in default.*

[2] *Number of obligors in thousands.*

[3] *Only credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.*

Table 7.25. IRB: Credit risk exposures by portfolio

2021

In millions of euros

	Original exposure			EAD											
	On-balance-sheet amount	Off-balance-sheet amount	Total Original exposure	On-balance-sheet amount	Off-balance-sheet amount	Total EAD	Average PD[1]	Number of obligors[2]	LGD Average	Average maturity (years)	RWA	Density of RWAs	EL	Value adjustments and provisions	Capital (8%)
Specialised lending under the slotting approach	3,160	277	3,437	3,160	29	3,189		0			2,222	69.66%	194	(196)	178
Institutions	36	151	187	36	27	62	0.46%	0	34.80%	2	25	40.68%	0	(0)	2
Corporates	77,601	48,186	125,787	68,270	14,528	82,797	5.59%	53	39.59%	2.51	48,287	58.32%	1,756	(2,085)	3,863
Of which SMEs	22,102	5,440	27,542	17,599	1,733	19,332	9.56%	43	30.66%	2.97	9,215	47.66%	651	(918)	737
Of which Other	55,499	42,746	98,245	50,671	12,795	63,465	4.38%	10	42.31%	2.38	39,073	61.57%	1,104	(1,167)	3,126
Retail	179,521	52,944	232,465	172,191	9,881	182,072	6.27%	15,417	29.51%	4.29	37,922	20.83%	4,264	(4,966)	3,034
Of which: retail exposures - real estate, SME	13,220	2,447	15,667	13,190	254	13,445	11.36%	169	20.00%	4.52	3,106	23.10%	422	(416)	248
Of which: retail exposures - real estate, non-SME	134,693	24,752	159,445	134,689	851	135,540	5.81%	2,028	21.93%	4.87	22,208	16.39%	2,524	(2,769)	1,777
Of which: retail — qualifying revolving	4,589	17,257	21,847	4,589	6,048	10,638	2.54%	10,362	76.84%	1.00	2,975	27.96%	208	(219)	238
Of which: retail exposures - other, SME	17,134	6,521	23,655	9,869	2,044	11,913	8.45%	698	52.37%	1.92	4,309	36.17%	568	(924)	345
Of which: retail exposures - other, non-SME	9,885	1,966	11,851	9,854	683	10,537	6.97%	2,160	65.51%	2.50	5,325	50.53%	541	(638)	426
AIRB credit risk approach	257,158	101,281	358,439	240,497	24,435	264,932	6.05%	15,470	32.66%	3.73	86,235	32.55%	6,019	(7,052)	6,899
Total[3]	260,318	101,558	361,876	243,657	24,465	268,121	6.05%	15,471	32.66%	3.73	88,457	32.99%	6,213	(7,247)	7,077

[1] Includes portfolio in default.

[2] Number of obligors in thousands

[3] Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.26. EU CR6 - IRB approach – Credit risk exposures by portfolio and PD range

In millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF risk	Exposure weighted average CCF	Exposure post CCF and post CCM	Exposure weighted to PD (%)	Number of obligors[1]	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	Density of RWAs	Expected loss amount	Value adjustments and provisions
0.00 to <0.15	106,488	41,220	20.68%	113,600	0.08%	7,952	27.19%	3	12,229	10.76%	138	(401)
0.00 to <0.10	63,512	25,412	21.00%	68,025	0.05%	4,646	27.52%	3	6,519	9.58%	80	(246)
0.10 to <0.15	42,976	15,808	20.17%	45,574	0.13%	3,306	26.70%	2	5,710	12.53%	57	(155)
0.15 to <0.25	24,072	22,721	29.22%	29,193	0.18%	1,251	45.69%	2	11,581	39.67%	40	(94)
0.25 to <0.50	51,308	22,084	31.73%	54,982	0.30%	1,427	35.90%	2	19,537	35.53%	107	(249)
0.50 to <0.75	24,818	7,420	28.13%	24,451	0.59%	1,292	32.86%	2	9,457	38.68%	70	(146)
0.75 to <2.50	34,041	12,580	32.57%	33,252	1.37%	3,424	35.52%	3	16,999	51.12%	193	(330)
0.75 to <1.75	28,754	10,273	31.28%	28,415	1.22%	2,421	34.54%	3	13,980	49.20%	145	(243)
1.75 to <2.5	5,287	2,307	38.33%	4,837	2.21%	1,002	41.28%	3	3,019	62.42%	48	(87)
2.50 to <10.00	17,403	4,872	29.12%	16,788	4.69%	1,392	33.78%	3	12,411	73.93%	233	(404)
2.5 to <5	10,684	3,227	31.09%	10,290	3.33%	833	34.52%	3	7,282	70.76%	115	(200)
5 to <10	6,719	1,645	25.27%	6,498	6.83%	560	32.61%	3	5,129	78.93%	118	(204)
10.00 to <100.00	7,442	1,506	27.24%	6,797	23.54%	436	32.93%	3	7,732	113.75%	360	(614)
10 to <20	3,659	911	30.87%	3,259	13.24%	272	34.92%	3	3,950	121.18%	119	(194)
20 to <30	1,299	300	30.00%	1,218	22.32%	72	33.50%	3	1,484	121.80%	65	(103)
30.00 to <100.00	2,483	295	13.22%	2,319	38.64%	92	29.84%	2	2,298	99.07%	176	(318)
Performing portfolio	265,573	112,404	26.85%	279,063	1.18%	17,173	32.87%	2	89,946	32.23%	1,140	(2,238)
100.00 (Default)	10,170	1,259	14.39%	9,302	100.00%	501	41.31%	3	2,105	22.63%	3,666	(4,225)
Total	275,743	113,663	26.72%	288,365	4.37%	17,674	33.14%	2	92,050	31.92%	4,806	(6,463)

[1] Number of obligors in thousands.

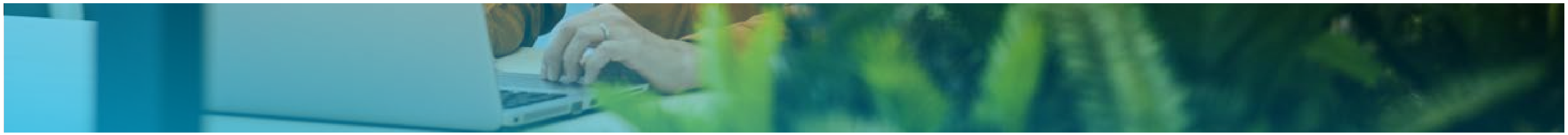
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.26. EU CR6 - IRB approach – Credit risk exposures by portfolio and PD range

2021

In millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF risk	Exposure weighted average CCF	Exposure post CCF and post CCM	Exposure weighted to PD (%)	Number of obligors[1]	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWA	Density of RWAs	Expected loss amount	Value adjustments and provisions
0.00 to <0.15	98,460	34,633	19.88%	103,898	0.08%	6,926	26.66%	2	11,831	11.39%	140	(494)
0.00 to <0.10	60,566	21,701	19.05%	63,807	0.05%	4,127	27.10%	3	6,423	10.07%	83	(294)
0.10 to <0.15	37,894	12,932	21.26%	40,091	0.13%	2,798	25.97%	2	5,407	13.49%	57	(200)
0.15 to <0.25	16,500	16,987	32.32%	20,671	0.18%	1,111	46.07%	2	7,929	38.36%	36	(60)
0.25 to <0.50	44,403	19,766	31.29%	46,859	0.30%	1,363	34.94%	2	16,666	35.57%	110	(277)
0.50 to <0.75	24,569	8,443	31.72%	23,989	0.58%	1,118	32.99%	3	9,744	40.62%	75	(207)
0.75 to <2.50	34,028	11,377	33.50%	32,119	1.38%	2,782	35.45%	3	16,535	51.48%	187	(461)
0.75 to <1.75	28,291	9,438	32.51%	27,272	1.24%	1,994	34.71%	3	13,649	50.05%	143	(341)
1.75 to <2.5	5,737	1,939	38.36%	4,847	2.20%	788	39.59%	3	2,886	59.55%	44	(119)
2.50 to <10.00	18,426	5,583	30.98%	17,807	4.84%	1,371	34.02%	3	13,126	73.71%	236	(504)
2.5 to <5	10,723	3,223	32.72%	10,174	3.33%	794	34.52%	3	7,043	69.22%	109	(229)
5 to <10	7,703	2,361	28.60%	7,633	6.85%	577	33.35%	3	6,083	79.69%	128	(275)
10.00 to <100.00	7,263	1,871	30.25%	6,761	22.33%	435	33.98%	3	7,712	114.08%	335	(516)
10 to <20	3,600	1,189	31.47%	3,357	12.96%	279	35.68%	3	3,811	113.51%	111	(202)
20 to <30	1,590	250	35.75%	1,450	21.76%	72	34.81%	3	1,973	136.06%	81	(93)
30.00 to <100.00	2,073	431	23.70%	1,954	38.84%	84	30.45%	3	1,929	98.73%	143	(221)
Performing portfolio	243,649	98,659	27.72%	252,104	1.27%	15,105	32.23%	3	83,543	33.14%	1,118	(2,519)
100.00 (Default)	13,508	2,622	8.94%	12,828	100.00%	366	41.15%	3	2,692	20.99%	4,901	(4,533)
Total	257,158	101,281	27.23%	264,932	6.05%	15,470	32.66%	3	86,235	32.55%	6,019	(7,052)



[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.27 EU CR6-A - Scope of the use of IRB and SA approaches

		Exposure value defined in Article 166 of the CRR for exposures subject to the IRB approach	Total exposure value exposures subject to the standard approach and the IRB approach	Percentage of total exposure value subject to permanent partial use of the standardised approach (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB approach (%)
In millions of euros		a	b	c	d	e
1	**Central administrations or central banks**	—	139,194	100.00%	0.00%	0.00%
1.1	Of which: regional governments or local authorities	—	21,690	100.00%	0.00%	0.00%
1.2	Of which: public sector entities	—	23,988	100.00%	0.00%	0.00%
2	Institutions	—	8,201	100.00%	0.00%	0.00%
3	**Corporates**	142,568	134,314	16.00%	5.46%	78.54%
3.1	Of which: corporates — specialised lending, excluding slotting approach	—	18,930	100.00%	0.00%	0.00%
3.2	Of which: corporates — specialised lending under slotting approach	2,450	2,840	1.11%	21.11%	77.77%
3.3	Of which: SMEs	25,454	23,346	1.53%	5.80%	92.67%
4	**Retail exposures**	249,288	208,752	1.85%	1.84%	96.31%
4.1	Of which: retail exposures — secured by real estate SMEs	13,807	12,327	0.20%	6.36%	93.44%
4.2	Of which: retail exposures — secured by real estate non-SMEs	171,374	147,272	0.05%	0.07%	99.88%
4.3	Of which: retail — qualifying revolving	27,059	12,703	0.18%	0.00%	99.82%
4.4	Of which: retail exposures — other, SME	22,629	20,091	1.57%	6.87%	91.55%
4.5	Of which: retail exposures — other, non-SME	14,418	16,358	21.02%	9.57%	69.40%
5	Equity exposures	6,452	6,452	0.00%	0.00%	100.00%
6	Other non-credit obligation assets	—	671	100.00%	0.00%	0.00%
7	**Total**	398,307	497,583	34.85%	2.24%	62.90%

Excluding counterparty and securitisation.

Table 7.28. EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

In millions of euros	RWAs
at the prior period end	**88,457**
Asset size	4,475
Asset quality	(1,843)
Model updates	2,049
Methodology and policy	1,020
Acquisitions and disposals	—
Exchange rate movements	—
Other	(418)
RWAs at the period end	**93,739**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 7.28 shows that the evolution of the RWAs in the credit portfolio evaluated under IRB models 2022 has meant an increase of EUR 5,238 million mainly due to the growth of the portfolio in addition to the rollout of the BPI mortgage portfolio following an IRB approach.

Impairment losses and reversals of previously recognised losses

Evolution of impairment losses

Below are the Group's funds for asset impairment losses and provisions for contingent liabilities and commitments corresponding to the last four financial years and for each of the risk categories.

With regard to the changes in provisions for 2022, particularly noteworthy is a decrease of EUR 1,017 million, reaching a total amount of EUR 8,164 million, mainly due to the reduction of exposure in the non-performing portfolio as a result of the active management of non-performing assets.

Table 7.29. Evolution of provisions

Amounts in millions of euros

Regulatory risk category	2019 Provisions	2019 %	2020 Provisions	2020 %	2021 Provisions	2021 %	2022 Provisions	2022 %
Central administrations or central banks	(0)	0.01%	(1)	0.01%	(1)	0.01%	(0)	0.00%
Regional governments or local authorities	(1)	0.02%	(2)	0.04%	(3)	0.04%	(1)	0.01%
Public sector entities	(51)	0.99%	(33)	0.56%	(196)	2.13%	(11)	0.14%
Multilateral development banks	(0)	0.00%	—	—	(1)	0.01%	(0)	0.00%
International organisations	—	—	—	—	—	—	(0)	0.00%
Institutions	(2)	0.04%	(2)	0.03%	(9)	0.10%	(8)	0.10%
Corporates	(169)	3.29%	(410)	6.93%	(461)	5.03%	(357)	4.38%
Retail exposures	(358)	6.98%	(400)	6.76%	(415)	4.52%	(393)	4.82%
Exposures secured by mortgages on immovable property	(50)	0.97%	(50)	0.84%	(60)	0.66%	(33)	0.40%
Exposures in default	(824)	16.07%	(637)	10.76%	(766)	8.35%	(756)	9.26%
Exposures associated with particularly high risks	(6)	0.12%	(8)	0.14%	(15)	0.16%	(13)	0.16%
Covered bonds	—	—	—	—	—	—	—	—
Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—
Collective investment undertakings	—	—	—	—	—	—	—	—
Equity exposures	—	—	—	—	—	—	—	—
Other items	(11)	0.21%	(5)	0.08%	(5)	0.06%	(5)	0.06%
Total credit risk standard approach	**(1,472)**	**28.70%**	**(1,548)**	**26.16%**	**(1,933)**	**21.06%**	**(1,578)**	**19.33%**
Specialised lending under the slotting approach	**—**	**0.00%**	**—**	**0.00%**	**(196)**	**2.13%**	**(123)**	**1.51%**
Institutions	—	—	—	—	(0)	0.00%	—	—
Corporates	(1,059)	20.66%	(1,096)	18.52%	(2,085)	22.71%	(2,157)	26.42%
Of which SMEs	(339)	6.61%	(421)	7.12%	(918)	10.00%	(829)	10.15%
Of which Other	(721)	14.05%	(675)	11.41%	(1,167)	12.71%	(1,328)	16.27%
Retail	(2,597)	50.64%	(3,273)	55.32%	(4,966)	54.10%	(4,306)	52.74%
Of which: retail exposures - real estate, SME	(232)	4.52%	(314)	5.31%	(416)	4.53%	(372)	4.56%
Of which: retail exposures - real estate, non-SME	(1,452)	28.32%	(1,877)	31.73%	(2,769)	30.16%	(2,372)	29.06%
Of which: retail — qualifying revolving	(159)	3.10%	(160)	2.71%	(219)	2.39%	(236)	2.89%
Of which: retail exposures - other, SME	(392)	7.65%	(523)	8.85%	(924)	10.07%	(810)	9.92%
Of which: retail exposures - other, non-SME	(362)	7.06%	(398)	6.73%	(638)	6.95%	(516)	6.32%
AIRB credit risk approach	**(3,656)**	**71.30%**	**(4,369)**	**73.84%**	**(7,052)**	**76.81%**	**(6,463)**	**79.16%**
Total[1]	**(5,128)**	**100.00%**	**(5,917)**	**100.00%**	**(9,180)**	**100.00%**	**(8,164)**	**100.00%**

[1] *Only credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.*

The following table[1] contains details of the impairment losses and reversals of previously recognised losses on assets written off, recognised directly in the statement of profit or loss for the CaixaBank Group in 2022.

Table 7.30. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

Amounts in millions of euros	2022	2021
Financial assets at amortised cost / loans and receivables	(883)	(897)
Loans and advances	(883)	(897)
Net allowances	(574)	(878)
Of which - Credit institutions	5	(7)
Of which - Customers	(579)	(871)
Of which POCI	(140)	(142)
Write-downs	(691)	(473)
Recovery of loans written off	382	454
Debt securities	—	—
Financial assets at fair value with changes in other comprehensive income / Available-for-sale financial assets	—	—
Debt security hedges	—	—
Write-downs	—	—
Equity instruments	—	—
Debt securities	—	—
Total	(897)	(897)

Table 7.31. Breakdown of Impairment or reversal of impairment on non-financial assets

Amounts in millions of euros	2022	2021
Tangible assets	(86)	(62)
Property, plant and equipment for own use	(81)	(87)
Allowances	(3)	(16)
Cash and cash equivalents	3	—
Write-downs	(81)	(71)
Investment property	(5)	25
Allowances	(108)	(57)
Cash and cash equivalents	103	82
Write-downs	—	—
Intangible assets	(14)	(58)
Allowances	(5)	(5)
Cash and cash equivalents	—	—
Write-downs	(9)	(53)
Other	(2)	(38)
Inventories	(3)	(4)
Allowances	(5)	(6)
Cash and cash equivalents	2	2
Other	1	(34)
Total	(102)	(158)

[1] *See notes 36 "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" and 37 "Impairment or reversal of impairment on non-financial assets" to the CaixaBank Group's 2022 financial statements report.*

7.1.3. Quantitative aspects

Use of the internal ratings-based approach

In July 2005, in accordance with the directives of the Bank of Spain, the Board of Directors of "la Caixa" approved the Master Plan for Adaptation to Basel II. At that time, "la Caixa" requested official permission from the Bank of Spain to use internal models for measuring credit risk. The Bank of Spain validated them in the course of 2007, and on 25 June 2008 issued authorisation for the "la Caixa" Group to apply the model to calculate its capital requirements as of that year.

The Bank of Spain has authorised the use of the Internal Ratings-Based Approach (IRB) to calculate capital requirements for the following credit exposure classes:

- Mortgage loans to individuals (behaviour and approval models), applying internal estimates of default losses and credit conversion factors.
- Personal loans to individuals (behaviour and approval models), applying internal estimates of losses in the event of default and credit conversion factors.
- Cards to individuals (behaviour and approval models), applying internal estimates of losses in the event of default and credit conversion factors.
- SMEs, for the range of medium-sized enterprises, small enterprises and micro-enterprises, applying internal estimates of losses in the event of default and credit conversion factors.
- Developer SMEs, applying internal estimates of losses in the event of default or credit conversion factors.
- Corporate, applying internal estimates of losses in the event of default or credit conversion factors.
- Specialised lending, applying the slotting approach to a part of the specialised lending portfolio.
- Equity, with internal models (VaR), PD/LGD and simple risk-weighting.

The Bank of Spain authorised the use of the IRB approach for the calculation of capital requirements for credit exposures arising from transactions by MicroBank de la Caixa, S.A., following the reorganisation of Grupo Nuevo Micro Bank, S.A., applicable as of the 2009 year-end.

1. Implementation of internal estimates in the management process

The results obtained from these tools are used for the following courses of action[1]:

- Back-up for the decision-making process.
- Authority system for expected loss in the approval of risk for companies.
- System of diagnostics by risk premium in the authorisation of retail lending.
- Optimisation of internal processes and monitoring function.
- Risk-Adjusted Return (RAR) system.
- Risk approval pricing system.
- Calculation of provisions and accounting classification using internal models under IFRS9 or Bank of Spain Circular 4/2017.

2. Management process and recognition of risk reduction.

   The result of the application of risk mitigating techniques on the IRB portfolio is reflected in the estimation and allocation of probability of default (PD) parameters, in the case of personal guarantees, or loss given default (LGD) parameters, in the case of collateral. The LGD will vary according to the guarantees provided. To this end, the type of guarantee is observed for each transaction: financial, real estate or other collateral. Moreover, in the case of real estate used as collateral, the nature of the property is checked to determine whether it is residential or commercial.

[1] *See the end of this section for more details on the integration of internal estimates in management.*

Description of the internal rating assignment process, for each exposure class

1. Structure of the internal rating systems

The Group has internal credit rating models which, by assigning solvency or internal ratings to customers, provide predictions of the probability of each borrower defaulting, covering practically all lending activity.

These internal models, used at both a product and customer level, have been developed on the basis of historical experience of defaults and incorporate the necessary measurements to adjust the results to the business cycle.

Product-oriented tools take into consideration the specific characteristics of the debtor relating to the product concerned, and are mainly used for approval of new retail banking transactions.

Customer-orientated tools assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. They comprise behaviour scores for individuals and credit ratings for companies. They are implemented across the entire branch network and integrated within the normal asset product approval tools.

The rating tools for corporates are customer-focused and vary considerably depending on the segment to which they belong. The rating results are also adjusted to the business cycle using the same structure as that employed for individuals.

The Group has a Corporate Rating function in place to provide specialised ratings for the large corporates segment, for which it has developed internal rating models. These are expert models that require the involvement of analysts. These models have been built in line with the methodology of one of the major ratings agencies, meaning that the global default rates published by this rating agency can be used, making the methodology more reliable.

- **Probability of default (PD) estimation models**

The Group has 28 internal probability of default (PD) estimation models in place, covering most of the portfolios. Of these, 26 are used for the business in Spain and 2 for the Portuguese subsidiary BPI.

The type of probability of default (PD) that the Group uses in its estimates is "through the cycle":the scores assigned by the rating models are associated with the average PDs for a full economic cycle or a period with sufficient variability between good and bad years. The estimate is performed by anchoring the PD curve to the long-term trend (central trend) estimated for each portfolio. When a probability of default has been assigned to each contract/customer, it is then transferred to the master scale, a categorisation to which the results of all scoring and rating tools are linked for easier interpretation.

The above methodology is followed for the large corporates portfolio, however, due to the singularities of this portfolio, with low default, the PDs are obtained on the basis of external information from specialised and reputable providers. In particular, from the observed historical default frequency obtained from the provider's default database, considering all companies available in the database; weighting the defaults by the population available for each year and rating tranche;and adjusted to align the definition of default. For purposes of the latter, CC and C ratings are regarded as defaults due to being considered as non-performing. It should be noted that the probability of default with a corporate is at least 0.03%.

- **Exposure at default (EAD) estimation models**

CaixaBank has 10 internal exposure at default (EAD) estimation models.

Exposure at default (EAD) is defined as the amount a customer is expected to owe to the credit institution in the event of defaulting at some point over the next 12 months.

EAD is calculated as the current balance (amount included on the assets side of the Group's balance sheet) plus a percentage of the unused (available) credit line that has been granted, i.e., an equivalence factor known as the CCF (credit conversion factor), which represents a quantitative estimate of the percentage available to the customer that is expected to be drawn down on at the time default occurs.

The method used to estimate EAD is the variable-horizon approach (setting a one-year horizon for the calculation of realised CCFs). On the one hand, the models for available balance commitments have been developed according to the holder segment and product.

•Loss given default (LGD) estimation models

The Group has 39 internal loss given default (LGD) estimation models. Of these, 36 are used for the business in Spain and 3 for the Portuguese subsidiary BPI.

LGD is the economic loss arising from a default. The Bank currently estimates average long-term LGD, as well as LGD in adverse cycle conditions (downturns) for all transactions that are not in default. For transactions that are in default, a "Best Estimate" of loss is also calculated.

In the large corporates portfolio, due to the singularities of this portfolio, with low defaults and scarce historical data about losses in the Entity, the model used to calculate the LGD is the Mertonian (or structural) approach, whereby the LGD is calculated as the expected loss incurred by the Entity on the basis of the borrower's default. This value is obtained on the basis of a comparison between the stressed economic value of the assets and the structure of the borrower's liabilities, and it considers aspects such as the sector of activity, the regulatory regime of the country in which the debt's assets are located and the level of seniority of CaixaBank's exposure with respect to the company's entire debt. With regard to the DT LGD, it is estimated by applying a higher stress to the value of the firm's assets, according to the sector.

- **Slotting criteria *models***

  The slotting criteria model is based on the technical binding standard of assigning risk weights to Specialised Lending exposures (EBA/RTS/2016/02) published on 13 June 2016 by the European Banking Authority (EBA), developing article 153 (5) of the CRR (EU Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013).

  CaixaBank applies this approach to part of its specialised lending exposures.

2. Rating models

A description of the rating models approved for use in the calculation of own fund requirements through the IRB approach is shown below:

Individuals and the self-employed

- **Asset behavioural model:** provides a monthly evaluation of all customers who have been with the Bank for at least 6 months (both private individuals and self-employed workers) and who hold a loan with either a personal guarantee or a mortgage.

  This is mainly used to monitor the risk outstanding on all transactions that were arranged at least 6 months ago.

  The methodology of construction of the model is based on a multivariate analysis (logistic regression), according to the customer's financial behaviour.

- **Non-asset-related behaviour model:** provides a monthly evaluation of all customers (private customers and self-employed workers) who hold no asset-related contracts other than credit cards.

  Its main use is to monitor the risk outstanding on cards that were issued at least 6 months ago and overdrafts when the asset behavioural model does not apply.

  The method used to build the model is logistic regression, primarily based on data regarding the customer's financial behaviour.

- **Customer mortgage model:** used to evaluate the approval of mortgage guarantee transactions for customers. The rating at the time of approval is maintained over the first 6 months of the transaction.

  The estimate model is based on a multivariate analysis (logistic regression), using information concerning the transaction, socio-demographic information and information relating to the customer's financial behaviour.

- **Non-customer mortgage model:** used for evaluation in the approval of mortgage guarantee transactions for non-customers. The rating at the time of approval is maintained over the first 6 months of the transaction.

  The method used by this model is different to that of the Mortgage Customer model, as it only uses information relating to the transaction, the collateral and socio-demographic information about the holder.

- **Self-employed customer model:** used for evaluation in the approval of transactions with a non-mortgage guarantee for customers to be used for business purposes. The rating at the time of approval is maintained over the first 6 months of the transaction.

  A multivariate analysis methodology was used to build the model (logistic regression). It is based on information concerning the transaction, socio-demographic information and information concerning the customer's financial behaviour.

- **Customer credit cards model:** used for evaluation in the approval of credit cards for customers. The rating at the time of approval is maintained over the first 6 months of the transaction.

  A Gradient Boosting Machine (GBM) methodology was used to build the model. It is based on information concerning the transaction, socio-demographic information and information concerning the customer's financial behaviour.

- **Non-customer credit cards model:** used for evaluation in the approval of credit cards for non-customers. The rating at the time of approval is maintained over the first 6 months of the transaction.

  A multivariate analysis methodology was used to build the model (logistic regression). It is based on information about the holder (socio-demographic, work-related, economic, etc.) and internal and external alerts.

Corporates

- **Rating of SMEs and Property Developer SMEs:** The aim of the SME and property developer SME rating model is to assign an internal rating to private companies classified as microenterprises, small enterprises, medium-sized enterprises or property developer SMEs in accordance with the internal risk segmentation system. The entire SME and property developer SME portfolio is evaluated monthly, as well as whenever a new transaction is approved for an SME or property developer SME, if no calculated rating is available.

  A multivariate analysis methodology was used to build the four models (logistic regression). It is based on:

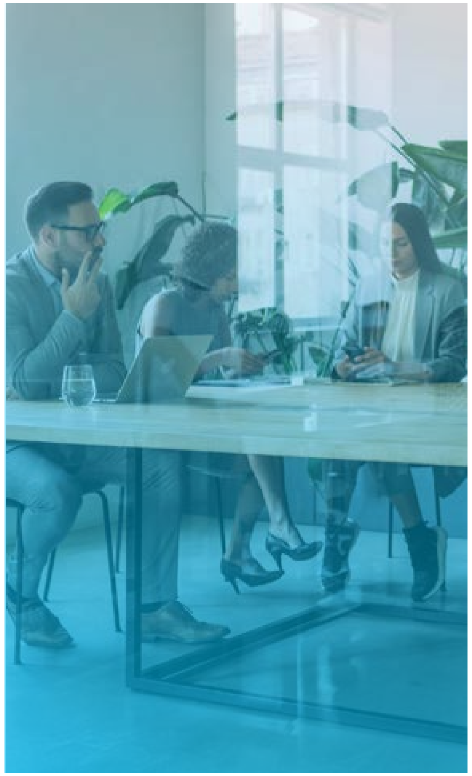
  - **Financial information:** information available from balance sheets and income statements. For example: total assets, equity and net profit.
  - **Operating information:** bank and credit information on the customer company, in connection with CaixaBank or other banks in the Spanish financial system (Bank of Spain's Risk Information Facility - CIRBE). For example: average balance of liabilities or average CIRBE utilisation.
  - **Qualitative information:** based on the company's characteristics and position within its sector. For example: the company manager's experience, real estate asset status, etc.

- **Corporate rating:** The aim of the Corporate rating model is to assign an internal rating to private companies and property developers classified as large corporates, in accordance with CaixaBank's internal risk segmentation system. The corporate rating is calculated by a centralised unit, and the frequency of recalculation of the rating will depend on the receipt of new information added to the appraisal, with a maximum validity of 12 months.

  The corporate model is based on an expert opinion produced in accordance with the methodology of one of the major ratings agencies, using a number of different rating tools (templates) depending on the sector to which the company belongs.

  The variables used for the corporate model take into account both qualitative and quantitative factors:

  - **The qualitative variables** represent business risk – the position of the company within the sector, for example.
  - **Quantitative variables** are usually financial ratios – total debt/EBITDA, for example.



7.32. Companies by PD interval using the internal rating-based method

7.32a.EU CR6 - AIRB approach – Credit risk exposures by exposure class and PD range (corporates - SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	2,525	791	44.99%	2,470	0.12%	6	31.23%	3	559	22.64%	3	(14)
0.00 to <0.10	853	206	47.88%	815	0.07%	3	30.64%	3	156	19.11%	1	(5)
0.10 to <0.15	1,672	585	43.97%	1,655	0.15%	3	31.52%	2	403	24.37%	2	(9)
0.15 to <0.25	774	197	42.14%	709	0.16%	3	29.93%	3	189	26.70%	1	(5)
0.25 to <0.50	4,023	1,269	43.40%	3,849	0.30%	10	30.15%	3	1,337	34.75%	8	(25)
0.50 to <0.75	3,226	743	43.36%	2,755	0.60%	5	30.80%	2	1,173	42.57%	9	(23)
0.75 to <2.50	5,640	1,311	36.48%	4,830	1.51%	12	29.07%	3	2,665	55.18%	28	(65)
0.75 to <1.75	3,698	865	36.43%	3,188	1.16%	8	28.49%	3	1,619	50.79%	15	(38)
1.75 to <2.5	1,942	445	36.59%	1,642	2.19%	4	30.20%	3	1,046	63.69%	13	(26)
2.50 to <10.00	1,741	579	37.16%	1,605	5.02%	4	30.12%	4	1,327	82.66%	22	(54)
2.5 to <5	1,299	431	37.56%	1,182	4.12%	3	30.09%	4	911	77.10%	14	(32)
5 to <10	442	148	35.98%	424	7.55%	1	30.19%	4	416	98.17%	9	(22)
10.00 to <100.00	860	108	32.96%	652	20.30%	1	28.17%	3	629	96.35%	27	(79)
10 to <20	609	74	35.60%	448	13.40%	1	28.05%	3	423	94.29%	14	(40)
20 to <30	69	10	24.46%	57	24.98%	0	28.07%	3	54	95.24%	2	(9)
30.00 to <100.00	182	24	28.41%	147	39.50%	0	28.58%	3	152	103.07%	12	(30)
Performing portfolio	**18,789**	**4,998**	**40.83%**	**16,871**	**1.89%**	**40**	**30.02%**	**3**	**7,880**	**46.70%**	**99**	**(264)**
100.00 (Default)	1,540	127	14.60%	1,236	100.00%	2	37.90%	3	261	21.12%	464	(565)
Total	**20,329**	**5,125**	**40.18%**	**18,108**	**8.59%**	**42**	**30.55%**	**3**	**8,141**	**44.96%**	**563**	**(829)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.32b. EU CR6 - AIRB approach – Credit risk exposures by exposure class and PD range (Corporates - other)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	7,110	4,361	38.72%	8,557	0.09%	1	43.05%	3	2,569	30.02%	6	(20)
0.00 to <0.10	3,320	1,841	53.50%	4,280	0.06%	0	45.00%	3	1,244	29.07%	3	(7)
0.10 to <0.15	3,791	2,520	27.92%	4,277	0.12%	1	41.11%	2	1,325	30.98%	4	(14)
0.15 to <0.25	19,050	19,984	27.86%	23,739	0.18%	1	44.90%	2	10,429	43.93%	27	(60)
0.25 to <0.50	20,194	14,647	34.54%	23,847	0.32%	3	43.37%	2	13,258	55.60%	46	(90)
0.50 to <0.75	6,500	2,409	35.13%	6,319	0.68%	1	40.85%	3	4,667	73.86%	20	(36)
0.75 to <2.50	5,750	3,927	29.42%	5,557	1.43%	2	40.43%	3	5,137	92.43%	36	(44)
0.75 to <1.75	5,324	3,759	29.64%	5,175	1.37%	2	41.19%	3	4,862	93.95%	33	(40)
1.75 to <2.5	426	168	24.51%	382	2.35%	0	30.03%	3	274	71.89%	3	(5)
2.50 to <10.00	3,767	1,797	34.05%	3,648	3.83%	1	42.24%	2	4,350	119.24%	54	(52)
2.5 to <5	2,557	1,132	35.82%	2,496	2.95%	1	41.91%	2	2,810	112.57%	29	(32)
5 to <10	1,210	665	31.05%	1,152	5.72%	0	42.96%	2	1,541	133.69%	25	(20)
10.00 to <100.00	2,150	975	32.23%	1,903	16.00%	1	38.50%	3	3,169	166.52%	101	(77)
10 to <20	1,490	673	33.35%	1,344	11.46%	0	37.40%	3	2,122	157.81%	49	(43)
20 to <30	430	208	36.19%	392	20.59%	0	41.56%	3	724	184.57%	27	(14)
30.00 to <100.00	231	94	15.55%	167	41.80%	0	40.11%	2	324	194.27%	25	(20)
Performing portfolio	**64,521**	**48,100**	**31.69%**	**73,570**	**0.94%**	**10**	**43.21%**	**2**	**43,580**	**59.24%**	**289**	**(381)**
100.00 (Default)	1,421	621	18.87%	1,304	100.00%	1	46.31%	2	275	21.09%	589	(947)
Total	**65,942**	**48,721**	**31.53%**	**74,874**	**2.67%**	**10**	**43.26%**	**2**	**43,855**	**58.57%**	**877**	**(1,328)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.33. Retail by PD interval using the internal rating-based method

7.33a.EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - real estate, SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	3,660	646	5.08%	3,692	0.07%	66	16.17%	—	274	7.42%	4	(11)
0.00 to <0.10	2,448	382	4.67%	2,465	0.04%	44	15.93%	—	175	7.11%	3	(7)
0.10 to <0.15	1,212	264	5.69%	1,226	0.13%	22	16.64%	—	99	8.04%	1	(4)
0.15 to <0.25	305	58	13.93%	312	0.16%	2	18.86%	—	49	15.82%	1	(2)
0.25 to <0.50	1,661	465	17.67%	1,741	0.32%	19	18.39%	—	269	15.42%	4	(8)
0.50 to <0.75	709	162	7.69%	721	0.54%	9	18.60%	—	126	17.50%	2	(4)
0.75 to <2.50	2,320	472	11.83%	2,370	1.36%	22	18.48%	—	680	28.69%	10	(20)
0.75 to <1.75	1,774	380	13.21%	1,820	1.12%	17	18.56%	—	470	25.85%	7	(12)
1.75 to <2.5	546	92	6.15%	550	2.16%	4	18.20%	—	209	38.08%	3	(7)
2.50 to <10.00	1,591	410	9.67%	1,626	4.69%	21	18.43%	—	843	51.84%	14	(30)
2.5 to <5	1,139	269	7.10%	1,153	3.68%	16	17.92%	—	544	47.19%	8	(19)
5 to <10	452	141	14.57%	472	7.15%	6	19.68%	—	299	63.19%	6	(11)
10.00 to <100.00	332	46	3.44%	333	28.79%	4	20.31%	—	240	72.08%	13	(25)
10 to <20	87	12	4.96%	88	13.76%	1	20.95%	—	58	65.89%	2	(3)
20 to <30	66	8	3.30%	67	22.98%	1	19.12%	—	48	72.54%	2	(5)
30.00 to <100.00	178	25	2.74%	178	38.35%	2	20.44%	—	134	74.94%	9	(16)
Performing portfolio	**10,578**	**2,258**	**10.30%**	**10,795**	**2.01%**	**143**	**17.74%**	**—**	**2,481**	**22.98%**	**47**	**(99)**
100.00 (Default)	908	64	1.68%	905	100.00%	9	32.96%	—	114	12.56%	262	(273)
Total	**11,485**	**2,322**	**10.06%**	**11,700**	**9.59%**	**152**	**18.92%**	**—**	**2,594**	**22.17%**	**309**	**(372)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.33b. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - real estate, non-SME)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	84,606	18,084	3.94%	85,371	0.08%	1,397	19.27%	—	6,033	7.07%	72	(283)
0.00 to <0.10	49,296	11,452	3.89%	49,780	0.04%	877	17.72%	—	2,688	5.40%	34	(167)
0.10 to <0.15	35,309	6,632	4.04%	35,591	0.13%	520	21.45%	—	3,344	9.40%	38	(116)
0.15 to <0.25	1,463	35	76.16%	1,489	0.17%	11	32.29%	—	181	12.17%	1	(6)
0.25 to <0.50	20,426	2,931	4.05%	20,551	0.27%	269	23.80%	—	2,989	14.55%	29	(75)
0.50 to <0.75	12,087	1,817	3.44%	12,152	0.53%	162	23.82%	—	2,551	20.99%	26	(57)
0.75 to <2.50	12,984	1,111	4.71%	13,039	1.21%	162	25.29%	—	4,353	33.39%	49	(78)
0.75 to <1.75	12,906	1,111	4.70%	12,961	1.21%	162	25.22%	—	4,293	33.12%	48	(78)
1.75 to <2.5	78	0	50.00%	78	2.05%	1	36.98%	—	60	77.00%	1	(0)
2.50 to <10.00	7,165	639	4.77%	7,197	4.91%	108	22.94%	—	3,745	52.03%	64	(120)
2.5 to <5	3,641	330	6.03%	3,661	3.03%	58	22.96%	—	1,734	47.35%	25	(46)
5 to <10	3,525	310	3.43%	3,536	6.86%	50	22.92%	—	2,012	56.89%	39	(74)
10.00 to <100.00	3.129	202	3.71%	3,136	27.60%	40	24.06%	—	2,643	84.26%	112	(274)
10 to <20	1,003	62	3.59%	1,006	15.02%	14	23.82%	—	856	85.16%	24	(53)
20 to <30	569	43	3.58%	571	22.83%	7	23.75%	—	473	82.90%	17	(45)
30.00 to <100.00	1,557	97	3.84%	1,560	37.45%	19	24.32%	—	1,314	84.18%	72	(176)
Performing portfolio	**141,858**	**24,820**	**4.07%**	**142,936**	**1.10%**	**2,149**	**21.28%**	**—**	**22,496**	**15.74%**	**354**	**(892)**
100.00 (Default)	4,504	192	0.01%	4,503	100.00%	54	33.82%	—	1,236	27.45%	1,469	(1,480)
Total	**146,362**	**25,012**	**4.04%**	**147,439**	**4.12%**	**2,203**	**21.67%**	**—**	**23,731**	**16.10%**	**1,824**	**(2,372)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.33c. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail qualifying revolving)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	2,245	15,472	32.52%	7,269	0.07%	6,038	77.00%	—	1,100	15.14%	27	(32)
0.00 to <0.10	1,580	10,143	32.43%	4,865	0.04%	3,352	77.00%	—	637	13.09%	16	(23)
0.10 to <0.15	665	5,329	32.68%	2,404	0.12%	2,686	77.00%	—	464	19.28%	11	(9)
0.15 to <0.25	345	1,774	35.15%	968	0.20%	1,049	77.00%	—	164	16.93%	4	(4)
0.25 to <0.50	308	1,157	35.37%	717	0.33%	727	77.00%	—	141	19.60%	3	(4)
0.50 to <0.75	415	1,240	32.64%	820	0.55%	855	76.99%	—	199	24.22%	5	(5)
0.75 to <2.50	954	1,541	32.64%	1,456	1.46%	1,387	76.90%	—	594	40.80%	17	(13)
0.75 to <1.75	754	1,336	32.86%	1,193	1.25%	1,058	76.92%	—	443	37.15%	12	(10)
1.75 to <2.5	199	205	31.19%	263	2.40%	329	76.81%	—	151	57.35%	5	(3)
2.50 to <10.00	651	466	33.29%	806	4.86%	798	76.68%	—	699	86.69%	28	(21)
2.5 to <5	382	324	33.19%	490	3.33%	432	76.77%	—	341	69.54%	12	(9)
5 to <10	269	142	33.54%	316	7.22%	366	76.55%	—	358	113.25%	16	(13)
10.00 to <100.00	231	45	30.27%	245	24.38%	292	75.00%	—	443	180.82%	41	(36)
10 to <20	146	36	30.83%	157	15.38%	201	75.46%	—	265	168.20%	17	(15)
20 to <30	38	6	30.82%	40	26.83%	47	74.55%	—	82	205.67%	7	(7)
30.00 to <100.00	47	3	22.28%	48	52.05%	44	73.87%	—	96	201.55%	17	(13)
Performing portfolio	**5,149**	**21,696**	**32.91%**	**12,281**	**1.09%**	**11,147**	**76.93%**	**—**	**3,339**	**27.19%**	**124**	**(116)**
100.00 (Default)	200	14	0.00%	200	100.00%	345	69.18%	—	2	1.20%	135	(120)
Total	**5,349**	**21,710**	**32.89%**	**12,480**	**2.67%**	**11,492**	**76.80%**	**—**	**3,341**	**26.77%**	**259**	**(236)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.33d. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - other, SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	2.250	1,261	50.99%	2,093	0.08%	72	53.51%	—	308	14.70%	3	(19)
0.00 to <0.10	1,931	869	53.75%	1,709	0.07%	68	55.34%	—	243	14.20%	3	(15)
0.10 to <0.15	319	392	44.88%	384	0.15%	4	45.37%	—	65	16.95%	1	(3)
0.15 to <0.25	1,225	595	52.49%	1,047	0.17%	45	52.40%	—	207	19.81%	2	(11)
0.25 to <0.50	2,907	1,511	50.66%	2,469	0.33%	161	51.19%	—	685	27.72%	8	(28)
0.50 to <0.75	1,386	584	46.31%	1,020	0.61%	25	51.58%	—	374	36.67%	4	(13)
0.75 to <2.50	4,732	1,721	47.14%	3,298	1.45%	198	50.00%	—	1,576	47.78%	26	(66)
0.75 to <1.75	3,141	1,228	48.03%	2,270	1.13%	146	50.00%	—	1,024	45.11%	15	(39)
1.75 to <2.5	1,591	492	44.91%	1,028	2.14%	51	49.99%	—	552	53.69%	11	(27)
2.50 to <10.00	1,820	657	36.11%	1,111	5.06%	126	49.98%	—	681	61.30%	27	(68)
2.5 to <5	1,276	481	37.22%	810	3.96%	104	49.71%	—	478	59.01%	15	(38)
5 to <10	544	176	33.07%	301	8.04%	22	50.73%	—	203	67.48%	11	(30)
10.00 to <100.00	468	90	37.20%	252	26.31%	18	50.91%	—	218	86.43%	27	(48)
10 to <20	212	36	36.58%	101	13.85%	6	52.34%	—	78	77.56%	6	(15)
20 to <30	87	18	47.70%	52	22.22%	4	46.18%	—	42	81.24%	4	(10)
30.00 to <100.00	169	36	32.71%	99	41.15%	8	51.92%	—	97	98.19%	17	(23)
Performing portfolio	**14,787**	**6,417**	**47.88%**	**11,291**	**1.67%**	**644**	**51.29%**	**—**	**4,049**	**35.86%**	**97**	**(253)**
100.00 (Default)	1,188	237	18.49%	747	100.00%	44	64.65%	—	192	25.71%	441	(556)
Total	**15,975**	**6,654**	**46.83%**	**12,038**	**7.77%**	**688**	**52.12%**	**—**	**4,241**	**35.23%**	**538**	**(810)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

7.33e. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - other, non-SME)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	4,093	605	9.84%	4,147	0.06%	371	64.26%	—	1,386	33.42%	22	(22)
0.00 to <0.10	4,084	518	6.30%	4,111	0.06%	302	64.16%	—	1,376	33.47%	22	(22)
0.10 to <0.15	9	87	30.94%	36	0.12%	70	75.52%	—	10	27.31%	0	(0)
0.15 to <0.25	911	78	23.67%	929	0.19%	140	68.12%	—	360	38.79%	4	(7)
0.25 to <0.50	1,789	104	22.49%	1,808	0.37%	239	66.72%	—	859	47.50%	9	(19)
0.50 to <0.75	495	464	36.33%	663	0.64%	234	63.21%	—	367	55.39%	4	(8)
0.75 to <2.50	1,662	2,498	41.72%	2,701	1.61%	1,641	61.30%	—	1,994	73.84%	28	(44)
0.75 to <1.75	1,157	1,594	40.96%	1,807	1.27%	1,028	61.68%	—	1,268	70.15%	16	(26)
1.75 to <2.5	506	904	43.07%	894	2.28%	613	60.53%	—	727	81.28%	12	(18)
2.50 to <10.00	668	325	39.89%	795	5.21%	333	65.81%	—	766	96.38%	24	(58)
2.5 to <5	390	261	42.31%	498	3.73%	219	65.32%	—	464	93.23%	11	(24)
5 to <10	278	64	30.05%	297	7.69%	114	66.63%	—	302	101.68%	12	(34)
10.00 to <100.00	272	41	10.58%	275	27.40%	80	68.12%	—	390	141.67%	38	(76)
10 to <20	112	18	19.41%	115	14.05%	49	69.51%	—	148	128.88%	9	(24)
20 to <30	40	8	4.61%	40	22.76%	13	67.36%	—	60	149.34%	5	(13)
30.00 to <100.00	120	16	3.64%	120	41.76%	19	67.05%	—	182	151.36%	24	(39)
Performing portfolio	**9,891**	**4,115**	**35.14%**	**11,317**	**1.55%**	**3,039**	**64.40%**	**—**	**6,122**	**54.10%**	**130**	**(233)**
100.00 (Default)	409	3	13.56%	408	100.00%	47	80.52%	—	25	6.05%	306	(283)
Total	**10,300**	**4,118**	**35.13%**	**11,725**	**4.97%**	**3,086**	**64.96%**	**—**	**6,147**	**52.43%**	**436**	**(516)**

[1] Number of obligors in thousands.

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Comparative analysis of estimates and results obtained

1.Introduction

Regulatory expected loss includes estimated annual average loss due to credit risk. It is calculated taking the following items into consideration:

- **Probability of Default Through the Cycle ("PD"):** indicates the ratio of defaults to average total risk on non-distressed assets expected during one year of the economic cycle for a given credit rating.
- **Downturn Loss Given Default ("LGD DT"):** indicates the proportion of debt expected to not be recovered in a downturn of the cycle. Consequently, the loss given default that is initially estimated, based on flows from processes to recover contracts in default and in accordance with the portfolio, is stressed using an explicative variable or is estimated based on an estimate sample restricted to a downturn in the cycle.
- **Exposure at Default ("EAD"):** indicates the expected exposure when default occurs. The estimate is performed with a conservative overview of the long-term averages.

Given that expected loss is calculated using a probability of default anchored to the cycle and a representative loss given default in a downturn in the cycle, the value used for expected loss will vary only, given certain risk parameters, as a result of changes in the composition or characteristics of the portfolio.

In addition, the effective loss is the value of the adjusted loss incurred in the portfolio during a specific period. It can be broken down into the following concepts:

- **Observed average default rate:** indicates the proportion of defaults observed in a one-year time horizon
- **Realised Loss Given Default ("LGD"):** calculated based on recovery flows and losses on contracts in default. This LGD indicates the proportion of debt recovered during the recovery process.
- **Realised exposure:** risk assigned to a contract at the time of default.

Because effective loss is calculated using the values corresponding to each observation period, the values obtained for this item will depend directly on the economic situation during that period.

According to the definitions set out above, the following comparisons on the main IRB portfolios are given at a level of regulatory exposure categories:

- **Observed average default rate vs PD:** a comparison is made of the observed average default rate by risk tranche for 2022 with the PD calculated at 31 December 2021 and used to calculate the capital requirements at the same date.
- **EAD vs realised exposure:** for contracts that entered into default in 2022, the estimated EAD at 31 December 2021 is compared to the realised exposure when the default was identified.
- **DT LGD vs realised LGD:** compares downturn LGD at 31 December 2019 with realised LGD of defaults identified in a one-year period whose recovery process has been completed. A reference date prior to that used for the rest of the parameters is taken to allow the recovery cycles to mature so as to have a more representative sample for the analysis.
- **Observed loss vs. expected loss:** the estimated expected loss at 31 December is compared to the realised loss on the portfolio during the following year. The analysis covers the period 2019-2022.

2. Comparison of observed average default rate and PD

The observed average default rate and probability of default (PD) are not entirely comparable, the following must be taken into account:

- The probability of default, through-the-cycle PD, used for regulatory purposes is that resulting from a calibration process on the default rates observed over a complete economic cycle or period with sufficient variability between positive and negative years.
- Pursuant to the prudential requirement regulations, a portfolio's through-the-cycle PD (hereinafter "PD" for simplicity) at year-end is not intended to estimate default for the following year.
- On the other hand, the observed average default rate indicates the proportion of defaults observed during an annual period; thus, it is related to the economic situation of that period.

Therefore, the differences observed between both metrics must be explained considering these elements.

The definition of default established in Regulation (EU) 575/2013 (CRR IV), where article 178, Default of an Obligor, details the necessary criteria for identifying default of obligors and their contracts.

New criteria for default set down in Circular 4/2016 were adopted in October 2016. This resulted in an increase in the observed default frequency, due to a wider range of reasons for refinancing being considered as non-performing and a larger pulling effect. Nevertheless, the entry into force of Circular 4/2017 did not have any additional impact on default rates.

Finally, in December 2019, CaixaBank adopted the new default definition of the EBA/GL/2016/07, which specifies how to interpret the requirements of Regulation (EU) 575/2013.

The comparison between the observed average default rate and PD was carried out in accordance with the quantitative study required by the European Banking Authority (EBA) in the document "Guidelines on disclosure requirements under Part Eight of Regulation 575 2013", published in August 2017.

Below are tables presented in CR9 and CR9.1 format including information regarding the back-testing of PD. They show information on the average PD of the Group's exposure at 31 December 2021, the observed average default rate in 2022 rate and the average annual default rate for the last five years, for each IRB segment, based on the PD scales.

They show how, in general, the through-the-cycle PD is above the observed average default rate, as well as how the lower the credit quality (higher PD), the higher the observed average default rate, indicating the good discriminatory power of the Group's models.

CaixaBank

Table 7.34. EU CR9 - IRB Approach - PD back-testing by category of exposure (Institutions)

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	4	0	0.00%		0.08%	0.00%
0.00 to <0.10	4	0	0.00%		0.08%	0.00%
0.10 to <0.15	0	0	0.00%		0.00%	0.00%
0.15 to <0.25	17	0	0.00%		0.18%	0.00%
0.25 to <0.50	12	0	0.00%		0.31%	0.00%
0.50 to <0.75	6	0	0.00%		0.62%	0.00%
0.75 to <2.50	4	0	0.00%		1.64%	0.00%
0.75 to <1.75	4	0	0.00%		1.64%	0.00%
1.75 to <2.5	0	0	0.00%		0.00%	0.00%
2.50 to <10.00	3	0	0.00%		5.43%	0.00%
2.5 to <5	1	0	0.00%		3.34%	0.00%
5 to <10	2	0	0.00%		6.47%	0.00%
10.00 to <100.00	5	0	0.00%		23.06%	0.00%
10 to <20	0	0	0.00%		0.00%	0.00%
20 to <30	5	0	0.00%		23.06%	0.00%
30.00 to <100.00	0	0	0.00%		0.00%	0.00%
100.00 *(Default)*	0	0	0.00%		0.00%	0.00%

Table 7.35. EU CR9 - IRB approach - Back-testing of PD per exposure class (corporate-other)

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	886	8	0.90%	0.09%	0.14%	0.42%
0.00 to <0.10	47	0	0.00%	0.06%	0.06%	0.00%
0.10 to <0.15	839	8	0.95%	0.12%	0.15%	0.45%
0.15 to <0.25	512	2	0.39%	0.18%	0.20%	0.67%
0.25 to <0.50	2,444	24	0.98%	0.32%	0.31%	1.03%
0.50 to <0.75	1,328	18	1.36%	0.68%	0.65%	1.43%
0.75 to <2.50	1,814	41	2.26%	1.43%	1.46%	2.38%
0.75 to <1.75	1,545	29	1.88%	1.37%	1.33%	2.10%
1.75 to <2.5	269	12	4.46%	2.35%	2.25%	3.39%
2.50 to <10.00	995	31	3.12%	3.83%	4.12%	3.67%
2.5 to <5	628	18	2.87%	2.95%	3.13%	3.41%
5 to <10	367	13	3.54%	5.72%	5.80%	4.36%
10.00 to <100.00	800	60	7.50%	16.00%	19.19%	10.27%
10 to <20	432	28	6.48%	11.46%	11.53%	7.88%
20 to <30	221	7	3.17%	20.59%	20.95%	6.08%
30.00 to <100.00	147	25	17.01%	41.80%	39.07%	16.85%
100.00 (Default)	962	11	1.14%	100.00%	100.00%	1.71%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 7.36. EU CR9 - IRB approach - Back-testing of PD per exposure class (corporate - SMEs) A-IRB

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	5,159	25	0.48%	0.12%	0.11%	0.37%
0.00 to <0.10	2,679	15	0.56%	0.07%	0.07%	0.33%
0.10 to <0.15	2,480	10	0.40%	0.15%	0.15%	0.39%
0.15 to <0.25	2,665	5	0.19%	0.16%	0.16%	0.35%
0.25 to <0.50	9,875	58	0.59%	0.30%	0.32%	0.67%
0.50 to <0.75	5,338	102	1.91%	0.60%	0.60%	1.39%
0.75 to <2.50	13,002	325	2.50%	1.51%	1.44%	2.61%
0.75 to <1.75	8,964	151	1.68%	1.16%	1.11%	1.84%
1.75 to <2.5	4,038	174	4.31%	2.19%	2.17%	3.97%
2.50 to <10.00	3,878	298	7.68%	5.02%	5.08%	5.50%
2.5 to <5	2,932	182	6.21%	4.12%	4.09%	4.54%
5 to <10	946	116	12.26%	7.55%	8.13%	8.77%
10.00 to <100.00	1,225	314	25.63%	20.30%	21.46%	19.62%
10 to <20	751	155	20.64%	13.40%	13.48%	18.28%
20 to <30	158	48	30.38%	24.98%	22.17%	20.50%
30.00 to <100.00	316	111	35.13%	39.50%	40.08%	22.13%
100.00 *(Default)*	2,197	59	2.69%	100.00%	100.00%	2.03%

Table 7.37. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - real estate, non-SME)

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	1,290,892	728	0.06%	0.08%	0.07%	0.06%
0.00 to <0.10	827,085	290	0.04%	0.04%	0.04%	0.05%
0.10 to <0.15	463,807	438	0.09%	0.13%	0.13%	0.15%
0.15 to <0.25	3,643	1	0.03%	0.17%	0.17%	0.21%
0.25 to <0.50	244,202	431	0.18%	0.27%	0.27%	0.34%
0.50 to <0.75	145,285	446	0.31%	0.53%	0.50%	0.65%
0.75 to <2.50	141,276	1,401	0.99%	1.21%	1.24%	1.23%
0.75 to <1.75	141,066	1,400	0.99%	1.21%	1.24%	1.20%
1.75 to <2.5	210	1	0.48%	2.05%	2.08%	2.84%
2.50 to <10.00	104,213	2,828	2.71%	4.91%	4.98%	3.97%
2.5 to <5	51,453	872	1.69%	3.03%	2.94%	2.71%
5 to <10	52,760	1,956	3.71%	6.86%	6.97%	5.91%
10.00 to <100.00	30,990	5,477	17.67%	27.60%	25.68%	17.95%
10 to <20	12,111	1,097	9.06%	15.02%	14.47%	11.84%
20 to <30	6,151	1,000	16.26%	22.83%	21.77%	17.24%
30.00 to <100.00	12,728	3,380	26.56%	37.45%	38.25%	25.21%
100.00 (Default)	67,038	930	1.39%	100.00%	100.00%	1.79%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

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Table 7.38. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail-real estate, SME) A-IRB

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	71,334	57	0.08%	0.07%	0.08%	0.13%
0.00 to <0.10	44,226	19	0.04%	0.04%	0.04%	0.10%
0.10 to <0.15	27,108	38	0.14%	0.13%	0.13%	0.23%
0.15 to <0.25	2,062	2	0.10%	0.16%	0.16%	0.30%
0.25 to <0.50	22,457	37	0.16%	0.32%	0.30%	0.48%
0.50 to <0.75	10,204	37	0.36%	0.54%	0.52%	0.83%
0.75 to <2.50	24,791	205	0.83%	1.36%	1.35%	1.28%
0.75 to <1.75	19,722	137	0.69%	1.12%	1.15%	1.04%
1.75 to <2.5	5,069	68	1.34%	2.16%	2.16%	1.85%
2.50 to <10.00	22,450	779	3.47%	4.69%	4.69%	4.20%
2.5 to <5	15,689	491	3.13%	3.68%	3.56%	3.64%
5 to <10	6,761	288	4.26%	7.15%	7.32%	5.99%
10.00 to <100.00	3,721	687	18.46%	28.79%	26.94%	19.43%
10 to <20	1,148	135	11.76%	13.76%	14.10%	13.36%
20 to <30	896	147	16.41%	22.98%	21.97%	18.63%
30.00 to <100.00	1,677	405	24.15%	38.35%	38.39%	24.57%
100.00 *(Default)*	11,708	225	1.92%	100.00%	100.00%	1.92%

Table 7.39. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - other, non-SMEs)

Number of obligors in units

PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
0.00 to <0.15	319,744	503	0.16%	0.06%	0.07%	0.15%
0.00 to <0.10	276,353	472	0.17%	0.06%	0.07%	0.15%
0.10 to <0.15	43,391	31	0.07%	0.12%	0.12%	0.31%
0.15 to <0.25	118,723	489	0.41%	0.19%	0.19%	0.42%
0.25 to <0.50	218,990	1,534	0.70%	0.37%	0.36%	0.91%
0.50 to <0.75	170,170	878	0.52%	0.64%	0.59%	0.57%
0.75 to <2.50	959,524	6,363	0.66%	1.61%	1.67%	0.49%
0.75 to <1.75	583,246	3,420	0.59%	1.27%	1.27%	0.47%
1.75 to <2.5	376,278	2,943	0.78%	2.28%	2.30%	0.53%
2.50 to <10.00	240,203	10,967	4.57%	5.21%	5.23%	4.50%
2.5 to <5	148,322	4,482	3.02%	3.73%	3.69%	2.93%
5 to <10	91,881	6,485	7.06%	7.69%	7.73%	7.72%
10.00 to <100.00	72,454	15,533	21.44%	27.40%	23.45%	22.40%
10 to <20	42,128	5,292	12.56%	14.05%	14.97%	13.81%
20 to <30	11,632	2,607	22.41%	22.76%	24.00%	24.31%
30.00 to <100.00	18,694	7,634	40.84%	41.76%	42.21%	37.33%
100.00 (Default)	60,594	1,000	1.65%	100.00%	100.00%	2.44%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 7.40. EU CR9 - IRB approach - Back-testing of PD per exposure class (Retail - other, SMEs) A-IRB

Number of obligors in units

PD scale	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
		Of which: number of obligors which defaulted in the year				
0.00 to <0.15	70,052	168	0.24%	0.08%	0.07%	0.29%
0.00 to <0.10	66,273	149	0.22%	0.07%	0.07%	0.22%
0.10 to <0.15	3,779	19	0.50%	0.15%	0.15%	1.32%
0.15 to <0.25	45,683	212	0.46%	0.17%	0.17%	0.45%
0.25 to <0.50	163,057	1,265	0.78%	0.33%	0.36%	0.83%
0.50 to <0.75	27,000	406	1.50%	0.61%	0.64%	1.59%
0.75 to <2.50	213,736	6,775	3.17%	1.45%	1.36%	3.44%
0.75 to <1.75	159,267	3,906	2.45%	1.13%	1.08%	2.76%
1.75 to <2.5	54,469	2,869	5.27%	2.14%	2.17%	5.17%
2.50 to <10.00	110,036	9,581	8.71%	5.06%	4.63%	7.91%
2.5 to <5	87,662	6,597	7.53%	3.96%	3.79%	6.87%
5 to <10	22,374	2,984	13.34%	8.04%	7.90%	13.92%
10.00 to <100.00	17,824	5,626	31.56%	26.31%	27.41%	30.26%
10 to <20	5,601	1,287	22.98%	13.85%	13.52%	23.30%
20 to <30	4,350	1,614	37.10%	22.22%	22.28%	33.67%
30.00 to <100.00	7,873	2,725	34.61%	41.15%	40.13%	32.78%
100.00 *(Default)*	50,944	1,621	3.18%	100.00%	100.00%	2.54%

Table 7.41. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - qualifying revolving)

Number of obligors in units

PD scale	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
		Of which: number of obligors which defaulted in the year				
0.00 to <0.15	5,167,714	2,099	0.04%	0.07%	0.08%	0.06%
0.00 to <0.10	2,910,751	793	0.03%	0.04%	0.04%	0.05%
0.10 to <0.15	2,256,963	1,306	0.06%	0.12%	0.12%	0.08%
0.15 to <0.25	937,339	1,051	0.11%	0.20%	0.19%	0.16%
0.25 to <0.50	701,659	1,626	0.23%	0.33%	0.33%	0.39%
0.50 to <0.75	758,578	3,397	0.45%	0.55%	0.56%	0.54%
0.75 to <2.50	1,427,501	17,442	1.22%	1.46%	1.52%	1.36%
0.75 to <1.75	1,079,836	10,296	0.95%	1.25%	1.25%	1.27%
1.75 to <2.5	347,665	7,146	2.06%	2.40%	2.37%	1.63%
2.50 to <10.00	889,477	39,474	4.44%	4.86%	5.28%	4.43%
2.5 to <5	487,703	13,398	2.75%	3.33%	3.48%	3.21%
5 to <10	401,774	26,076	6.49%	7.22%	7.48%	5.85%
10.00 to <100.00	307,696	49,556	16.11%	24.38%	21.66%	14.79%
10 to <20	216,962	25,006	11.53%	15.38%	15.40%	10.21%
20 to <30	48,632	9,197	18.91%	26.83%	26.32%	16.95%
30.00 to <100.00	42,102	15,353	36.47%	52.05%	48.57%	31.61%
100.00 (Default)	172,314	1,411	0.82%	100.00%	100.00%	2.27%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 7.42. EU CR9.1 - IRB Approach - PD back-testing by category of exposure (Institutions)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	0	0	0.00%	0.00%	0.00%
5	A+	0	0	0.00%	0.00%	0.00%
6	A	0	0	0.00%	0.00%	0.00%
7	A-	4	0	0.00%	0.08%	0.00%
8	BBB+	0	0	0.00%	0.00%	0.00%
9	BBB	17	0	0.00%	0.18%	0.00%
10	BBB-	0	0	0.00%	0.00%	0.00%
11	BB+	12	0	0.00%	0.31%	0.00%
12	BB	6	0	0.00%	0.62%	0.00%
13	BB-	4	0	0.00%	1.64%	0.00%
14	B+	1	0	0.00%	3.34%	0.00%
15	B	2	0	0.00%	6.47%	0.00%
16	B-	0	0	0.00%	0.00%	0.00%
17	CCC+	0	0	0.00%	0.00%	0.00%
18	CCC	5	0	0.00%	23.06%	0.00%
19	CCC-	0	0	0.00%	0.00%	0.00%
20	D	0	0	0.00%	0.00%	0.00%

Table 7.43. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (corporate-other)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	1	0	0.00%	0.04%	0.00%
5	A+	7	0	0.00%	0.04%	0.00%
6	A	27	0	0.00%	0.06%	0.00%
7	A-	12	0	0.00%	0.08%	0.11%
8	BBB+	839	8	0.95%	0.15%	0.44%
9	BBB	174	0	0.00%	0.16%	0.59%
10	BBB-	406	3	0.74%	0.22%	0.68%
11	BB+	2,327	23	0.99%	0.31%	1.04%
12	BB	1,401	18	1.28%	0.64%	1.38%
13	BB-	1,472	25	1.70%	1.32%	1.99%
14	B+	868	29	3.34%	2.63%	3.32%
15	B	441	18	4.08%	5.58%	4.48%
16	B-	416	23	5.53%	11.20%	7.14%
17	CCC+	201	10	4.98%	20.17%	4.31%
18	CCC	144	11	7.64%	31.43%	8.98%
19	CCC-	44	16	36.36%	49.29%	19.76%
20	D	962	11	1.14%	100.00%	1.71%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] *The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.*

Table 7.44. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (corporate-SMEs)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	0	0	0.00%	0.00%	0.00%
5	A+	518	0	0.00%	0.05%	0.13%
6	A	1,645	13	0.79%	0.08%	0.42%
7	A-	516	2	0.39%	0.09%	0.25%
8	BBB+	4,348	14	0.32%	0.15%	0.43%
9	BBB	796	1	0.13%	0.17%	0.03%
10	BBB-	1,854	7	0.38%	0.27%	0.37%
11	BB+	5,544	41	0.74%	0.28%	0.85%
12	BB	10,529	139	1.32%	0.62%	1.08%
13	BB-	6,251	124	1.98%	1.24%	2.18%
14	B+	4,078	174	4.27%	2.17%	3.85%
15	B	3,018	186	6.16%	4.20%	5.08%
16	B-	1,325	186	14.04%	9.61%	12.69%
17	CCC+	372	118	31.72%	18.63%	23.42%
18	CCC	150	50	33.33%	31.81%	21.65%
19	CCC-	198	72	36.36%	44.19%	23.11%
20	D	2,197	59	2.69%	100.00%	2.03%

Table 7.45. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (Retail - real estate, non-SME) A-IRB

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	307,545	58	0.02%	0.04%	0.02%
5	A+	517,303	232	0.04%	0.05%	0.07%
6	A	2,237	0	0.00%	0.06%	0.02%
7	A-	0	0	0.00%	0.00%	0.08%
8	BBB+	463,807	438	0.09%	0.13%	0.15%
9	BBB	3,643	1	0.03%	0.17%	0.21%
10	BBB-	243,574	431	0.18%	0.27%	0.22%
11	BB+	626	0	0.00%	0.29%	0.18%
12	BB	146,386	446	0.30%	0.51%	0.49%
13	BB-	83,691	584	0.70%	0.91%	0.98%
14	B+	107,815	1,688	1.57%	2.32%	1.92%
15	B	30,005	916	3.05%	5.31%	4.27%
16	B-	22,879	1,041	4.55%	9.13%	7.42%
17	CCC+	17,820	2,052	11.52%	16.64%	13.88%
18	CCC	5,973	1,338	22.40%	31.48%	22.87%
19	CCC-	7,197	2,087	29.00%	43.20%	22.80%
20	D	67,038	930	1.39%	100.00%	1.79%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 7.46. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (retail-real estate-SMEs)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	17,938	2	0.01%	0.04%	0.05%
5	A+	24,801	13	0.05%	0.05%	0.11%
6	A	904	3	0.33%	0.08%	0.23%
7	A-	583	1	0.17%	0.09%	0.20%
8	BBB+	27,976	38	0.14%	0.13%	0.22%
9	BBB	1,194	2	0.17%	0.17%	0.35%
10	BBB-	17,484	30	0.17%	0.27%	0.22%
11	BB+	1,076	3	0.28%	0.28%	0.52%
12	BB	19,189	51	0.27%	0.58%	0.56%
13	BB-	11,170	84	0.75%	1.11%	1.10%
14	B+	12,693	183	1.44%	2.31%	2.20%
15	B	14,848	548	3.69%	4.20%	4.34%
16	B-	3,627	171	4.71%	9.04%	7.92%
17	CCC+	1,731	251	14.50%	17.55%	16.07%
18	CCC	834	171	20.50%	31.78%	22.42%
19	CCC-	972	254	26.13%	42.52%	24.04%
20	D	11,708	225	1.92%	100.00%	1.92%

Table 7.47. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (retail - other, non-SME)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	8,132	2	0.02%	0.04%	0.05%
5	A+	47,452	41	0.09%	0.04%	0.08%
6	A	99,407	101	0.10%	0.06%	0.10%
7	A-	121,362	328	0.27%	0.09%	0.23%
8	BBB+	43,391	31	0.07%	0.12%	0.12%
9	BBB	116,051	474	0.41%	0.19%	0.41%
10	BBB-	2,731	15	0.55%	0.22%	0.83%
11	BB+	121,714	662	0.54%	0.29%	0.76%
12	BB	270,029	1,785	0.66%	0.54%	0.69%
13	BB-	565,894	3,001	0.53%	1.26%	0.44%
14	B+	401,426	3,511	0.87%	2.30%	0.63%
15	B	174,093	6,742	3.87%	4.13%	3.89%
16	B-	65,894	5,210	7.91%	9.46%	8.36%
17	CCC+	37,368	5,656	15.14%	16.99%	17.82%
18	CCC	13,643	4,412	32.34%	30.22%	32.36%
19	CCC-	11,222	4,295	38.27%	47.64%	34.78%
20	D	60,594	1,000	1.65%	100.00%	2.44%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 7.48. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (retail - other, SMEs)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	419	0	0.00%	0.03%	0.02%
5	A+	16,115	30	0.19%	0.04%	0.18%
6	A	26,344	46	0.17%	0.07%	0.25%
7	A-	23,395	73	0.31%	0.09%	0.25%
8	BBB+	16,978	63	0.37%	0.15%	0.63%
9	BBB	30,882	157	0.51%	0.18%	0.46%
10	BBB-	43,833	250	0.57%	0.27%	0.55%
11	BB+	33,690	208	0.62%	0.29%	0.79%
12	BB	180,362	2,367	1.31%	0.61%	1.39%
13	BB-	89,425	2,563	2.87%	1.25%	3.08%
14	B+	58,656	3,115	5.31%	2.15%	5.38%
15	B	93,386	7,071	7.57%	3.94%	7.71%
16	B-	18,732	2,910	15.53%	9.02%	17.33%
17	CCC+	6,428	2,177	33.87%	18.75%	30.99%
18	CCC	4,093	1,295	31.64%	32.64%	31.15%
19	CCC-	4,652	1,710	36.76%	44.14%	32.81%
20	D	50,944	1,621	3.18%	100.00%	2.54%

Table 7.49. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (retail - qualifying revolving)

Number of obligors in units

PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)[1]	Average historical annual default rate (%)
1	AAA	0	0	0.00%	0.00%	0.00%
2	AA+	0	0	0.00%	0.00%	0.00%
3	AA	0	0	0.00%	0.00%	0.00%
4	AA-	2,153,421	287	0.01%	0.03%	0.03%
5	A+	487,988	336	0.07%	0.05%	0.11%
6	A	269,343	170	0.06%	0.07%	0.14%
7	A-	0	0	0.00%	0.00%	0.27%
8	BBB+	2,256,963	1,306	0.06%	0.12%	0.08%
9	BBB	808,321	648	0.08%	0.19%	0.12%
10	BBB-	129,017	403	0.31%	0.22%	0.35%
11	BB+	593,970	1,377	0.23%	0.29%	0.48%
12	BB	970,127	4,576	0.47%	0.58%	0.63%
13	BB-	832,228	6,813	0.82%	1.22%	1.12%
14	B+	632,298	13,069	2.07%	2.29%	2.19%
15	B	497,598	16,572	3.33%	4.33%	3.81%
16	B-	317,841	27,045	8.51%	9.29%	6.69%
17	CCC+	152,054	17,657	11.61%	17.03%	11.46%
18	CCC	50,601	10,682	21.11%	27.14%	17.67%
19	CCC-	38,195	13,704	35.88%	50.01%	33.00%
20	D	172,314	1,411	0.82%	100.00%	2.27%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

[1] *The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.*

3. Comparison of EAD and realised exposure

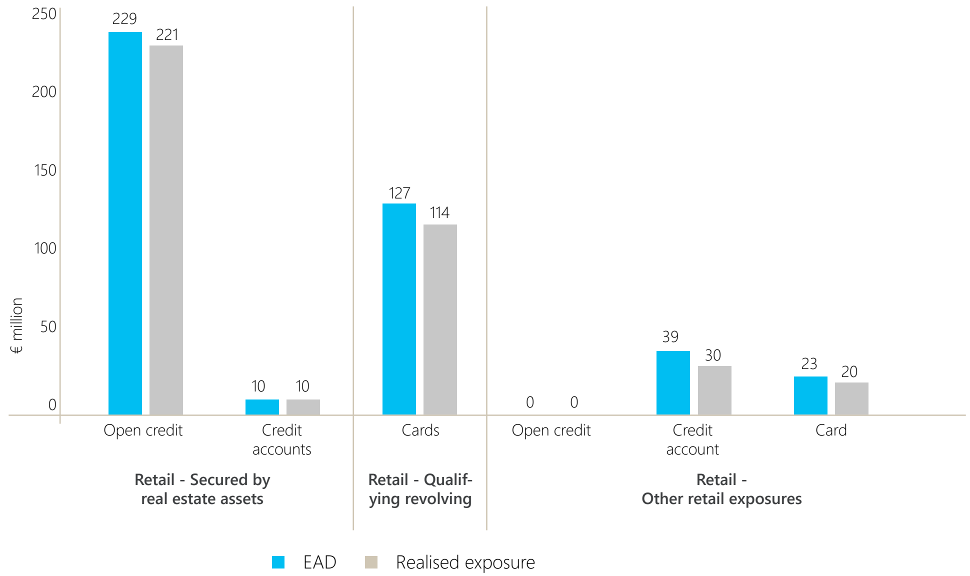
EAD (exposure at default) is defined as the estimated amount that will be drawn by the customer at the time of default. This value is obtained as the amount drawn when the estimation is made plus a percentage of the amount that could be drawn, determined by the credit conversion factor (CCF).

In this year the estimated EAD at 31 December 2021 has been compared to the realised exposure when the default was identified. This comparison is made at the level of regulatory exposure category and by product type. As the CCF is an estimate with a conservative overview, the EAD is expected not be lower than the realised exposure.

The coverage ratio is also defined as a measure to assess the accuracy of the estimates made. This ratio is defined as estimated EAD divided by realised exposure.

Retail

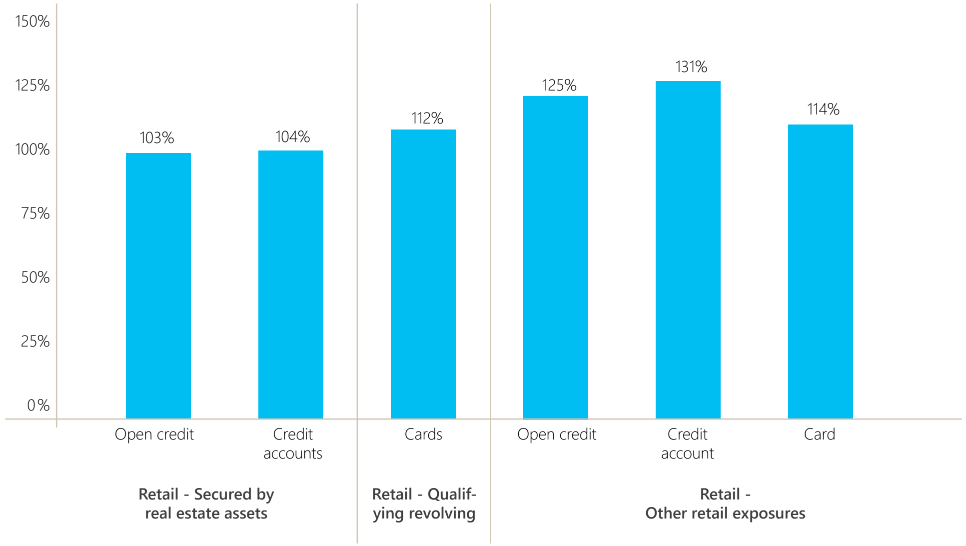
Chart 7.Comparison of EAD and retail realised exposure



In all regulatory exposure categories and retail products, the estimated EAD is higher than the realised EAD when the default occurs. In both open credit, which is one of the main products with available balances in CaixaBank, especially in its retail portfolio and the rest of products, the estimated parameter is prudent.

Below are the coverage ratios that confirm the conservative overview of the CCF estimated for retail, as they show values above 100%.

Chart 8. Retail coverage ratio



Corporates

The comparison between the estimated EAD and the realised exposure of products in the category of regulatory exposure of corporates also shows the prudent nature of the Entity's CCF estimates.

The coverage ratios are above 100%, indicating a good result in the back-testing performed for company products.

Chart 9. Comparison of EAD and corporates realised exposure

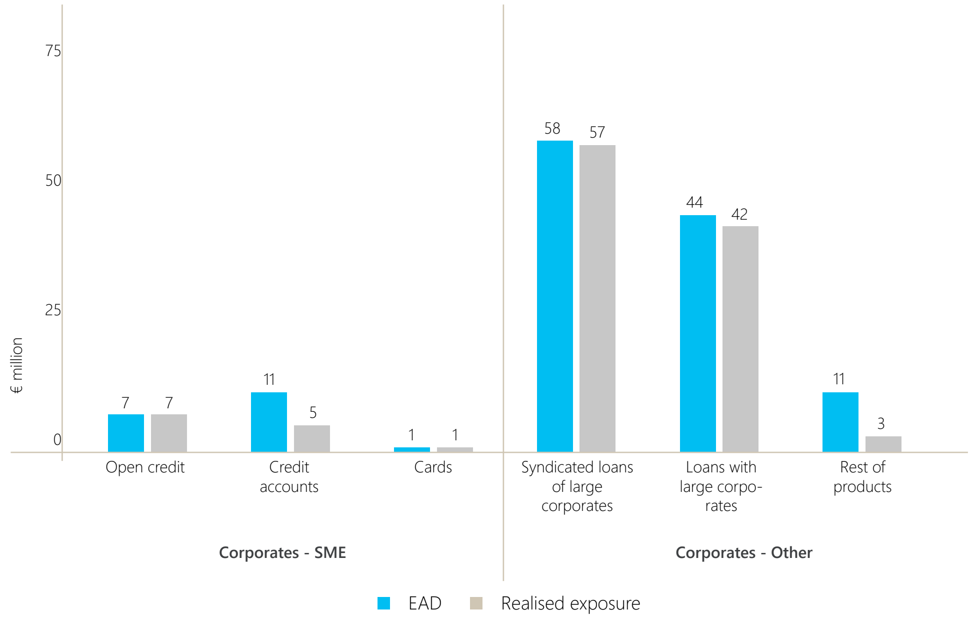
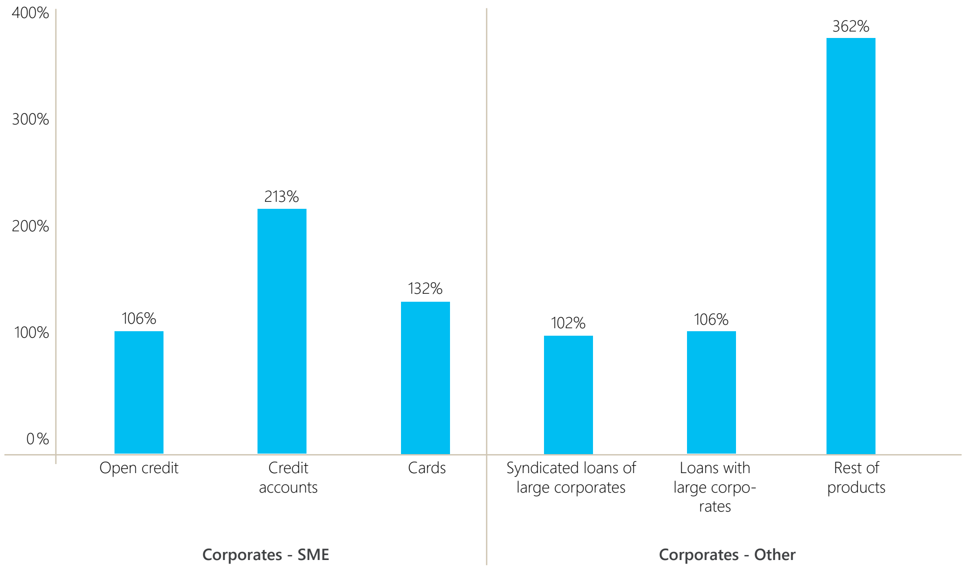


Chart 10. Corporates coverage ratio



4. Comparison of DT LGD and realised LGD

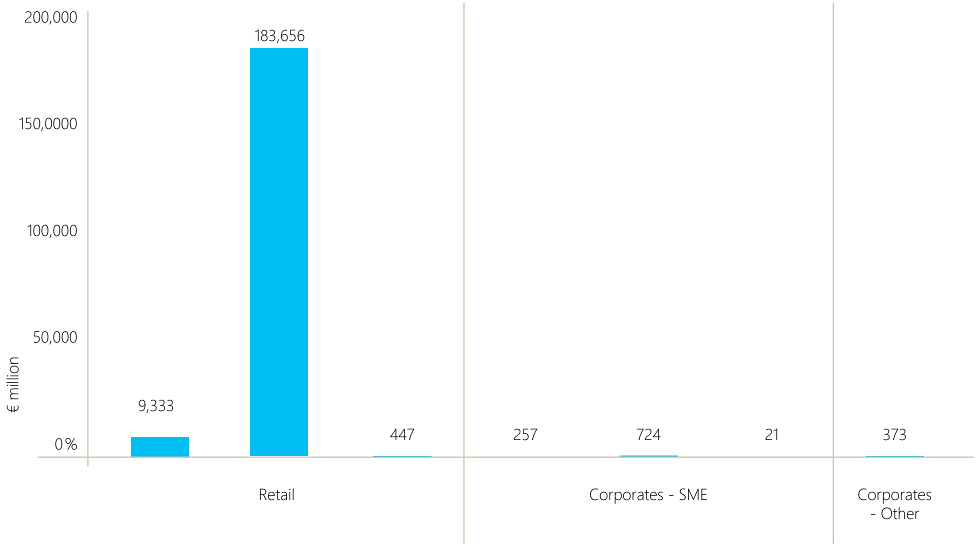
LGD (loss given default) measures the proportion of exposure that it has not been possible to recover after completing the recovery process. Therefore, as the real loss on a default will only become certain upon conclusion of the recovery process, which can take anywhere from a few days up to several years, realised LGD can only be calculated for completed processes, i.e. completed cycles. This situation requires a longer observation period than the rest of parameters to obtain the realised LGD. Moreover, for the same portfolio in default, the average realised LGD can vary from one year to another due to the inclusion of new defaults whose cycle is completed.

To provide an observation period longer than one year, in the following analyses, performing loans at 31 December 2019 that went into default in 2020 and for which the recovery process was completed by 31 December 2022 were selected. This selection provides a sample of completed cycles to compare their estimated DT LGD and realised LGD.

In this financial year, the DT LGD has been compared with the realised LGD. As the DT LGD corresponds to an estimate at a downtime of the cycle, it is expected that it will not be lower than the realised LGD.

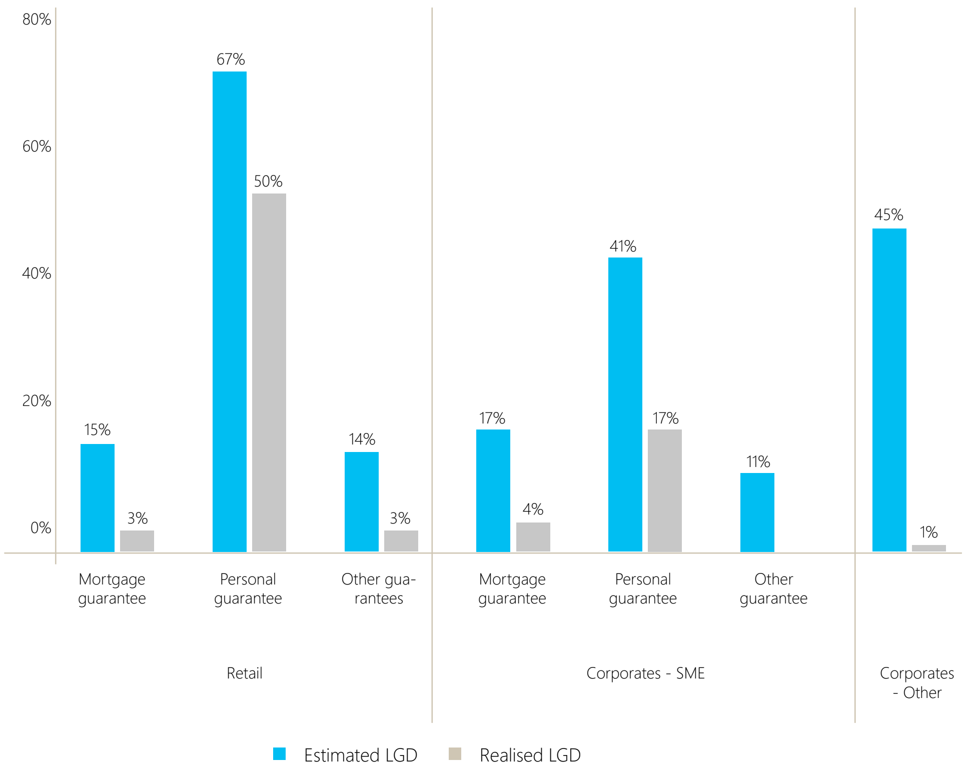
Below is the distribution of completed recovery cycles, differentiating by the regulatory exposure categories and the type of guarantee.

Chart 11. Completed recovery cycles



When comparing the estimated DT LGD and realised LGD at the level of regulatory exposure category and guarantee type, the realised LGD is lower than the estimated DT LGD for all segments.

Chart 12. Comparison between estimated DT LGD and realised LGD



5. Comparison between effective loss and regulatory expected loss

The regulatory expected loss consists of the through-the-cycle PD and the LGD and EAD corresponding to estimates at downtimes of the cycle. Meanwhile, the effective loss is the value of the adjusted loss incurred in the portfolio during a specific period.

The regulatory expected loss cannot be considered an estimator in line with expected loss in a specific year or period. Consequently, whereas regulatory expected loss should show stable values over time, effective loss will fluctuate in accordance with the phase of the economic cycle and the internal recovery policies. In this financial year, losses have been presented since 2020 in order to compare periods in which the same definition of default is applied; CaixaBank adopted the EBA's new definition of default in accordance with EBA Guidelines (EBA/GL/2016/07) in December 2019.

To compare expected loss and effective loss, non-distressed loans at 31 December of each year measured using an advanced IRB approach were used, with expected loss at that time compared to realised loss observed the following year. In light of existing restrictions, the following assumptions were used to calculate effective loss:

- Effective loss is only calculated for loan contracts that have entered into default, whereby the exposure value is taken as the realised exposure at the time of default. Those that have not defaulted during the following year will have an effective loss of EUR 0.€.

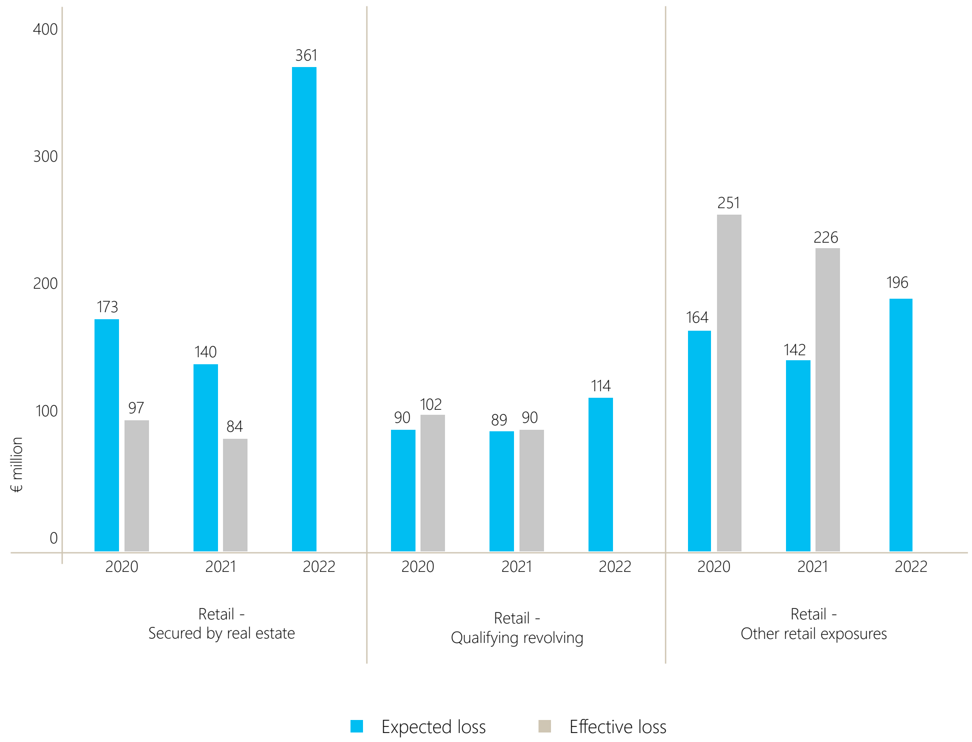
- For contracts in default for which the recovery cycle has not been completed, the sum of the realised loss and the expected loss at 31 December 2022 has been used as the best estimate of effective loss. This means that, for the most recent year (2022), where the majority of the uncompleted cycles are concentrated, effective loss for such contracts cannot be estimated with adequate certainty; therefore, the effective loss is not included in the comparison for 2022. Previous years may also contain cycles that have not yet been completed, although to a lesser extent.

- Effective loss could vary from one year to another for the same period due to the completion of recovery processes.

Below are the changes in expected loss and effective loss in recent years in the different regulatory categories: The expected loss shown in the charts corresponds to December of the previous year

Retail

Chart 13. Retail expected and effective loss



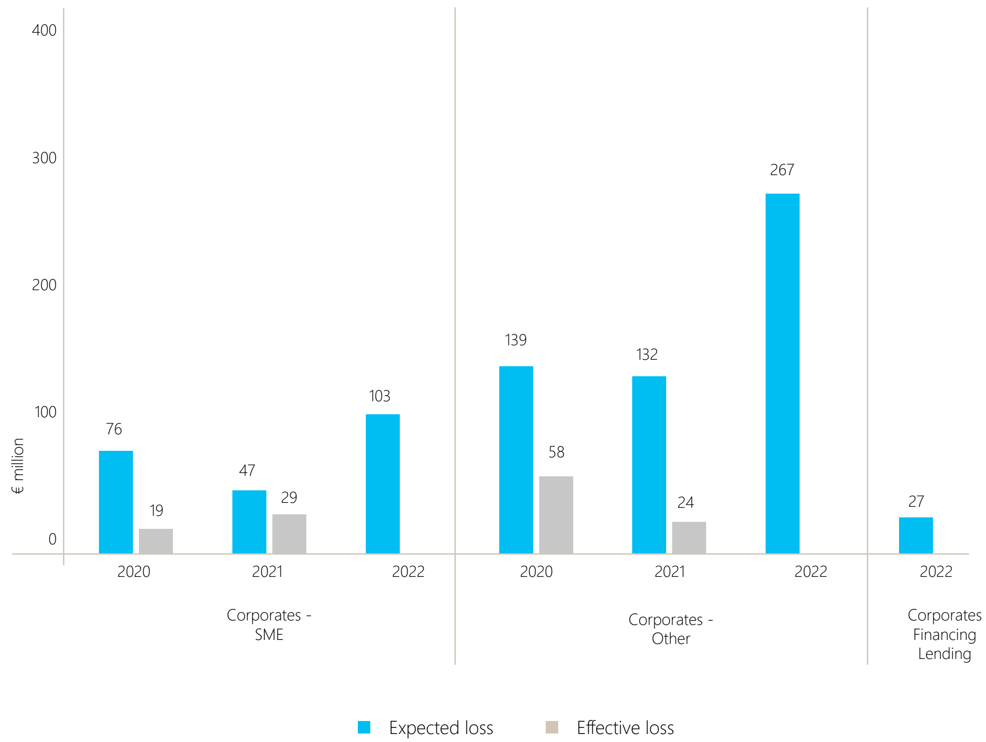
The expected loss of recent years remains at similar levels. In December 2021 the increase, in absolute terms, of the expected loss is due to the balance sheet's growth resulting from the incorporation of Bankia's portfolio following the merger.

For the categories of retail regulatory exposure secured by real estate (the main portfolio in terms of exposure) and qualifying revolving, the trend is upheld with the expected loss always above the effective loss.

For other retail exposures, effective loss is above the expected loss as a result of the efforts associated with the reduction of non-performing loans.

Corporate

Chart 14. Corporates expected and effective loss



For the categories of regulatory exposure, the expected loss also remains at similar levels, except in December 2021, which increased due to the integration of Bankia's portfolio.

In all categories the regulatory exposure in companies the trend is upheld, with the expected loss always above the effective loss.

Integration of internal risk estimates in management

The use of risk parameters, PD, LGD and EAD, is key to managing CaixaBank's credit risk and goes beyond regulatory use.

The main risk-measurement parameters are taken into account in decision-making, from approval through to the monitoring of exposure, as well as in managing incentives and monitoring the profitability of business segments.

The main tools and policies are listed below:

- **Authority system for weighted expected loss in the approval of risk for corporates**

Calculating the level of risk for expected loss (PD x EAD x LGD) improves risk control, bringing approval authorisations into line with the measured risk of the customer and, if applicable, that of the customer's economic group.

The calculation of an application's level of risk combines the expected loss and the maximum loss (exposure x LGD) of all of a customer's applications and contracts and those of its business group across the Bank, including new lending and excluding any transactions that are earmarked for cancellation.

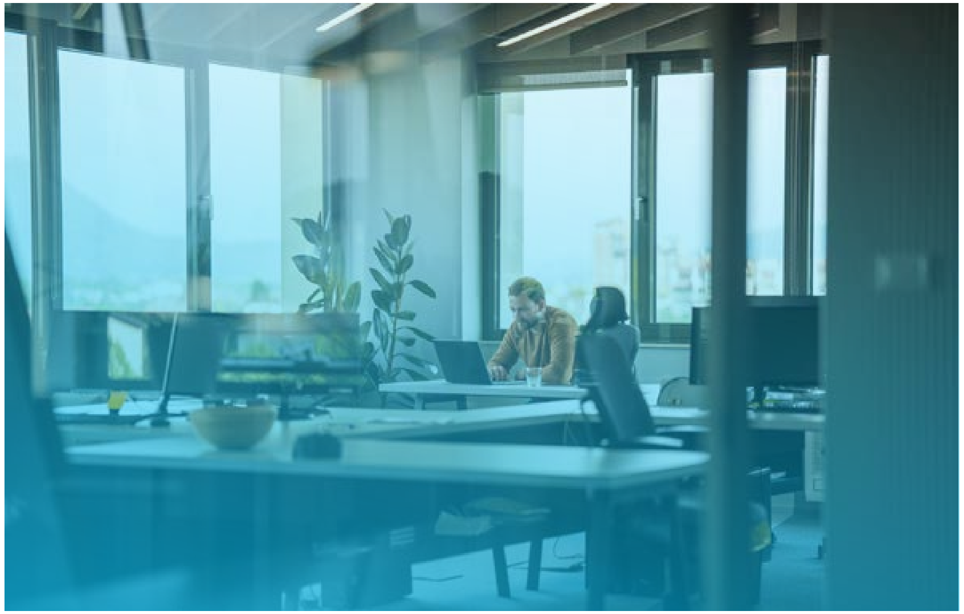
The limit on maximum loss prevents excessively high nominal amounts from being authorised when the customer's PD is extremely low.

The level of risk approval is determined in accordance with expected loss amounts and maximum cumulative loss amounts for each borrower's transactions and those of its related economic group, as appropriate.

- **Risk approval pricing system**

Ensures a suitable risk-return ratio for each application by estimating the cost of the operation as the sum of:

- The expected loss.
- The cost of capital.
- An estimate of internal operating costs.
- The cost of the funds.
- Other expenses.



- **PD/ master scale system of diagnostics in the authorisation of retail lending**

  Automatic action-recommendation system for the approval of transactions with individuals according probability of default (PD).

  Establishing a transaction acceptance/denial boundary point, with a penalisation in the approval authorisations when they involve an especially high-risk level.

- **Risk-Adjusted Return (RAR) system**

  Calculation of the return on capital consumption, after deducting expected loss, operating costs and the cost of the funds:

  RAR = (operating income - expected loss - taxes) / capital requirement

  The minimum return on capital that a transaction should achieve is determined by the cost of capital, which is the minimum return required by shareholders.

  When a transaction yields a positive risk-adjusted return, this means that it shares in the Bank's profit, but it will only create shareholder value when the return exceeds the cost of capital.

  This system allows for greater control over the balance between return and risk relative to the Bank's customer portfolio.

- **Calculation of provisions using internal models under IFRS9 or Bank of Spain Circular 4/2017:**

  This Circular establishes that – with the exception of the non-performing portfolio corresponding to assets classified as single names – expected loss shall be calculated using internal models sharing a significant basis with IRB models: such internal models differ from IRB models in the nature of their estimates, which are forward-looking rather than through-the-cycle, since they have to reflect the economic conditions of the present and those expected in the future.

  In addition, internal models are also used in classifying risk in terms of their accounting stage.

7.1.4. Quantitative information ESG Risk

Credit risk is the prudential risk that may be most impacted by climatic factors, mainly transition and physical factors, in the short, medium and long term:

1. Transition Risk: the macro sectors potentially most impacted in the medium to long term are agriculture, energy/services, oil and gas, transport, materials and mining and metallurgy. Among the sectors with the highest risk, CaixaBank has identified the coal (energy sub-sector) and oil and gas sectors as the highest priority sectors in terms of transition risk. Of the sectors with an average impact, real estate stands out. In the short term, the impact is considered minor. This top-down sectoral vision is complemented by a bottom-up vision based on:

   - The segments of activity within each macro sector (value chain).
   - The time frames of financing operations.
   - The characteristics and positions of the main customers, the impact of which can be very heterogeneous, e.g. depending on how they incorporate these risks in their strategic vision. More individualised analyses are already being applied in the risk acceptance processes to take these aspects into account.

2. Physical risk: Spain is one of the regions of Europe that will potentially be more affected by the physical risks of climate change. Of those analysed, meteorological events linked to fires and floods are the most relevant.

In the mortgage portfolio, based on the geographical location of the assets, the impact is not considered material in the short and medium term. This assessment is complemented by a more granular analysis for the potentially most affected areas as well as for the portfolio of legal entities (location of infrastructure and sector-specific characteristics such as energy/services, agriculture, oil and gas or mining).

Below is information regarding the exposures in non-financial companies operating in sectors that highly contribute to climate change. This includes the exposure credit quality, the corresponding impairments and provisions and the financed issuances.

Table 7.50. Template 1: Banking book - Transition risk of climate change: Credit quality of exposures by sector, emissions and residual maturity

		Gross carrying amount (million EUR)				Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions (million EUR)			Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)		GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports					
	Sector/subsector		Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[2]	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
1	Exposure to sectors that highly contribute to climate change[1]	122,625	10,004	11,102	4,344	(2,652)	(378)	(2,171)	30,968,220	24,324,013	57,71%	77,454	26,791	16,359	2,020	5
2	A - Agriculture, forestry and fishing	3,128	1	378	209	(128)	(19)	(102)				1,756	950	404	16	5
3	B - Mining and quarrying	592	208	27	17	(11)	(1)	(9)	26,92,.872	24,324,013	95.25%	328	255	6	1	4
4	B.05 - Mining of coal and lignite	0	0	0	0	0	0	0				0	-	0	0	7
5	B.06 - Extraction of crude petroleum and natural gas	189	170	0	0	0	0	0	26,927,872	24,324,013	95.25%	34	154	0	0	6
6	B.07 - Mining of metal ores	112	0	1	1	0	0	0				93	19	-	0	2
7	B.08 - Other mining and quarrying	244	0	25	16	(10)	(1)	(8)				155	81	6	1	3
8	B.09 - Mining support service activities	45	37	0	0	0	0	0				44	0	0	0	3
9	C - Manufacturing	29,029	1,181	2,325	877	(535)	(46)	(451)				23,257	5,045	701	25	2
10	C.10 - Manufacture of food products	4,950	0	470	116	(64)	(7)	(50)				3,919	932	95	2	2
11	C.11 - Manufacture of beverages	1,437	0	81	47	(30)	(1)	(27)				967	428	37	4	3
12	C.12 - Manufacture of tobacco products	4	0	0	0	0	(0)	(0)				4	0	-	0	3
13	C.13 - Manufacture of textiles	451	0	96	33	(20)	(2)	(17)				354	75	21	0	2
14	C.14 - Manufacture of wearing apparel	294	0	33	22	(16)	0	(14)				251	36	6	0	2
15	C.15 - Manufacture of leather and related products	195	0	32	21	(18)	0	(16)				142	48	4	0	2
16	C.16 - Manufacture of wood and of cork products, except furniture; manufacture of articles of straw and plaiting materials	602	0	54	28	(20)	(1)	(18)				427	157	16	0	3
17	C.17 - Manufacture of pulp, paper and paperboard	1,261	1	78	6	(4)	0	(3)				905	351	4	0	3
18	C.18 - Printing and service activities related to printing	324	0	53	24	(20)	(1)	(18)				215	95	13	0	3
19	C.19 - Manufacture of coke oven products	1,279	917	68	0	(1)	0	0				781	469	27	0	3
20	C.20 - Manufacture of chemicals and chemical products	2,535	160	137	75	(65)	(1)	(62)				2,228	224	81	0	3
21	C.21 - Manufacture of pharmaceutical products	726	0	77	27	(14)	(1)	(12)				453	229	42	0	3
22	C.22 - Manufacture of rubber products	841	0	87	22	(12)	(2)	(8)				644	163	32	0	3

[1] *In accordance with Commission Delegated Regulation (EU) 2020/1818, supplementing Regulation (EU) 2016/1011 regarding minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Considering 6: Sectors listed in Sections A to H and section L of Annex I to Regulation (EC) 1893/2006.*

[2] *In accordance with Article 12.1 (d) to (g) and Article 12.2 of the Climate Benchmark Standards Regulation.*

	Sector/subsector	Gross carrying amount (million EUR)				Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions (million EUR)			Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)		GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
			Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[1]	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
23	C.23 - Manufacture of other non-metallic mineral products	1,523	31	105	73	(29)	(4)	(24)				1,278	212	29	2	2
24	C.24 - Manufacture of basic metals	1,381	15	154	146	(86)	(2)	(83)				1,269	105	4	1	2
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1,691	2	249	90	(45)	(6)	(37)				1,311	332	45	2	2
26	C.26 - Manufacture of computer, electronic and optical products.	503	0	22	6	(2)	0	(2)				144	354	4	0	6
27	C.27 - Manufacture of electrical equipment	909	1	44	12	(7)	0	(5)				855	50	3	0	2
28	C.28 - Manufacture of machinery and equipment n.e.c.	1,170	0	83	34	(20)	(2)	(16)				905	253	9	1	3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	4,839	0	79	31	(19)	(1)	(13)				4,715	112	10	1	1
30	C.30 - Manufacture of other transport equipment	1,061	0	189	7	(8)	(1)	(1)				752	142	163	2	5
31	C.31 - Manufacture of furniture	352	0	43	17	(8)	(1)	(6)				228	105	18	1	3
32	C.32 - Other manufacturing	437	48	44	16	(7)	0	(6)				351	69	16	0	2
33	C.33 - Repair and installation of machinery and equipment	251	0	36	14	(10)	(2)	(3)				147	91	11	0	3
34	D - Electricity, gas, steam and air conditioning supply	16,341	6,889	282	162	(116)	(13)	(94)	4,040,347		71.11%	9,073	2,744	4,308	214	6
35	D35.1 - Electric power generation, transmission and distribution	13,712	4,417	272	159	(112)	(11)	(93)	4,040,347		71.11%	6,662	2,616	4,220	213	7
36	D35 - Production of electricity	7,754	2,354	243	149	(98)	(11)	(86)				2,746	1,181	3,633	192	9
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	2,556	2,472	7	1	(1)	0	0				2,400	66	87	1	2
38	D35.3 - Steam and air conditioning supply	72	0	3	1	(2)	(2)	0				9	61	0	0	6
39	E - Water supply; sewage, waste management and remediation activities	1,982	0	41	17	(16)	(1)	(13)				1,268	512	198	3	4
40	F - Construction	12,430	36	1,466	701	(482)	(86)	(395)				6,929	1,987	2,243	1,270	7
41	F.41 - Construction of buildings	5,525	4	737	457	(333)	(51)	(267)				2,126	859	1,438	1,100	11
42	F.42 - Civil engineering	3,449	21	402	56	(60)	(26)	(51)				2,381	558	399	111	5
43	F.43 - Specialised construction activities	3,455	9	325	187	(88)	(8)	(75)				2,421	569	405	58	4
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	21,071	815	2,211	946	(552)	(55)	(471)				16,812	3,104	1,009	145	2

[1] *In accordance with Article 12.1 (d) to (g) and Article 12.2 of the Climate Benchmark Standards Regulation.*

	Sector/subsector	Gross carrying amount (million EUR)				Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions (million EUR)			Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)		GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
			Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[1]	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
45	H - Transport and storage	14,104	746	995	359	(336)	(73)	(265)				7,853	4,367	1,860	23	5
46	H.49 - Land transport and transport via pipelines	5,253	739	318	112	(52)	(10)	(40)				3,363	1,291	588	9	4
47	H.50 - Water transport	1,728	0	41	25	(20)	0	(18)				324	1,117	281	5	7
48	H.51 - Air transport	740	0	78	56	(50)	(2)	(47)				360	374	0	5	5
49	H.52 - Warehousing and support activities for transportation	6,112	2	549	161	(210)	(60)	(157)				3,547	1,574	986	3	5
50	H.53 - Postal and courier activities	269	4	8	3	(2)	0	(1)				257	9	2	0	4
51	I - Accommodation and food service activities	9,295	2	2,026	699	(243)	(48)	(192)				3,698	3,907	1,636	52	6
52	L - Real estate activities	14,649	122	1,347	352	(228)	(32)	(176)				6,476	3,916	3,988	267	7
53	**Exposure to sectors other than those that highly contribute to climate change***	**27,543**	**712**	**2,146**	**1,236**	**(914)**	**(191)**	**(10)**			**-**	**17,585**	**4,504**	**2,741**	**2,712**	**6**
54	K - Financial and insurance activities	2,054	46	146	19	(13)	(3)	(7)				1,234	496	310	12	4
55	Exposure to other sectors (M-U NACE codes)	25,489	666	1,999	1,216	(900)	(188)	(3)				16,350	4,007	2,431	2,700	6
56	**TOTAL**	**150,169**	**10,717**	**13,249**	**5,580**	**(3,567)**	**(569)**	**(2,181)**	**30,968,220**	**24,324,013**	**57.71%**	**95,039**	**31,295**	**19,100**	**4,732**	**5**

[1] In accordance with Article 12.1 (d) to (g) and Article 12.2 of the Climate Benchmark Standards Regulation.

Following the EBA/ITS/2022/01 instructions, for counterparties with non-discriminating NACE (holding type), the assignment of counterparties to NACE is based on the nature of the counterparty's activity.

In table 7.51. Template 1: Banking book - Transition risk of climate change: Credit quality of exposures by sector, emissions and residual maturity shows:

1. Breakdown of exposures in loans and advances, debt securities and equity instruments to non-financial companies, excluding those held for trading, by sector of economic activity, where CaixaBank's sectoral exposure in sectors identified by the EBA as major contributors to climate change (NACE two digits, A-I and L) is EUR 122,626 million, which represents 82% of all non-financial companies. In the rest of the sectors, identified as less contaminating (NACE with two digits, K, J and M-U), the exposure is EUR 27,544 million, 18%.

2. Information about exposures excluded from the EU Paris-aligned benchmarks indices, as per articles 12.1 (section d-g) and 12.2 of the Commission Delegated Regulation (EU) of 2020/1818 of 17 July. On the one hand, counterparties with indications that they cause significant damage to any of the environmental goals defined in Taxonomy Regulation (EU) 2020/852 and, on the other, counterparties that meet the following thresholds have been identified:

   - **Companies that derive more than 1%** of their revenues from exploration, mining, extraction, distribution or refining of anthracite, hard coal and lignite
   - **Companies that derive more than 10%** of their revenues from the exploration, extraction, distribution or refining of oil fuels

- **Companies that derive more than 50%** of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.

- **Companies that derive more than 50%** of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh

  These exposures have been identified on a best-effort basis, establishing a series of quantitative and qualitative criteria, including the NACE linked to excluded activities and consulting public information on counterparties. Therefore, CaixaBank's exposure to corporates excluded from the EU-Paris benchmark indices amounts to EUR 10,000 million (7% of the total exposures in loans and advances, debt securities and equity instruments to non-financial companies), mainly the electricity and gas sectors.

3. With regard to the disclosure of financed issues, CaixaBank is taking a progressive approach in line with its commitment within the framework of the NZBA. In this regard, the most relevant sectors have been prioritised in terms of GHG emissions at a global level: the electricity and oil and gas sectors.

The financed issues have been estimated considering the decisions made on the methodologies and designing of metrics to establish the alignment target. For the purposes of this template, financed lending has been assigned the most representative NACE of each prioritised sector.

The calculation was based on carbon footprint information reported by the companies financed, or from sectoral proxies when such data is not available. The allocation of issues financed by CaixaBank is based on the attribution factor defined by PCAF for each type of asset. The financed issues included in the template show the methodological decisions made for setting the alignment metrics and are based on the total granted for the perimeter established for each of the sectors. Details of these decisions are included in the note accompanying template 3, as well as in the 2021 - June 2022 CaixaBank Climate Report. –

Energy efficiency of collateral

Below is information on the energy performance of loans secured by commercial or residential immovable property, as well as the collateral obtained by taking possession, based on their energy efficiency in terms of energy consumption (kWh/m2) and/or their energy efficiency certificates (EPC).

Table 7.51. Template 2: Banking book - transition risk of climate change: Loans secured by immovable property - Energy efficiency of collateral

Amounts in millions of euros.

		Gross carrying amount															
			Energy efficiency level (EP measurement in kWh/m² of collateral)						Energy efficiency level (collateral EPC)							No collateral EPC	
	Sector/subsector		0; <= 10t0	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	In	F	G		Of which estimated level of energy efficiency (EP measurement in kWh/m² of collateral)
1	**Total area of the EU**	177,868	17,835	54,829	54,576	14,448	1,577	1,388	971	1,279	1,945	5,914	19,008	4,070	5,424	139,270	68,81 %
2	Of which loans secured by commercial immovable property	20,404	1,443	2,117	3,084	400	122	135	274	597	602	737	737	204	199	17,068	19,98 %
3	Of which loans secured by residential immovable property	152,669	16,219	50,962	50,214	12,607	1,393	1,162	694	666	1,242	4,919	16,244	3,543	4,622	120,739	76,54 %
4	Of which guarantees obtained by taking possession: residential and commercial immovable property	4,795	173	1,750	1,278	1,442	62	91	3	16	101	259	2,027	322	604	1,463	—
5	Of which estimated level of energy efficiency (PE measurement in kWh/m² of collateral)	113,664	14,328	42,929	43,299	11,493	747	866	—	—	—	—	—	—	—	135,233	100,00 %
6	**Total area outside the EU**	159	—	—	—	—	—	—	—	—	—	—	—	—	—	159	—
7	Of which loans secured by commercial immovable property	159	—	—	—	—	—	—	—	—	—	—	—	—	—	159	—
8	Of which loans secured by residential immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Of which guarantees obtained by taking possession: residential and commercial immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Of which estimated level of energy efficiency (PE measurement in kWh/m² of collateral)	159	—	—	—	159	—	—	0	0	0	0	0	0	0	159	—

Following the EBA/ITS/2022/01 guidelines, in table 7.52. Template 2: Banking book - transition risk of climate change: Loans secured by immovable property - Energy efficiency of collateral; the exposure is broken down by energy efficiency segments according to the specific consumption of the secured property, reporting both the consumption indicated in the energy certificate (EPC) and the consumption estimated by the Entity. As for the exposure by energy certificate, position by energy certificate, only actual energy certificates have been considered.

Energy efficiency certificates were introduced in the EU via Directive 2010/31/EU of the European Parliament and of the Council, of 19 May, on the energy performance of buildings, and in Spain the basic procedure for certifying the energy efficiency of buildings was approved by Royal Decree 235/2013, of 5 April. Given that the energy certification regulations apply in Spain only to certain types of properties and transactions since 2013, the EPC coverage at a national level is still low (approx. 17% for residential properties, based on public data disclosed by IDAE at December 2021).

The EPC provides information on the Energy Consumption and CO2 Emissions of a property, classifying it within a scale. This classification will vary from Class A -lowest less energy consumers- to Class G -highest energy consumers- in terms of consumption, which also applies to emissions. This classification is based on the building's assessment, regardless of its actual use.

With the aim of disposing of the maximum amount of information based on actual EPCs, CaixaBank has compiled massively, with the support of an external provider, information on the stock of immovable property secured as collateral in loans, own property and foreclosed assets. In addition, since 2022, information has been systematically complied on the EPCs in new operations with mortgage guarantee within the process of formalising a mortgage. However, despite the mandatory nature of the certificate, the relevant information is not always accessible to the financial institution.

99.9% of the total gross carrying amount of loans secured by real estate are located in the EU. 85.8% of these are secured with residential immovable property

CaixaBank has used various sources of information and methodologies to obtain the data on energy consumption and energy certificates:

Information based on the actual energy efficiency certificates compiled by the Entity, and

Use of different inference and estimation models developed by the external data provider, based on the available information in each case.

When it comes to estimating the information regarding properties, the energy consumption data that CaixaBank has accounts for 20% of the exposure, while the consumption of the rest of the properties has been estimated.

The EPCs it has accounts for 21% of the exposure.

The largest concentration of properties are among those that consume between 100 and 300 kWh/m2 and are classified as Class E.

Given that the portfolio is highly concentrated in Spain and in the residential segment, its distribution is as expected when compared to the public information available (IDAE).

Alignment metrics

The following table includes information on the alignment metrics with respect to the Paris Agreement for a selection of more carbon-intensive sectors. The pathways to decarbonisation are those established by the International Energy Agency (IEA) for a net zero scenario by 2050 (NZE2050).

Table 7.52. Template 3: Banking book - transition risk of climate change: Alignment metrics

	Sector	NACE sectors (Minimum)	Gross carrying amount of the portfolio (€M)	Alignment metrics[1]	Reference year	Distance from IEA NZE2050 in %[2]	Target (reference year + 3 years)
1	Electricity	3511	14,406	136 kgCO2e/MWh	2,020	0%	
2	Oil & Gas	610, 620, 910, 1920, 3521, 3522, 3523, 4671, 4730	1,728	26.9 Mt CO2e	2,020	23%	
3	Automotive						
4	Aviation						
5	Sea transport						
6	Production of cement, clinker and lime						
7	Production of iron and steel, coke and metal ores						
8	Chemical						
9	... potential additions related to the institution's business model						

[1] The alignment metric is based on the total granted for the loan portfolio in the decarbonisation perimeter; see details in the CaixaBank's 2021 - June 2022 – Climate Report

[2] Distance of PiT to the 2030 NZE2050 scenario in % (for each metric)

For the calculation of decarbonisation targets in both sectors, the IEA Net Zero Scenario (from the International Energy Agency) has been used as a reference.

For the calculation of the Oil & Gas sector's carbon footprint, the following NACEs were considered: 610, 620, 910, 1920, 3521, 3522, 3523, 4671, 4730, 1910 and 4950. The objective has been established using a sub-group of the above-mentioned NACEs based on a materiality analysis in terms of emissions and exposure (excluding 1910 and 4950).

CaixaBank does not consider NACEs 2014 and 4612 within the scope of the calculation, as they are covered by Scope 3 emissions of the other activities, and because it includes the NACE 4950.

The value chain segments within the perimeter of the decarbonisation targets include companies active mainly in the upstream (exploration and extraction) and downstream (mainly engaged in refining, distribution and marketing) and integrated companies (active throughout the value chain), which account for approximately 60% of the total limits granted in CaixaBank's loan portfolio to this sector and approximately 96% of the scope 1, 2 and 3 emissions financed, with transport, storage and trading, which account for around 4% of the financed issues, remaining outside the scope. CaixaBank has set a decarbonisation target through an absolute emissions metric, in line with industry expectations.

For the calculation of the electricity sector's carbon footprint, the following NACEs were considered: 2446, 3511, 3512, 3513, 3514. The objective has been established using a subgroup of the above-mentioned NACEs based on a materiality analysis in terms of emissions and exposure (excluding 2446, 3512, 3513 and 3514).

CaixaBank does not consider NACEs 2712, 251, 3314 and 4321 within the scope of calculation, since it considers that they are not representative of the assessed electricity sector, and it includes NACE 2446, which is representative.

CaixaBank's target for this sector focuses on Scope 1 emissions by generation and integrated companies. Generation is the link in the value chain where decarbonisation actions have the greatest impact on reducing overall emissions in the sector. This perimeter (limit granted) covers 92% of the sector's total portfolio exposure and 99% of its Scope 1 issues. Finally, following the recommendations of the UNEP FI Guidelines for Target Setting, the emissions reduction target has been set using the physical intensity of the portfolio (kgCO_2e/MWh) based on the total granted amount as a metric.

The gross carrying value of the portfolio shown in the table corresponds to the aggregate exposure of the companies within the perimeter, as specified in the previous paragraphs.

CaixaBank has decided to take 2020 as the base year in order to establish rigorous targets based on robust data. The main reason for this decision is that in 2021 there is a significant time lag between the end of the financial year and the availability of data reported by companies, especially data emissions.

As for the distance to the IEA's 2030 target in the electricity sector, it is 0% since CaixaBank's starting point (136 kg CO2e/MWh in 2020) is already lower than the IEA target set by 2030 (156 kg CO2e/MWh in 2030). In the oil and gas sector, CaixaBank has carried out a percentage alignment of 23% with respect to the 2030 target, in line with the IEA.

CaixaBank has not set a target with a 3-year horizon beyond the interim target set for 2030.

Exposure to the 20 most polluting companies

The table below shows aggregate information on the exposure to the 20 most carbon-intensive companies at the global level, including gross carrying amount, relative weight in the portfolio, average maturity and number of counterparties.

Table 7.53. Template 4: Banking book - transition risk of climate change: Exposures to the 20 leading carbon-intensive companies

	Gross carrying amount (aggregate)	Gross carrying amount versus counterparties compared to the total gross carrying amount (aggregate)*	Weighted average maturity	Number of 20 leading polluting companies included
1	555	0.12%	6	5

[1] *For counterparties among the 20 leading carbon emitting companies worldwide*

With regard to the most carbon-intensive companies at the global level, CaixaBank has opted to use the Carbon Majors database from the *Climate Accountability Institute* report.

CaixaBank has exposure in 5 of the 20 companies included in the *Carbon Majors* list, and the gross aggregate amount stands at EUR 555 million, which represents 0.12% of the total gross carrying amount.

Exposures subject to physical risk

The following table shows how the physical risks related to climate change affect the credit exposures of the different geographical areas, broken down between business activities by sector of activity and loans secured with real estate and foreclosed assets.

Table 7.54. Template 5: Banking book - Physical risk of climate change: Exposures subject to physical risk

	Gross carrying amount (million EUR)													
		of which exposures sensitive to the impact of physical events of climate events												
		Breakdown by maturity										Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions		
Variable: Geographical area subject to physical risk due to climate change - acute and chronic events		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity	of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impact of chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing	2,359	1,251	571	49	1	4						(46)	(11)	(30)
B - Mining and quarrying	322	28	3	0	0	2	4	26	0	1	1	(1)	(0)	(1)
C - Manufacturing	20,690	995	180	37	1	3	221	959	33	82	32	(21)	(3)	(15)
D - Electricity, gas, steam and air conditioning supply	11,026	257	25	277	54	11	2	612	—	44	68	(32)	(2)	(30)
E - Water supply; sewage, waste management and remediation activities	1,780	149	31	61	0	6	62	179	—	2	0	(0)	(0)	(0)
F - Construction	7,222	527	112	47	71	6	27	725	6	114	74	(35)	(4)	(29)
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	17,824	531	106	32	0	3	95	567	7	46	30	(15)	(2)	(13)
H - Transport and storage	8,965	72	18	19	0	5	15	92	2	10	22	(22)	(0)	(21)
L - Real estate activities	4,922	89	54	49	0	7	18	174	1	11	8	(6)	(1)	(4)
Loans secured by residential immovable property	152,598	162	532	2,189	3,536	22	2,218	4,062	140	514	173	(69)	(15)	(53)
Loans secured by commercial immovable property	20,398	136	120	226	38	10	188	329	3	71	57	(22)	(3)	(18)
Guarantees recovered	4,790	—	—	—	167	—	76	87	3	—	—	—	—	—
Other relevant sectors (breakdown below where applicable)														

The scope of this table includes the breakdown of exposures to non-financial companies in loans and advances, debt securities and equity instruments, excluding those held for trading, by economic sector of activity.

Following the EBA instructions, for counterparties with non-discriminating NACE (holding type), the assignment of counterparties to NACE is based on the nature of the counterparty's activity.

The template includes a breakdown of physical risk events classified as acute and chronic events, where acute events are understood as those that originate in a short period of time but with serious effects on the affected geographical areas and where chronic events are those that originate during a relatively long period of time and the consequences of which are milder, but longer lasting.

In this template CaixaBank only includes exposures located in Spain and Portugal, as exposures located in other territories are not considered significant, due to representing approximately 13% of the portfolio.

In order to calculate the physical risk associated with climate change, CaixaBank has developed an internal method by means of which it has calculated the probability of occurrence and the degree of impact (severity) of a total of five climatic events. The probability of occurrence is linked to the location of the property or business activity (at the postal code level), while the impact or severity is associated with the climate event and business activity (at the NACE level).

By combining both parameters assigned to each exposure (probability of occurrence and severity), a degree of impact is obtained from each climate event, which allows classifying the exposures into four levels according to said degree of impact.

When defining the exposures that are sensitive to physical events related to climate change, CaixaBank considers exposures with a high level of impact, which represent approximately 5% of the exposure.

Other mitigation measures

The following table includes the exposures that support counterparties in climate change transition and adaptation but do not meet the conditions for inclusion in templates 6 to 9, as they do not fully meet the criteria set out in Regulation (EU) 2020/1818 on Sustainable Environmental Taxonomy (GAR and BTAR, which will begin to be disclosed with 2023 and 2024 year-end data, respectively, according to EBA guidelines).

Table 7.55. Template 10 - Other actions to mitigate climate change that are not covered in the EU taxonomy

Type of financial instrument	Type of counterparty	Gross carrying amount (Millions of euros)	Type of mitigated risk (transition risk from climate change)	Type of mitigated risk (physical risk due to climate change)	Qualitative information on the nature of the mitigation measures
Bonds (e.g. green, sustainable, sustainably-related under standards other than EU standards)	Financial institutions	706	YES		Includes assets eligible for green bonds, according to the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals
	Non-financial institutions	7,998	YES		Includes assets eligible for green bonds, according to the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals
	Of which loans secured by commercial immovable property	885	YES		Includes assets eligible for green bonds, according to the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals
	Households				
	Of which loans secured by residential immovable property				
	Of which loans for renovating buildings				
	Other counterparties	358	YES		Includes assets eligible for green bonds, according to the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals
Loans (e.g. green, sustainable, sustainably-related under standards other than EU standards)	Financial institutions	3	YES		Includes "Green Loans" according to the "Loan Market Association" (not included in other sections) and "Sustainability Linked Loans" according to the "Loan Market Association" with KPIs to mitigate climate change
	Non-financial institutions	3,297	YES		Includes "Green Loans" according to the "Loan Market Association" (not included in other sections) and "Sustainability Linked Loans" according to the "Loan Market Association" with KPIs to mitigate climate change
	Of which loans secured by commercial immovable property				
	Households				
	Of which loans secured by residential immovable property				
	Of which loans for renovating buildings				
	Other counterparties	1	YES		Includes "Green Loans" according to the "Loan Market Association" (not included in other sections) and "Sustainability Linked Loans" according to the "Loan Market Association" with KPIs to mitigate climate change

The template's scope consists of actions and activities aimed at mitigating climate change, disaggregated into two types of financial instruments, bonds and loans. Following the EBA's guidelines in the instructions for disclosure of ESG risks. CaixaBank has chosen a conservative approach to complete the template, including only the following types of assets:

- Eligible asset to issue Green Bonds in accordance with the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals (SDG Framework), aligned with the Green Bond Principles of the International Capital Market Association (ICMA) and that consider activities that contribute to mitigating climate change. As at 31/12/2022, the eligible asset to issue Green Bonds exclusively includes financing of projects or activities that contribute to mitigating climate change in accordance with the technical criteria of the EU Taxonomy, mainly financing renewable energy and energy-efficient projects; however, full compliance with the Do No Significant Harm criteria of the EU Taxonomy cannot be demonstrated.
- Loans reported as Green Loans, based on the Green Loan Principles of the Loan Market Association (LMA), that finance eligible activities aimed at mitigating climate change, but for which compliance with the EU Taxonomy cannot be demonstrated and which do not meet the eligibility conditions for a Green Bond, according to the CaixaBank SDG Framework.
- Sustainability Linked Loans financed under the Sustainability Linked Loan Principles of the LMA and whose key performance indicators (KPI's) are directly related to the objectives of mitigating and/or adapting to climate change (e.g. reduction of absolute CO_2 emissions or reduction of CO_2 intensity metrics).

7.2 Counterparty risk

RWA counterparty risk, default fund and CVA
€2,328M

EAD counterparty risk, default fund and CVA under internal models
15 %

EAD counterparty risk, default fund and CVA
€5,752M

Counterparty risk is the credit risk generated by derivative and security financing transactions. It quantifies the losses derived from the counterparty's potential default before the cash flows are definitively settled.

Counterparty risk includes CVA, credit risk valuation adjustment, and the default fund of central counterparties, default guarantee fund.

The Group assigns internal limits and uses mitigation policies and techniques to reduce its exposure to this risk. In addition, it has an integrated system that allows users to see the amount available with any counterparty, product and term for most exposures in real time.

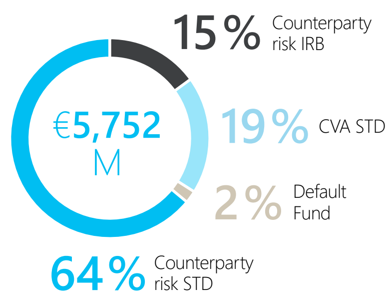
Counterparty risk, default fund (DF) and CVA represent 1.2% RWA of total credit risk. 81% of the counterparty risk capital requirements is assessed by the standardised method, 79% of which corresponds to institutions and 17% to companies.

Annual evolution

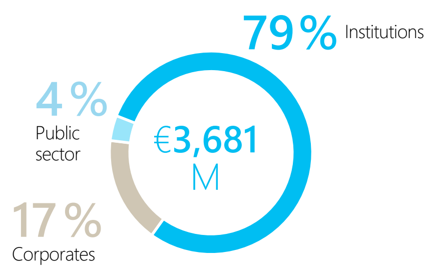
Exposure at default dropped by EUR 1,217 million, down 21% year-on-year, mainly due to the position variation and market price movements. As a result, counterparty risk RWAs declined by EUR 1,227 million, down 42% year-on-year.

In addition, the RWAs for CVA risk have dropped by EUR 91 million year-on-year. The EAD for default fund decreased by EUR 81 million and its related RWAs by EUR 16 million.

EAD counterparty risk, DF and CVA
Distribution by approach, %



EAD counterparty risk (standard)
Distribution by type of exposure, %



7.2.1 Counterparty risk management

Description and general policy

As defined in article 272 of Regulation (EU) 575/2013, counterparty risk is "the risk that the counterparty in an operation could enter into non-payment before the definitive settlement of the cash flows of the operation". Counterparty risk arises in derivative and security financing transactions.

The Group controls and monitors counterparty risk for two purposes. To ensure that the risk generated by transactions of this nature are treated correctly in the general credit risk control and monitoring system; and to control the specific aspects affecting counterparty risk in order to optimise it. In addition, monitoring reports are prepared for senior management and governing bodies, as well as for the supervisor.

The approval of new transactions involving the assumption of counterparty risk in the Group is subject to an internal framework that has been approved by the Global Risk Committee and that enables rapid decision-making, for both financial and other counterparties.

In the case of transactions with financial institutions, the Group has a specific internal framework setting out the methodology used to grant credit facilities. The maximum permissible credit risk exposure to an institution is determined primarily on the basis of the institutions' ratings and analysis of their financial statements. This framework also includes the model for setting limits and calculating risk consumption for Central Counterparties (CCPs).

In operations with all other counterparties, including retail customers, the approval of derivative transactions linked to a loan application (hedging of interest rate risk on loans) is carried out together with the approval of the loan transaction. All other transactions subject to counterparty risk do not require explicit approval, provided the amount consumed does not exceed the risk limit assigned to said counterparty. If this is not the case, an individualised study will be requested. Approval of transactions corresponds to the risk areas responsible for the analysis and approval of the credit risk.

The granting of pre-approved risk limits for counterparties means the amount available for contracting new transactions is always known.

The definition of limits for counterparty risk is complemented by internal concentration limits, mainly for country and large exposure risks.

Structure and organisation of the risk management function

Below are **the CaixaBank areas with direct responsibilities for the quantification, monitoring and control of counterparty risk.**

First line of defence

- **Corporate and International Banking Division and Financial Management Division:** areas where counterparty risk originates. These are the main centres dealing with derivatives, repurchase agreements, securities lending and long settlement transactions.
- **Country, Banks and Institutions Risk Department:** this is part of the Business Lending Office. It is the unit responsible for the risks undertaken by CaixaBank with financial institutions, regardless of the type of transaction and the business activity that generates them. The main functions assigned to this department in relation to counterparty risk are as follows:
  - Analysing and monitoring counterparties and risks.
  - Controlling the use of limits, and authorising breaches and exceptions to the internal framework.
- **Other centres reporting to the Business Lending Office and centres reporting to the Retail Lending Office:** these are responsible for approving risks with non-financial institutions (corporates and individuals, respectively) undertaken by CaixaBank, regardless of the type of transaction and the business activity that generates the risks. Accordingly, this includes transactions that generate counterparty risk.
- **Treasury Operational Services Department:** integrated into the Operations Department (Resources). This unit is responsible for day-to-day operational management of bilateral collateral contracts for derivative instruments, repos and securities lending, as well as collateral contracts with central counterparties (for both OTC and organised market trades). Its main functions include:

- Generating margin calls or additional margin calls to counterparties, caused by a change in the scope of collateralised transactions or a change in their market value.
- Reconciling encumbered positions and managing discrepancies.
- Monitoring settlements and the accounting entries associated with the management of such contracts.

- **Legal Advisory Division:** responsible for preparing framework agreements between CaixaBank and counterparties.

Second line of defence

- **Department of Market and Structural Risks:** part of the Corporate Risk Management Function & Planning Division. Its main counterparty risk functions are:
  - Defining and implementing calculation methodologies for estimating the equivalent credit exposure.
  - Daily valuation of OTC derivative collateral agreements, repos and securities lending.
  - Monitoring of limits and exposures.
  - Calculating the minimum capital requirements for counterparty risk, CVA and Default Fund, and preparing regular reports for the supervisor.
  - Preparing regular information on counterparty risk for internal bodies.

Third line of defence

- **Internal Audit:** its functions as the third line of defence are set out in section 3.1.2 of this document.

Measurement and information systems for management of counterparty risk

Counterparty risk relating to **derivative transactions** is quantitatively associated with the related market risk. The amount owed by the counterparty must be calculated by reference to the market value of the contracts and their related potential value (possible changes in their future value under extreme market price conditions, based on known historical patterns).

The equivalent credit exposure for derivatives is understood as the maximum potential loss over the life of a transaction that the bank might incur should the counterparty default at any time in the future. This is calculated using Montecarlo simulation with portfolio effect and netting of positions, as applicable, at a 95% confidence interval, based on stochastic models incorporating the volatility of the underlying and all the characteristics of the transactions.

The Group's counterparty risk exposure for **repos and securities** lending is calculated as the difference between the market value of the securities/cash granted to the counterparty and the market value of the securities/cash received as collateral, considering the applicable volatility adjustments in each case.

The calculation of exposure of derivatives and securities financing transactions takes into account the mitigating effect of collateral received under the Master Collateral Agreements (see section "Hedging policies and mitigation techniques for counterparty risk").

In general, the methodology for calculating counterparty risk exposure described above is applied during the acceptance of new operations and in recurrent calculations on subsequent days.

Counterparty risk in the Group for **financial counterparties** is controlled through an integrated system that provides real-time data on the available exposure limit for any counterparty, product and maturity. For the **remaining counterparties,** counterparty risk is controlled through corporate applications, which contain both the limits of the lines of derivatives risk (if any) and credit exposure of derivatives and repos.

Hedging policies and mitigation techniques for counterparty risk

The main risk mitigation policies and techniques employed for counterparty risk with financial institutions involve:

1. ISDA/CMOF contracts. Standardised contracts for global derivative transactions with a counterparty. These explicitly provide for the possibility of offsetting the flows of outstanding collections and payments between the parties for all derivatives trading hedged by the contracts.

2. CSA Annex (ISDA) / Annex III (CMOF). Agreements whereby each of the parties undertakes to provide collateral (usually a cash deposit) as security for the net counterparty risk position arising from the derivatives traded between them. In calculating the guarantee to be exchanged, the netting clauses included in the ISDA or CMOF contracts are taken into account.

3. GMRA/CME/GMSLA contracts. Agreements whereby the parties undertake to deliver collateral to each other for the net counterparty risk exposure arising from repos or securities lending, calculated as the difference between the sum accrued by simultaneous buying and selling of securities and the market value of these.

4. Break-up clauses. Derivative contract clauses provide for early termination of the agreement by one of the parties of its own free will, at a certain point in a transaction. This mitigates counterparty risk due to having the option of reducing the effective duration of the transactions subject to the clause.

5. Delivery-versus-payment in securities settlement systems. Systems that eliminate settlement risk with a counterparty, since clearing and settlement occur simultaneously and in an inseparable way. One major system is the Continuous Linked Settlement (CLS) system for delivery against payment in the case of simultaneous collection and payment flows in different currencies.

6. Central Counterparties (CCPs). The use of CCPs in derivatives and securities financing transactions can mitigate the associated counterparty risk, as these entities act as intermediaries on their own account between the two parties to the transaction, thus absorbing the counterparty risk.

EMIR and its amendment by the EMIR-Refit Regulation establish a series of obligations for all investors who trade derivatives contracts. Particularly noteworthy is the mandatory use of a Central Counterparty when trading certain derivatives contracts and that all derivatives contracts executed shall be reported to authorised trade repositories or to those recognised by ESMA.

For non-financial counterparties, the mitigation techniques for counterparty risk involve: ISDA/CMOF contracts, CSA /CMOF Annex III and occasionally break-up clauses, pledges of financial guarantees and guarantees issued by counterparties with higher credit quality than the original counterparty in the transaction.

Methodology for the allocation of capital

The calculation of regulatory exposure has a specific treatment in positions subject to counterparty risk. The Group employs the SA-CCR (standardized approach for counterparty credit risk) method to calculate the regulatory exposure of derivatives and the financial collateral comprehensive method for financing securities transactions.

The allocation of capital requirements for counterparty risk is carried out in conjunction with credit risk. The only exception is the calculation of capital requirements for CCR exposures, which have a specific calculation, as detailed in Regulation (EU) 575/2013.

Analysis and policies regarding exposure to wrong way risk

The acceptance and monitoring processes for counterparty risk enable the identification of cases in which the Group is exposed to wrong way risk. This risk can be of two different types: i) general wrong way risk. This occurs when there is a positive correlation between the probability of default of the counterparty and the general market risk factors; ii) specific wrong way risk. This results when, due to the nature of the transactions entered into with a counterparty, there is a positive correlation between the future exposure of these transactions and the probability of default of the counterparty. This circumstance is set out in the internal counterparty risk framework described above and it is handled accordingly within the acceptance and monitoring processes. The very specific cases in which such risk is incurred are identified and, for the transactions affected, sufficiently conservative metrics are used to estimate credit exposure, both at the time the transaction is contracted and throughout its life.

Effectiveness of collateral

As mentioned previously, the Group has signed collateral agreements, mainly with financial institutions, in order to guarantee operations that are subject to counterparty risk. On a daily basis, in most cases, risk quantification is performed by valuing all outstanding transactions subject to the master collateral agreement at market prices and comparing this amount with the actual collateral received/delivered. This involves the modification, if applicable, of the collateral to be delivered by the debtor.

In the hypothetical case of a downgrade of the Group's rating, the impact on collateral would not be significant because most collateral contracts do not provide for franchises related to the Group's external credit rating. Considering that most contracts with financial institutions have a zero threshold[1], and that in those where there is a rating-linked scale the value of the portfolio does not usually exceed the threshold amount, a rating downgrade would, in the worst case, represent a non-material cash outflow. The CSA contracts signed by the subsidiary, BPI, include such surcharges which, in the event of a rating downgrade of two notches, would require an increase in collateral of EUR 2.1 million.

7.2.2. Minimum capital requirements for counterparty risk, default fund and CVA

This section provides details on exposures and RWAs for counterparty, default fund and CVA risk exposure. This enables the alignment of this information with that disclosed to the EBA in the COREP statements.

The default fund of Central Counterparties (CCP) is a mechanism that allows the distribution of losses among CCP clearing members. It is used in the event that losses incurred by the CCP as a result of the default of one or more clearing members are greater than the collateral and default fund contributions paid by that member and any other resource that the CCP could draw on before using the fund contributions of the remaining members. This means that the risk of loss associated with exposures resulting from default fund contributions may be higher than that associated with the transactions entered into. Therefore, in accordance with the provisions of article 307 of Regulation (EU) 575/2013, exposures of this type must be subject to higher own fund requirements.

The CVA or credit value adjustment is the adjustment made to the value of a derivative to offset the counterparty risk assumed, i.e. the market value of the counterparty risk assumed in a derivative. This adjustment reflects the current market value of the counterparty's credit risk vis-à-vis the counterparty. At CaixaBank, the calculation of CVA risk capital requirements is performed per counterparty and is based on the standardised approach, as set out in article 384 of Regulation (EU) 575/2013.

Exposure at default (EAD) dropped by EUR 1,217 million, down -21% year-on-year, mainly due to the position variation and market price movements. As a result, counterparty risk RWAs declined by EUR 1,227 million, down -42% year-on-year.

[1] The amount from which collateral has to be delivered to the counterparty.

In addition, the RWAs for CVA risk have dropped by EUR 91 million year-on-year. The EAD for default fund risk decreased by EUR 81 million and its related RWAs by EUR 16 million.

Table 7.56. Risk-weighted assets for counterparty, default fund and CVA risk exposure

Amounts in millions of euros

Approach applied	RWA
Standardised approach	1,802
of which counterparty	1,163
of which credit value adjustment (CVA)	620
of which default fund (DF)	20
IRB approach	526
Total CaixaBank Group	**2,328**

The counterparty risk exposure (excluding CVA and default fund) by method of calculating regulatory capital and the main parameters for each method are presented below.

7.57. EU CCR1 - Analysis of CCR exposure by approach

Amounts in millions of euros	Replacement cost	Potential future exposure (PFE)	Effective PFE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	696	1,193		1.4	14,927	2,645	2,601	1,349
IMM (for derivatives and SFTs)			-	-	-	-	-	-
Of which: securities financing transactions netting sets			-		-	-	-	-
Of which: derivatives and long settlement transactions netting sets			-		-	-	-	-
Of which: from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for securities financing transactions)					-	-	-	-
Financial collateral comprehensive method (for securities financing transactions)					20,440	1,576	1,576	318
VaR for securities financing transactions					-	-	-	-
Total					**35,367**	**4,222**	**4,178**	**1,667**

CaixaBank Group calculates the EAD of derivatives according to the SA-CCR method and the EAD of financing securities transactions using the financial collateral comprehensive method. Under no circumstances is the IMM (Internal Model Method) applied. Therefore, table EU CCR7, specific to internal counterparty risk models, is not included in this document.

7.2.3 Quantitative aspects

The following tables display counterparty risk EAD and RWAs, under the standardised approach for different degrees of risk weighting.

Table 7.58. Standardised approach - CCR exposures by portfolio

Amounts in millions of euros	EAD	RWA	RWA density
Central administrations or central banks	24	—	0.00%
Regional governments or local authorities	11	0	0.03%
Public sector entities	111	15	13.15%
Multilateral Development Banks	—	—	0.00%
International organisations	—	—	0.00%
Institutions	2,902	537	18.50%
Corporates	621	596	95.91%
Retail exposures	2	1	63.55%
Exposures to institutions and corporates with a short-term credit assessment	—	—	0.00%
Other items	9	14	150.00%
Total, Standardised Approach	**3,681**	**1,163**	**31.59%**

Standardised approach - CCR exposures by portfolio

2021

Amounts in millions of euros	EAD	RWA	RWA density
Central administrations or central banks	66	—	0.00%
Regional governments or local authorities	232	0	0.01%
Public sector entities	137	68	49.85%
Multilateral Development Banks	—	—	0.00%
International organisations	—	—	0.00%
Institutions	2,473	476	19.25%
Corporates	1,877	1,615	86.06%
Retail exposures	4	3	65.35%
Exposures to institutions and corporates with a short-term credit assessment	—	—	0.00%
Other items	81	122	150.00%
Total, Standardised Approach	**4,870**	**2,284**	**46.90%**

CaixaBank

Table 7.59. EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (EAD)

Amounts in millions of euros	Risk weighting											
Exposure class	**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Other**	**Total**
Central administrations or central banks	24	—	—	—	—	—	—	—	—	—	—	24
Regional governments or local authorities	11	—	—	—	0	—	—	—	—	—	—	11
Public sector entities	82	—	—	—	—	29	—	—	—	—	—	111
Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—
International organisations	—	—	—	—	—	—	—	—	—	—	—	—
Institutions	—	197	92	—	2,590	23	—	—	—	—	—	2,902
Corporates	—	—	—	—	—	—	—	—	621	—	—	621
Retail exposures	—	—	—	—	—	—	—	2	—	—	—	2
Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	9	—	9
Total	**116**	**197**	**92**	**—**	**2,590**	**52**	**—**	**2**	**621**	**9**	**—**	**3,681**

Only includes counterparty risk.

The following tables show detailed information by portfolio on counterparty risk exposures subject to the calculation of RWAs under the IRB approach.

Table 7.60. IRB: counterparty risk exposures by portfolio

Amounts in millions of euros	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount	Expected Loss	Value adjustments and provisions
Central administrations or central banks (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Central administrations or central banks (A-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Institutions (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Institutions (A-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Corporates (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Corporates (A-IRB)	836	2.00%	1,928	40.90%	2	521	62.30%	6	0
Retail (A-IRB)	25	1.10%	1,386	49.70%	0	6	23.10%	0	0
Total	**861**	**2.00%**	**3,314**	**41.20%**	**2**	**526**	**61.14%**	**6**	**0**

Only includes counterparty risk.

IRB: counterparty risk exposures by portfolio

2021

Amounts in millions of euros	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk-weighted exposure	Expected Loss	Value adjustments and provisions
Central administrations or central banks (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Central administrations or central banks (A-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Institutions (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Institutions (A-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Corporates (F-IRB)	0	0.00%	0	0.00%	0	0	0.00%	0	0
Corporates (A-IRB)	860	2.80%	1,922	41.90%	3	626	72.70%	10	0
Retail (A-IRB)	27	4.40%	1,491	47.30%	2	6	23.14%	1	0
Total	**888**	**2.80%**	**3,413**	**42.10%**	**3**	**632**	**71.17%**	**11**	**0**

Only includes counterparty risk.

Table 7.61. EU CCR4 - IRB approach - CCR exposures by portfolio and PD scale

Amounts in millions of euros	PD scale	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Central administrations or central banks (F-IRB)								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	0	0.00%	0	0.00%	0	0	0.00%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.00%	0	0.00%	0	0	0.00%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	0	0.00%	0	0.00%	0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Sub-total	**0**	**0.00%**	**0**	**0.00%**	**0**	**0**	**0.00%**
Central administrations or central banks (A-IRB)								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	0	0.00%	0	0.00%	0	0	0.00%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.00%	0	0.00%	0	0	0.00%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	0	0.00%	0	0.00%	0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Sub-total	**0**	**0.00%**	**0**	**0.00%**	**0**	**0**	**0.00%**

Amounts in millions of euros	PD scale	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Institutions (F-IRB)								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	0	0.00%	0	0.00%	0	0	0.00%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.00%	0	0.00%	0	0	0.00%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	0	0.00%	0	0.00%	0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Sub-total	**0**	**0.00%**	**0**	**0.00%**	**0**	**0**	**0.00%**
Institutions (A-IRB)								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	0	0.00%	0	0.00%	0	0	0.00%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.00%	0	0.00%	0	0	0.00%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	0	0.00%	0	0.00%	0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Sub-total	**0**	**0.00%**	**0**	**0.00%**	**0**	**0**	**0.00%**

Amounts in millions of euros	PD scale	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporates (F-IRB)								
	0.00 to <0.15	0	0.00%	0	0.00%	0	0	0.00%
	0.15 to <0.25	0	0.00%	0	0.00%	0	0	0.00%
	0.25 to <0.50	0	0.00%	0	0.00%	0	0	0.00%
	0.50 to <0.75	0	0.00%	0	0.00%	0	0	0.00%
	0.75 to <2.50	0	0.00%	0	0.00%	0	0	0.00%
	2.50 to <10.00	0	0.00%	0	0.00%	0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0	0	0.00%
	Sub-total	0	0.00%	0	0.00%	0	0	0.00%
Corporates (A-IRB)								
	0.00 to <0.15	87	0.10%	243	33.81%	1	17	19.64%
	0.15 to <0.25	219	0.20%	102	44.18%	2	85	38.95%
	0.25 to <0.50	240	0.30%	518	41.01%	3	121	50.16%
	0.50 to <0.75	68	0.60%	316	34.66%	2	34	49.80%
	0.75 to <2.50	100	1.38%	438	40.66%	2	81	80.74%
	2.50 to <10.00	92	4.86%	158	44.36%	1	127	138.73%
	10.00 to <100.00	26	19.05%	84	43.31%	2	55	215.99%
	100.00 (Default)	4	100.00%	69	24.63%	3	1	14.68%
	Sub-total	836	2.00%	1,928	40.90%	2	521	62.30%

Amounts in millions of euros	PD scale	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Retail (A-IRB)								
	0.00 to <0.15	7	0.10%	274	52.83%		1	10.48%
	0.15 to <0.25	3	0.15%	136	49.11%		0	13.41%
	0.25 to <0.50	7	0.30%	305	47.47%		1	20.50%
	0.50 to <0.75	3	0.60%	127	50.16%		1	32.13%
	0.75 to <2.50	4	1.36%	398	47.65%		2	43.27%
	2.50 to <10.00	1	4.57%	100	48.89%		0	58.16%
	10.00 to <100.00	0	14.87%	17	47.49%		0	72.87%
	100.00 (Default)	0	100.00%	29	46.39%		0	16.95%
	Sub-total	**25**	**1.10%**	**1,386**	**49.70%**		**6**	**23.10%**
TOTAL		**861**	**2.00%**	**3,314**	**41.20%**	**2**	**526**	**61.15%**

The following table shows the effect of netting agreements and guarantees on counterparty risk exposure in derivative contracts at 31 December 2022.

Table 7.62. EU CCR5 - Composition of collateral for CCR exposures

Amounts in millions of euros

	Collateral used in derivatives				Collateral used in SFTs			
	Fair value of posted collateral		Fair value of posted collateral		Fair value of posted collateral		Fair value of posted collateral	
Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash - domestic currency	—	2,238	—	10,389	—	176	—	363
Cash - other currencies	—	537	—	40	—	—	—	—
Domestic sovereign debt	7	7,249	186	59	—	9,491	825	10,660
Other sovereign debt	62	103	584	—	185	3,353	394	2,594
Government agency debt	—	—	—	—	—	—	—	—
Corporate bonds	—	—	749	—	—	3,169	121	4,248
Equity securities	—	62	—	—	—	—	—	—
Other collateral	—	—	—	—	—	—	3,022	—
Total	**69**	**10,189**	**1,519**	**10,487**	**185**	**16,190**	**4,362**	**17,865**

The following table shows CaixaBank Group's exposure with Central Counterparties (CCPs), detailing the types of exposure and the corresponding minimum capital requirements.

Table 7.63. EU CCR8 - Exposures to CCPs

Amounts in millions of euros	Exposure value	RWEA
Exposures to qualified CCPs (QCCPs) (total)		**42**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	342	18
i) OTC derivatives	278	11
ii) exchange-traded derivatives	37	7
iii) SFTs	27	1
iv) netting sets where cross-product netting has been approved	—	—
Segregated initial margin	—	
Non-segregated initial margin	22	4
Prefunded default fund contributions	125	20
Unfunded default fund contributions	—	—
Exposures to non-QCCPs (total)		**—**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	**—**	**—**
i) OTC derivatives	—	—
ii) exchange-traded derivatives	—	—
iii) SFTs	—	—
iv) netting sets where cross-product netting has been approved	—	—
Segregated initial margin	—	
Non-segregated initial margin	—	—
Prefunded default fund contributions	—	—
Unfunded default fund contributions	—	—

The regulatory exposure of transactions with Central Counterparties (CCPs) is calculated in accordance with section 9, chapter 6 of part three of Regulation (EU) 575/2013.

Pursuant to article 306 of Regulation (EU) 575/2013, assets furnished as guarantees to a CCP and that are immune to bankruptcy in the event that the CCP is declared insolvent represent zero regulatory exposure. Therefore, regulatory exposure on the "Segregated Initial Margin category" is null.

The entry into force for CaixaBank of the initial margin exchange obligation in accordance with Regulation (EU) 2016/2251 took effect on 1 September 2021. CaixaBank applies the Standard Initial Margin Model (ISDA SIMM). The ISDA SIMM is a parametric Value at Risk (VaR) model based on delta and vega sensitivities (also known as the "Greeks") and calibrated to market data in historical stress periods. The model is consistent with Regulation (EU) 2015/2251 to calculate the initial margin with a degree of confidence of 99% and 10-day Margin Period of Risk (MPOR).

On 24 November 2021, the CNMV approved the exemption of Caixabank, S.A. from its collateral exchange obligations in relation to its contracts with Banco BPI S.A.

The following table details the amount of RWA for credit valuation adjustment (CVA) risk. As previously mentioned, CaixaBank calculates this amount for all derivatives subject to this requirement under the standardised approach.

Table 7.64. EU CCR2 - Transactions subject to capital requirements for CVA risk

Amounts in millions of euros	Exposure value	RWEA
1 Total transactions subject to the advanced method	—	—
2 i) VaR component (including the 3× multiplier)		—
3 ii) SVaR component (including the 3× multiplier)		—
4 Transactions subject to the standardised method	1,085	620
EU-4 Transactions subject to the alternative approach (based on the original exposure method)	—	—
5 Total transactions subject to own funds requirements for CVA risk	1,085	620

The following table, EU CCR6, shows that there is no outstanding exposure to credit derivatives at year-end 2022.

Table 7.65. EU CCR6 - Credit derivatives exposures

Amounts in millions of euros	Protection bought	Protection sold
Nominal amount		
Single-name credit default swaps (CDS)	—	—
Index credit default swaps (CDS)	—	—
Total return swaps (TRS)	—	—
Credit options	—	—
Other credit derivatives	—	—
Total nominal value	**0**	**0**
Fair value	—	**0**
Positive fair value (asset)	—	—
Negative fair value (liability)	—	—

As of 31 December 2022, CaixaBank Group had not contracted any internal hedging for credit risk in the banking book through the purchase of protection involving credit derivatives, and it was also not involved in any intermediation activity for credit derivatives.

7.3 Securitisations

Securitisation risk RWA
€302.8M

Securitisation risk EAD (before deductions)
€2,149M

EAD under internal models
95%

> Credit risk in securitisations quantifies the losses of principal and interest of issuances in which CaixaBank Group has an investment, derived from the potential breach of financial obligations by the borrowers of underlying securitised assets.

CaixaBank Group is not an active investor in the securitisations market. It is mainly involved in securitisation operations as the originator entity, in order to obtain liquidity and manage capital requirements, with investments in third-party securitisations being a minor risk.

Securitisation risk represents 0.2% of total credit risk RWA.

As an originator, CaixaBank transforms pools of homogeneous loans and credits from its portfolio into fixed-income securities through the transfer of such assets to traditional securitisation funds. It generally retains all of these securities.

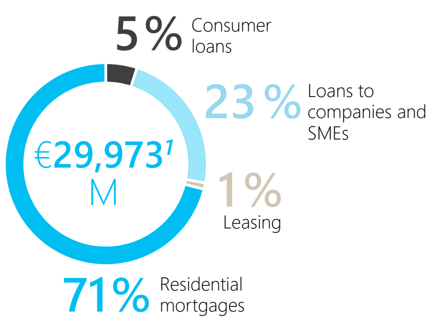
In addition, in relation to capital management, CaixaBank Group has three synthetic securitisations of its own with a significant transfer of risk, with a total current securitised balance of EUR 2,147 million at the end of 2022.

Annual evolution

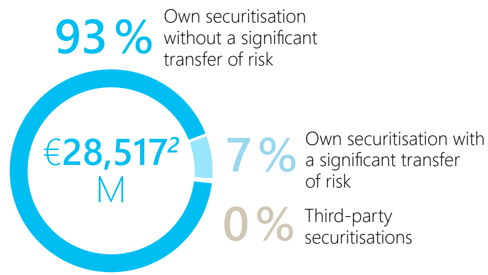
In 2022, CaixaBank Group generated a synthetic securitisation, for an initial securitised balance of EUR 1,500 million, under the name "Gaudí IV", which meets the STS (Simple, Transparent and Standardized) criteria established in Regulation (EU) 2021/557.

The regulatory exposure subject to capital requirements before deductions, corresponding to positions held in own securitisations with significant transfer of risk and positions in third-party securitisations, increased by EUR 385 million compared to the previous year (+21.8%), whereas RWAs reduced by EUR 120 million (-28%). This increase of EAD is mainly due to the generation of Gaudí IV, which is partially offset by the recurring amortisation of the Gaudí II and Gaudí III synthetic securitisations. Furthermore, the increase in RWAs of Gaudí IV, which meets STS criteria, is lower than the reduction in RWAs resulting from the recurring amortisation of the rest of synthetic securitisations with higher risk weightings due to not meeting STS criteria.

Securitised loan portfolio
Distribution by type of exposure, %



Securitisation exposure
Distribution by existence of significant transfer of risk and origin of the risk, %



[1] *Total securitised underlying assets.*
[2] *Total positions held in securitisations, in the securitisation tranches.*

7.3.1. Qualitative aspects

Description and general policy

CaixaBank Group treats securitisation transactions as set forth in Regulation (EU) 2021/557 and Regulation (EU) 2021/558.

Regulation (EU) 2021/557 of the European Parliament and of the Council of 31 March 2021 amends Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised (STS) securitisation to help the recovery from the COVID-19 crisis.

Regulation (EU) 2021/558 of the European Parliament and of the Council of 31 March 2021 amends Regulation (EU) No 575/2013 with respect to adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis.

According to both Regulations, the following definitions are established:

- **Securitisation:** a transaction or scheme through which the credit risk associated with an exposure or pool of exposures is split into different tranches. It features the following two characteristics:
  - Payments are dependent upon the performance of the exposure or pool of exposures.
  - The subordination of tranches determines the distribution of losses during the ongoing life.
- **Simple, transparent and standardised (STS) securitisation:** securitisation that meets the requirements of Article 18 of Regulation (EU) 2017/2402. STS securitisations are simple and transparent securitisation products that are standardised and sufficiently supervised. In June 2022, CaixaBank issued the synthetic securitisation Gaudí IV, the Entity's first STS securitisation.
- **Securitisation position:** an exposure to a securitisation.
- **Tranche:** contractually established segment of the credit risk associated with an exposure or a pool of exposures. A position in the segment entails a risk of credit loss greater than or less than a position of the same amount in another segment, without taking into account the credit protection provided by third parties directly to the holders of positions in the segment or in other segments.
- **First loss or equity tranche:** the most subordinated tranche in a securitisation. It is the first tranche to bear losses incurred on the securitised exposures. Therefore, it provides protection to the second loss and, where relevant, higher ranking tranches.
- **Intermediate risk or mezzanine tranche:** the tranche that is subordinated to the senior tranche and more senior than the first loss tranche. It is subject to a risk weight of less than 1.250% and above 25%, according to the weighting obtained by one of the methods for calculating securitisation risk weights in Regulation (EU) 2021/558.
- **Prefered or senior tranche:** a position backed or secured by a first priority claim on all underlying exposures, omitting amounts due under interest rate or currency derivative contracts, fees due, or other similar payments, as well as any difference in the maturity as regards one or various senior tranches with which this position enables the allocation of losses on a pro-rata basis.
- **Traditional securitisation:** a securitisation involving the economic transfer of the exposures being securitised. This is accomplished through the transfer of ownership of the securitised exposures from the originator institution to an SSPE (securitisation special purpose entity) or through sub-participation by an SSPE. The securities issued do not represent payment obligations of the originator institution.
- **Synthetic securitisation:** a securitisation where the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originator institution.
- **Re-securitisations:** securitisation where at least one of the underlying exposures is a securitisation position.
- **Originator:** an institution that:
  - Itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised.
  - Purchases a third party's exposures on its own account and then securitises them.
- **Sponsor:** a credit institution, other than an originator, that:
  - Establishes and manages an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities.
  - Establishes an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities and delegates the day-to-day active portfolio management involved in

that securitisation to an entity authorised to perform such activity in accordance with Directive 2009/65/EC, Directive 2011/61/EU or Directive 2014/65/EU.

The objectives of securitisation

Asset securitisation facilitates effective balance sheet management, as it fosters:

- **Acquisition of liquidity:** securitisations mobilise the balance sheet, transforming non-liquid assets into liquid assets through the use of asset-backed securities, including their use as collateral to be discounted by the ECB.
- **Diversification of sources of funding:** another benefit of the securitisation activity is the diversification of the Group's funding sources, both in terms of maturity and product through the sale of asset-backed securities in wholesale markets.
- **Management and diversification of credit risk:** selling securitised bonds to the market can reduce exposure to the credit risk that arises in the normal course of business activity.
- **Optimisation of capital structure:** securitisation transactions that transfer a significant portion of their risk also make it possible to optimise the structure and management of capital.

In STS securitisations the objectives of the issuance coincide with those set beforehand.

The nature of the risks inherent to the securitisation business

Securitisations offer a number of advantages for liquidity and risk management. However, both STS and non-STS securitisations also entail risks, which are basically assumed by the originator or the investor.

- **Credit risk:** the risk that the borrower will fail to meet their contractual obligations in due time or form, resulting in impairment to the underlying asset backing the originated securitisation positions and a change in the amortisation profile of the asset-backed securities issued. This is the main risk transferred to investors through the instruments issued in the securitisation.
- **Pre-payment risk:** the risk of early repayment, in part or in full, of the underlying assets of the securitisation, earlier than the terms of their respective contracts. This means that the actual amortisation profile of the securitisation positions is different from that initially envisaged.
- **Basis risk:** risk of the interest rates or maturities of securitised assets not matching those of the securitisation positions. This risk is usually covered through interest rate swaps.
- **Liquidity risk:** there are a number of ways of understanding this risk:
  - **From the originator's perspective:** this is reduced by the securitisation process, which transforms assets that are intrinsically illiquid into debt securities that can be traded in organised financial markets.
  - **From the investor's perspective:** there is no guarantee that there will be sufficient trading volumes or frequency for the bonds in the market to enable it to unwind its position at a particular time.

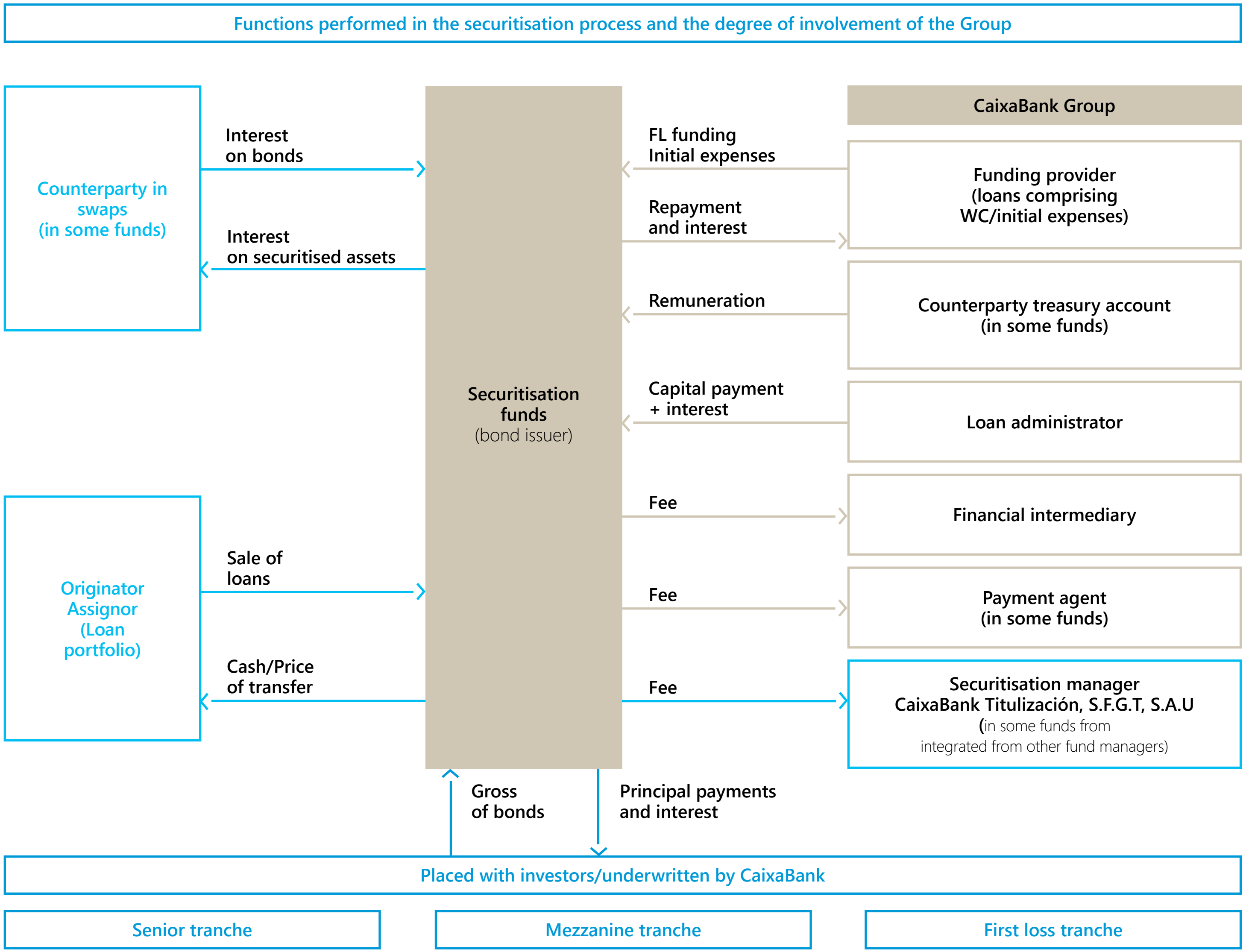
Risk in the ranking of securitisation positions

Securitisation bonds are issued with a defined payment ranking for the underlying securitisation positions. The funds in which CaixaBank Group is involved are usually structured into a number of tranches, each of which has their own credit rating.

The first set of tranches are called "senior" tranches. This comprises the bonds of the highest credit quality and, therefore, with the highest credit rating. These are followed by mezzanine tranches, which are subordinate to the senior tranches. At the base of the structure we find the tranches of the lowest credit quality, which are known as equity; in some cases, these are subordinated loans that CaixaBank Group has granted to the fund, while in others they are a series of bonds. The first loss tranches meet the first percentage of losses on the securitised portfolio.

Functions performed by CaixaBank Group in traditional securitisations

The main functions performed by the Group in the securitisations carried out are as follows:



Originator: CaixaBank Group participates in various securitisation funds to which, either individually or, occasionally, jointly with other entities, it assigns some of its residential mortgage loans, loans to small and medium-sized enterprises (SMEs), loans to large corporates, credit rights from leasing contracts and consumer loans for individuals.

Administrator of securitised portfolios: CaixaBank Group acts as the administrator of the securitised assets, managing collections of repayments and interest, carrying out monitoring and undertaking recovery actions for impaired assets.

Funding provider: CaixaBank also acts as the supplier of finance for securitisation funds in relation to subordinated loans for the purposes of establishing reserve funds, as well as supplying loans to finance the initial costs these vehicles incur.

Provider of treasury account: CaixaBank operates the treasury account for some securitisation funds.

Payment agent: CaixaBank acts as the payment agent for some securitisation funds. In the majority of the BPI securitisation funds, the payment agent is a third party.

Underwriter for bond issues: CaixaBank Group acts as the underwriter for some securitisation funds. Primarily, the role of underwriter or investor corresponds to those transactions originated to create collateral that are retained. To a lesser extent, in transactions that have been placed on the market, the institution sometimes underwrites the more subordinated tranches of the fund.

Counterparty in swaps: CaixaBank Group acts as a counterparty in financial swaps set up in securitisation funds to reduce the interest rate risk in such structures.

Securitisation fund management: the company Sociedad CaixaBank Titulización S.G.F.T., S.A.U., a CaixaBank Group company, acts as CaixaBank's securitisation fund manager. For securitisations originated by BPI and outstanding at year-end 2022, the manager is "Equitis Gestion SAS".

CaixaBank Group also acts as an investor of securitisation transactions that have been originated by other institutions.

There are many areas involved in the securitisation process, most notably the Finance Department and the Corporate Risk Management, Function and Planning Department. The structure of lines of defence established for each risk managed in the securitisation is maintained.

The following table enables the degree of involvement in each function to be quantified, as it shows the securitisation exposures in which CaixaBank Group acts as originator or investor.

Table 7.66. Securitisation exposure by type of function

Amounts in millions of euros

Type of exposure	2022	2021
Securitisation positions in which the Group acts as originator	28,421	35,230
Securitisation positions in which the Group acts as investor	96	142

The table above shows all securitisation exposures, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates the application of impairment losses. In addition, consistent with the indications of the EBA mapping document for SEC1, in the case of securitisations without risk transfer and with retention type A and D (COREP C14.00 - column 61=N and column 80=A/D), the retained position is estimated as securitised exposures multiplied by the retention percentage.

CaixaBank

Functions performed by CaixaBank Group in synthetic securitisations.

The main differential functions performed in the field of synthetic securitisation have been as follows:

- **Protection purchaser:** CaixaBank Group acts as a purchaser of protection against the credit risk passed on to investors.
- **Monitoring agent and credit event controller:** CaixaBank acts as the holder of the securitised assets, managing co-llections of repayments and interest, and monitoring and undertaking recovery actions for assets in a credit event.
- **Calculation agent:** function carried out by the Group company, Sociedad Caixa-Bank Titulización S.G.F.T., S.A.U.

Other considerations

CaixaBank Group's main activity with regard to se-curitisations is as an originator/assignor.

In traditional securitisation funds, the Group trans-forms homogenous parts of its loan and credit portfolio into fixed income securities by transfe-rring assets to traditional securitisation funds. It generally retains all such instruments. However, exceptionally, there are some merger issues in which not all of the assets issued by the fund are retained. In addition, in order to improve the credit quality of the fund, in some cases the institution also takes positions in subor-dinated loans, liquidity facilities or derivatives with these funds.

The securitisation funds originated by CaixaBank Group are listed below:

CaixaBank RMBS 1, Fondo de Titulización	Madrid Residencial II Fondo de Titulización de Activos
CaixaBank RMBS 2, Fondo de Titulización	Madrid RMBS I Fondo de Titulización de Activos
CaixaBank RMBS 3, Fondo de Titulización	Madrid RMBS II Fondo de Titulización de Activos
CaixaBank Consumo 2, Fondo de Titulización	Madrid RMBS III Fondo de Titulización de Activos
CaixaBank Consumo 3, Fondo de Titulización	Madrid RMBS IV Fondo de Titulización de Activos
CaixaBank Consumo 4, Fondo de Titulización	AyT Caja Granada Hipotecario I Fondo de Titulización de Activos
CaixaBank Consumo 5, Fondo de Titulización	Caixa Penedés 1 Fondo de Titulización de Activos
CaixaBank PYMES 8, Fondo de Titulización	Caixa Penedés FTGENCAT 1 TDA, Fondo de Titulización de Activos
CaixaBank PYMES 9, Fondo de Titulización	Caixa Penedés PYMES 1 TDA, Fondo de Titulización de Activos
CaixaBank PYMES 10, Fondo de Titulización	AyT Hipotecario Mixto III Fondo de Titulización de Activos
CaixaBank PYMES 11, Fondo de Titulización	AyT Hipotecario Mixto V Fondo de Titulización de Activos
CaixaBank PYMES 12, Fondo de Titulización	TDA 22 Fondo de Titulización de Activos - Class I
CaixaBank Leasings 3, Fondo de Titulización	TDA 22 Fondo de Titulización de Activos - Class II
CaixaBank Corporates 1, Fondo de Titulización	TDA 24 Fondo de Titulización de Activos
Foncaixa FTGENCAT 5 Fondo de Titulización de Activos	TDA 25 Fondo de Titulización de Activos
Foncaixa FTGENCAT 6 Fondo de Titulización de Activos	TDA 27 Fondo de Titulización de Activos
Gaudi Synthetic II	TDA 28 Fondo de Titulización de Activos
Gaudí Synthetic III	Ayt Génova Hipotecario VI Fondo de Titulización Hipotecaria
Gaudí Synthetic IV	Ayt Génova Hipotecario VII Fondo de Titulización Hipotecaria
Valencia Hipotecario 3 Fondo de Titulización	Ayt Génova Hipotecario VIII Fondo de Titulización Hipotecaria
Bancaja 10 Fondo de Titulización de Activos	Ayt Génova Hipotecario IX Fondo de Titulización Hipotecaria
Bancaja 11 Fondo de Titulización de Activos	Ayt Génova Hipotecario X Fondo de Titulización Hipotecaria
Bancaja 13 Fondo de Titulización de Activos	Ayt Génova Hipotecario XI Fondo de Titulización Hipotecaria
Bancaja 8 Fondo de Titulización de Activos	Ayt Génova Hipotecario XII Fondo de Titulización Hipotecaria
Bancaja 9 Fondo de Titulización de Activos	Ayt Goya Hipotecario III Fondo de Titulización de Activos
MBS Bancaja 3 Fondo de Titulización de Activos	Ayt Goya Hipotecario IV Fondo de Titulización de Activos
MBS Bancaja 4 Fondo de Titulización de Activos	Ayt Goya Hipotecario V Fondo de Titulización de Activos
Madrid Residencial I Fondo de Titulización de Activos	FCT Vasco

CaixaBank also has traditional securitisation positions in which CaixaBank Group has not acted as originator (third-party securitisations).

In terms of monitoring credit risk in securitisations, while the positions remain in the portfolio, they are marked-to-market daily and creditworthiness is reviewed regularly.

In securitisations in which there is no regulatory risk transfer, which represent the majority of CaixaBank's traditional securitisation exposures, the processes applied to monitor changes in the credit risk of the exposures are the same as those corresponding to the underlying assets. In securitisations where a significant part of the risk is transferred, this variation is measured and reviewed regularly, through the relevant external credit rating.

For synthetic securitisations, the securitised assets are subject to specific monitoring on a monthly basis, together with monitoring of changes in risk weightings for calculating risk weighted assets.

All CaixaBank's securitisation positions belong to non-trading book. There are no securitisation positions in the trading book. Therefore, all securitisation positions are excluded from the capital requirements for market risk.

At CaixaBank, both synthetic and traditional securitisation transactions have an internal framework approved by the Global Risk Committee. Its objective is to outline the governance of these issues, distinguishing between transactions that enable significant risk to be transferred to third parties—and whose main purpose is to actively manage credit risk and the bank's capital requirements—, and other securitisation transactions whose sole purpose is to obtain financing or liquidity.

CaixaBank Group:

- Does not act as the sponsor in any securitisation schemes or as the originator in any re-securitisations.

- Does not provide implicit support in its own securitisations that involve a significant transfer of risk at a regulatory level.

The traditional securitisation funds that are originated are assessed by the following external ratings agencies, irrespective of the underlying assets securitised: Standard & Poor's, DBRS, Moody's, Fitch and SCOPE. No external rating has been requested for the synthetic securitisation issued to date.

Securitisation activity in 2022

During 2022, CaixaBank issued the following synthetic securitisation with a significant transfer of the risk:

- **CAIXABANK GAUDÍ IV (June 2022):** A synthetic securitisation of SME loans, with an initial securitised value of EUR 1,500 million. This issuance meets the STS (Simple, Transparent and Standardised) criteria established in Regulation (EU) 2021/557.

Risk management. Accounting policies

Criteria for derecognising securitised assets or maintaining them on the balance sheet.

All or part of a financial asset is derecognised when the contractual rights to the cash flows expire or when the entity transfers the asset to a third party outside the entity.

The accounting treatment applied to transfers of assets depends on the extent to which the risks and rewards associated with ownership of the transferred assets are transferred to third parties:

- If, substantially, all the risks and rewards of ownership of the transferred asset are transferred, it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised. For example, among others: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deep out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners.

- If, substantially, the risks and rewards of ownership of the transferred asset are retained, it is not derecognised, and the same criteria used before the transfer continue to apply and the following are recognised:

  - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss.

  - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offset.

This would be the case, for example, for sales of financial assets with a repurchase agreement for a fixed price or the sale price plus a lender's usual return, securities lending contracts under which the borrower has an obligation to repay the securities or similar.

- If, substantially, the risks and rewards of ownership of the transferred asset are neither transferred nor retained, a distinction is made on the basis of the transferor's control over the financial asset:

  - If it does not retain control, then it is derecognised and any right or obligation retained or arising from the transfer is recognised.

  - If it does retain control, it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

This would include, among others, sales of financial assets with a put or call option that is neither deep in the money nor deep out of the money, securitisations in which the transferor assumes a subordinated loan or other types of credit enhancements for a portion of the transferred asset.

According to the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the Group does not need to be written off the balance sheet.

To determine whether there is control over a structured entity and, therefore whether it should be consolidated, the Group analyses the contractual rights other than voting rights. For this, it considers the purpose and design of each entity and, inter alia, evidence of the ability to direct the relevant activities, potential indications of special relationships or the ability to affect the returns from its involvement. With regard to securitisation funds, the Group is highly exposed to variable returns and has decision-making power over the entity, either directly or through an agent, so they are consolidated.

Criteria for the recognition of gains or losses in cases where assets are derecognised from the balance sheet

In order for the Group to recognise the gain or loss generated in a sale of financial instruments, it must derecognise them. To do this, the requirements regarding substantial transfer of risks and rewards described in the previous point must be met.

The gain or loss should be recognised in the income statement and will be calculated as the difference between the net book value and the total consideration received, including any new asset obtained minus any liabilities that are assumed.

When the amount of the financial asset being transferred matches the total amount of the original financial asset, any new financial assets, financial liabilities and liabilities from the provision of services that arise as a result of the transfer will be recognised at fair value.

In the case of the issuances of securitisations that CaixaBank Group carries out, it retains the underlying assets on its balance sheet. Therefore, at present, when a securitisation is generated in CaixaBank Group, no gain or loss is produced in the accounting records.

Assumptions for assessing the retention of risks and rewards on securitised assets

The Group considers that the risks and rewards of securitisations are substantially retained when the subordinated bonds of issuances are kept or subordinated loans are granted to the securitisation funds which involve substantially retaining the expected credit losses of the loans that are transferred.

Synthetic securitisations

With regard to synthetic securitisations, the transfer of credit risk takes the form of a financial guarantee and it is not considered a substantial transfer of risks and rewards. Therefore, the underlying exposure is retained on the balance sheet.

7.3.2. Minimum capital requirements for securitisation risk

As mentioned above, CaixaBank Group's minimum capital requirements for securitisation risk are calculated in accordance with Regulation (EU) 2021/558.

This Regulation establishes that for securitisation funds that do not meet the requirements for determining significant risk transfer, the method used to calculate the capital requirements for securitisation transactions will be the same as the method used for the underlying assets if they had not been securitised. However, for funds that do meet these conditions, the capital requirements on the retained position of these securitisation issues shall be calculated by applying one of the methods defined for securitisations (SECIRBA, SEC-SA, SEC-ERBA or 1250 %).

It should be noted that in the SEC ERBA approach, external credit ratings are required for the calculation of securitisation capital requirements. For this purpose, CaixaBank Group uses external ratings published by Moody's, S&P, Fitch and DBRS, which are external rating agencies considered eligible by the regulator.

CaixaBank Group does not apply the Internal Assessment Approach (IAA) in any cases.

Exposures in which CaixaBank Group acts as originator

The following table, EU SEC3, shows the securitisation exposure where the transfer of a significant part of the risk is recognised.

At year-end 2022, CaixaBank Group mainly applies the SEC-IRBA (Internal Ratings Based Approach) for both traditional and synthetic securitisations. The table also shows that most of the securitisation exposure subject to capital requirements receive risk weights in the lowest tier (below 20%) or the next tier down (below 50%).

Compared to the previous year, regulatory exposure subject to RWAs before deductions of securitisations where CaixaBank acts as originator increased by EUR 430.6 million (+26.5%), although RWAs reduced by EUR 96.9 million (-26.8%). This increase of EAD is mainly due to the generation of Gaudí IV, which is partially offset by the recurring amortisation of the Gaudí II and Gaudí III synthetic securitisations (both outside the replenishment period). Furthermore, the decrease in RWAs is mainly due to the increase in RWAs of Gaudí IV, which meets STS criteria, is lower than the reduction in RWAs resulting from the recurring amortisation of the rest of synthetic securitisations with higher risk weightings due to not meeting STS criteria.

Table 7.67. EU SEC3 - Securitisation exposures in the non-trading book and regulatory capital requirements - Institution acting as originator or as sponsor

Amounts in millions of euros	Exposure values (by risk weighting / deduction ranges)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (RWEA) (by regulatory approach)				Capital requirements after cap			
	<20% RW	<20% at 50% RW	>50% at 100% RW	>100% at 1250% RW	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions
Total exposures	**1,911**	**-**	**-**	**142**	**0**	**2,045**	**1**	**6**	**0**	**662**	**3**	**11**	**-**	**20**	**0**	**1**	**-**
Traditional securitisations	**-**	**-**	**-**	**142**	**0**	**134**	**1**	**6**	**0**	**435**	**3**	**11**	**-**	**2**	**0**	**1**	**-**
Securitisations	-	-	-	142	0	134	1	6	0	435	3	11	-	2	0	1	-
Retail	-	-	-	142	0	134	1	6	0	435	3	11	-	2	0	1	-
Of which: STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitisations	**1,911**	**-**	**-**	**-**	**-**	**1,911**	**-**	**-**	**-**	**227**	**-**	**-**	**-**	**18**	**-**	**-**	**-**
Synthetic securitisations	1,911	-	-	-	-	1,911	-	-	-	227	-	-	-	18	-	-	-
Retail	271	-	-	-	-	271	-	-	-	41	-	-	-	3	-	-	-
Wholesale	1,639	-	-	-	-	1,639	-	-	-	186	-	-	-	15	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] *Including internal assessment approach*

Exposures in which CaixaBank Group acts as investor

Table EU SEC4 shows that in securitisation positions in which CaixaBank Group acts as investor, the SEC-ERBA (External Ratings Based Approach) is applied for the most part.

As a result of the reduction in the Group's investment positions, compared to the previous year, regulatory exposure subject to capital requirements before deductions of securitisations where CaixaBank acts as investor dropped by EUR 46 million.

Table 7.68 EU-SEC4 - Securitisation exposures in the non-trading book and regulatory capital requirements - Institution acting as investor

	Exposure values (by risk weighting / deduction ranges)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (by regulatory approach)				Capital requirements after cap			
Amounts in millions of euros	<20% RW	<20% at 50% RW	>50% at 100% RW	>100% at 1250% RW	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions	SEC-IRBA	SEC-ERBA[1]	SEC-SA	1250% Weighting / Deductions
Total exposures	—	70	26	0	0	0	96	—	0	3	35	—	1	0	3	—	0
Traditional securitisations	—	70	26	0	0	0	96	—	0	3	35	—	1	0	3	—	0
Securitisations	—	70	26	0	0	0	96	—	0	3	35	—	1	0	3	—	0
Retail	—	51	26	0	0	0	78	—	0	3	29	—	—	0	2	—	—
Of which: STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wholesale	—	18	—	—	0	—	18	—	0	—	6	—	1	—	0	—	0
Of which: STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Synthetic securitisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Securitisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retail	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

[1] *Including internal assessment approach*

7.3.3. Quantitative aspects

Exposures in securitisation transactions and amount of assets securitised

Set out below are the on- and off-balance-sheet positions in securitisations of CaixaBank Group at 31 December 2022, by type of exposure and role in the action, irrespective of whether a significant portion of the risk has been transferred at regulatory level.

Table 7.69. Securitisation positions by type of exposure

Amounts in millions of euros

	2022		2021
Type of exposure	Original	% of total	Original
1. Securitisation positions in which the Group acts as originator	28,421	99.66%	35,230
A. On-balance sheet securitisation positions	28,303	99.25%	35,104
Securitisation bonds - senior tranche	19,087	66.93%	24,536
Securitisation bonds - mezzanine tranche	7,167	25.13%	7,796
Securitisation bonds - first loss tranche	130	0.45%	461
Subordinated loans	1,920	6.73%	2,310
B. Off-balance sheet securitisation positions	117	0.41%	126
Liquidity facilities	2	0.01%	2
Interest rate derivatives	115	0.40%	123
2. Securitisation positions in which the Group does not act as originator	96	0.34%	142
A. On-balance sheet securitisation positions	96	0.34%	142
Securitisation bonds - senior tranche	96	0.34%	141
Securitisation bonds - mezzanine tranche	0	0.00%	0
Securitisation bonds - first loss tranche	0	0.00%	0
Subordinated loans	1	0.00%	1
B. Off-balance sheet securitisation positions	—	0.00%	—
Liquidity facilities	—	0.00%	—
Interest rate derivatives	—	0.00%	—
Total value	28,517	100.00%	35,372

CaixaBank's exposure in securitisation tranches has been reduced globally by EUR 6,855 million, mainly as a result of:

- A reduction in the retained position of own traditional securitisations of EUR 7,217 million due to the periodic write-off of the same during the 2022 financial year.
- An increase in exposure of EUR 1,191 million due to the retention of the senior tranche of the new own synthetic securitisation issued in 2022 (Gaudí IV).
- A decrease by EUR 695 million due to the recurring amortisation of the Gaudí II and Gaudí III synthetic securitisations, which are both outside the replenishment period.
- Decrease of EUR 88 million for the settlement of the securitisations AyT Caja Murcia Hipotecario II, AyT Génova Hipotecario IV, AyT Hipotecario Mixto IV, BV Hipotecario 2, CaixaPenedes 2 and Gaudí I.
- Decrease of EUR 46 million due to the reduction in the Group's investment positions.

The table EU SEC1 shows further details of CaixaBank Group's positions in securitisation transactions at year-end 2022, broken down by type of exposure, type of securitisation and type of action. The variations with respect to the previous year in the EU SEC1 table are explained by the same reasons as mentioned above.

The table above shows all securitisation exposures, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates the application of impairment losses. In addition, consistent with the indications of the EBA mapping document for SEC1, in the case of securitisations without risk transfer and with retention type A and D (COREP C14.00 - column 61=N and column 80=A/D), the retained position is estimated as securitised exposure multiplied by the retention percentage.

Table 7.70. EU SEC1 - Securitisation exposures in the non-trading book

	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional				Synthetic			Traditional				Traditional			
Amounts in millions of euros	STS	Of which: SRT	Non-STS	Of which: SRT	Synthetic	Of which: SRT	Subtotal	STS	Non-STS	Synthetic	Subtotal	STS	Non-STS	Synthetic	Subtotal
Total exposures	**—**	**—**	**26,510**	**142**	**1,911**	**1,911**	**28,421**	**—**	**—**	**—**	**—**	**—**	**96**	**—**	**96**
Retail (total)	—	—	23,097	142	271	271	23,368	—	—	—	—	—	96	—	96
Residential mortgage	—	—	20,004	142	—	—	20,004	—	—	—	—	—	52	—	52
Credit cards	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other retail exposures	—	—	3,093	—	271	271	3,365	—	—	—	—	—	44	—	44
Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wholesale (total)	—	—	3,413	—	1,639	1,639	5,052	—	—	—	—	—	—	—	—
Loans to corporates	—	—	2,965	—	1,639	1,639	4,604	—	—	—	—	—	—	—	—
Commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lease and receivables	—	—	448	—	—	—	448	—	—	—	—	—	—	—	—
Other wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The table above shows all securitisation exposures in the banking book, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates impairment losses. In addition, according to the EBA mapping document, in the case of securitisations without risk transfer and with retention type A and D (COREP C14.00 - column 61=N and column 80=A/D), the retained position is estimated as securitised exposure multiplied by the retention percentage.

As previously mentioned, all of CaixaBank Group's securitisation positions belong to the non-trading book: there are no securitisation positions in the trading book. Therefore, the table "Securitisation exposures in the trading book" (EU SEC2) is not included in this document.

The outstanding balance of securitised contracts, together with the volume of impaired or non-performing transactions and losses recognised by the Group in the last six months, by type of exposure, are shown below.

Table 7.71. EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

	Exposures securitised by the institution - Institution acts as originator or as sponsor		
Amounts in millions of euros	Total outstanding nominal amount	Of which exposures defaulted	Total amount of specific credit risk adjustments made during the period
Total exposures	**29,973**	**1,123**	**(107)**
Retail (total)	24,753	986	(87)
Residential mortgage	21,247	736	(11)
Credit cards	—	—	—
Other retail exposures	3,506	250	(76)
Re-securitisation	—	—	—
Wholesale (total)	5,221	137	(20)
Loans to corporates	4,773	124	(18)
Commercial mortgage	—	—	—
Lease and receivables	448	13	(2)
Other wholesale	—	—	—
Re-securitisation	—	—	—

As regards traditional securitisations, the Group generally retains the securities issued following its activity as originator. The portfolio of traditional securitisations originated is mostly on residential mortgages.

7.4 Equity portfolio

RWA equity portfolio risk
€19,978 M

EAD equity portfolio risk
€6,452 M

EAD under internal models
100 %

> The risk associated with equity holdings (or "investees") entails the possible loss or reduction in the Group's solvency through medium- and long-term equity instruments caused by adverse movements in market prices, potential losses in sales or investee insolvency.

This category comprises the minority equity holdings not included in financial assets at fair value through profit or loss, as well as holdings in subsidiaries that are not fully consolidated in the prudential balance sheet due to the nature of their business activity, primarily VidaCaixa, the parent company of CaixaBank's insurance group.

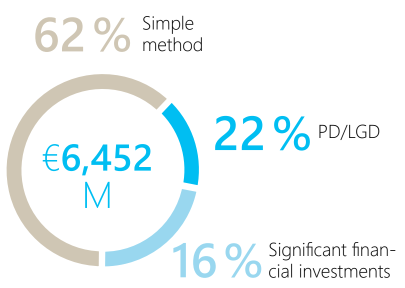
As part of the necessary monitoring and control of the risks associated with the portfolio, there is a corporate risk management policy for equity holdings that establishes the governance mechanisms for the investment and divestment of the Group companies' equity holdings and a structure of warnings and limits.

In measuring capital requirements on the equity portfolio, CaixaBank Group mainly uses the PD/LGD method and the simple method. The significant positions (with a holding above 10%) in financial institutions and insurance companies not belonging to the financial conglomerate are applied a weighting of 250% for the portion not deducted from own funds —there is currently no deduction for this item—. For the insurance companies of the financial conglomerate, mainly VidaCaixa, the "Danish compromise" is applied in accordance with article 49.1 of the CRR, with a weighting by the simple method of 370%.

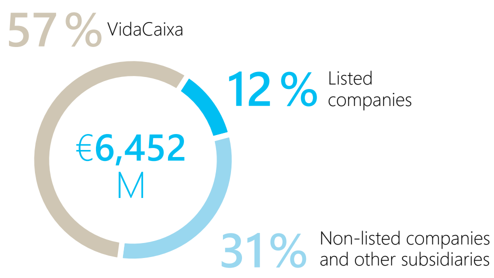
Annual evolution

In 2022 equity portfolio RWAs decreased by €2,751 million, down 12% year-on-year. The main movements include the partial settlement of an equity swap, settled by delivering 1% of the stake in Telefónica, and the reduction of carrying value due to the distribution of dividends from some investees.

EAD in equity portfolio
Distribution by approach, %



EAD in equity portfolio
Distribution in terms of listed or unlisted instruments, %



7.4.1. Equity portfolio risk management

Description and general policy

The risk associated with equity holdings (or "investees") is part of the credit risk for investments that are not classified in the held-for-trading portfolio. More specifically, the Corporate Risk Catalogue considers it as a specific type of credit risk, reflecting the possibility of incurring losses in a medium and long term horizon as a result of adverse movements in market prices, impairment loss, concentration, the country of issuance or the illiquidity of positions of CaixaBank Group companies' equity portfolio.

Structure and organisation of the risk management function

In the Group, equity holdings are subject to monitoring and specialist analysis. This monitoring and analysis is carried out at a deeper level in the case of permanent shareholdings or those involving a material investment amount and impact on capital.

The Group's organisational structure has various levels of risk management and control:

First line of defence

- **Financial control and analysis:** through specialists focusing exclusively on monitoring changes in economic and financial data, as well as understanding and issuing alerts in the event of changes in regulations and competition in the countries and sectors in which the investees operate. These analysts are in the Directorate of Financial Accounting, Control and Capital.

- They also liaise with listed investees' investor relations departments and gather the information, including reports by third parties (e.g. investment banks, rating agencies) needed for an overview outlook of possible risks to the value of the stakes.

- In general, with the most significant shareholdings, both the estimates of and actual data on investees' contributions to income and equity (where applicable) are updated regularly by the analysts. In these processes, the market and analyst outlooks (recommendations, target prices, ratings, etc.) are shared with senior management for regular comparison with the market.

- The conclusions on the profit and loss and the most relevant alerts of changes in the contributions of equity investments are submitted to the Management Committee and shared with CaixaBank's governing bodies, generally each quarter.

- **Accounting recognition:** the Financial Accounting division, also located within the Directorate of Financial Accounting, Control and Capital, ensures that all necessary information meets the relevant quality requirements, is entered into the Group's IT systems by the required deadlines, and that the subsequent external reporting is carried out. This process implements and complies with the regulations on the Internal Control over Financial Reporting (ICFR). In matters of finance, changes in shareholders' equity in companies accounted for using the equity method are also recognised, as are the investee valuations.

Second line of defence

Corporate Risk Management Function & Planning is responsible for the second line of defence functions for this risk.

On the one hand, this department monitors the risk of impairment of shareholdings by analysing their impairment tests.

And on the other, Enterprise Risk Management Function & Planning monitors and reports the exposure and regulatory capital consumption associated with the investees, as well as other measurement metrics, such as "Value at Risk" (VaR).

It also performs functions related to risk quantification and monitoring, such as **i)** the incorporation, on a daily basis, of the market risk of derivatives and the exchange risk associated with the investee portfolio into the Group's market risk monitoring procedures; and **(ii)** the ongoing monitoring of risks in relation to financial market operations in connection with financial investee companies.

Third line of defence

The function of Internal Audit as the third line of defence is included in section 3.1.2 Third line of defence.

Management of equity exposures at CaixaBank

As part of the necessary monitoring and control of the risks associated with the portfolio, there is a corporate risk management policy for equity holdings that establishes the governance mechanisms for the investment and divestment of the Group companies' equity holdings and, within the RAF, a structure of warnings and limits.

Measurement and information systems

Within the margins set by the regulations and in accordance with the objective of adopting the most risk-sensitive advanced methods, the criterion for assigning the various risk measurement approaches to the equity investments not included in the trading book is as follows.

Firstly, holdings that may be subject to deductions from own funds under Article 36 of the CRR are identified. The part not deducted from these holdings is assessed on the basis of its accounting classification, strategic nature and internal rating availability.

To do this, taking into account the provisions of Article 143.3 of the CRR, all components of the equity portfolio must receive the same methodological treatment in entities with authorisation to use internal models. In this way, the methodological treatment for capital consumption will generally depend on the following:

1. **The accounting classification of the holding:** for investments classified in the portfolio at fair value with changes in other comprehensive income, the calculation is carried out a priori using the internal VaR model.

2. **The permanence strategy:** for investments intended to be held on a long-term basis or with a long-term link in their management, the credit risk is the most significant. Therefore, the PD/LGD approach is used where possible.

   The internal models on which this approach is based are those described in previous sections (see subsection "Use of the internal ratings-based method" in 7.1.3.), and they are assigned according to the relevant segmentation criteria.

   In application of Article 155.3 of the CRR, the Group adopts a conservative approach to the standard, assigning an LGD of 90% in any case.

If the requirements for applying the aforementioned methods are not met or there is insufficient information on the equity position in order to assess an internal rating and assign a reliable and duly justified PD, the simple risk-weighting method is applied in accordance with current regulations.

In the case of exposure not deducted from own funds in significant financial holdings and insurance interests (i.e. over 10%), Article 48 of the CRR states that its weighting will be fixed at 250%. This is the case except for VidaCaixa, given that it is a subsidiary of the insurance sector that belongs to the same financial conglomerate with authorisation to apply Article 49.1 of the CRR, which means that the tangible exposure of the holding is exempt from deductions from own funds and the general regime must be applied to it, which – in this case – is the simple method with a risk weighting of 370%.

The result obtained from using internal models to measure capital charges (VaR, PD/LGD) is a key element for calculating the quantity and quality of the risk assumed, without prejudice to the analysis of other types of measurements that supplement those required by regulations and are designed to determine the market value of the holdings, their liquidity, and the estimated contribution to the Group's profit and loss, and capital.

To illustrate this point, below are some of the reports which the Corporate Risk Management Function & Planning Department generates and distributes to the relevant internal committees:

- Market risk report, monitoring the risk (VaR) of the Group's trading derivatives in connection with its strategic holdings.
- The report on Currency Risk in Investee Companies, which includes monitoring of risk (VaR) for the exchange rate associated with these holdings.
- The Group's Positioning Report for financial instruments, which is part of the global monitoring of the positions that comprise market transactions, and covers both the fixed-income and equity positions held by the Group, including those in VidaCaixa, and guaranteed mutual and pension funds.

7.4.2. Minimum capital requirements for risk associated with the equity portfolio

The following table contains a breakdown of exposure and RWAs for the equity portfolio. This information is presented in accordance with the calculation methods set out in the European capital requirements regulation (CRD IV and CRR), and also in accordance with the equity instrument category[1].

Table 7.72. Exposure of the equity portfolio

Amounts in millions of euros

Method	% of total	Original exposure	EAD	LGD	RWA	Density of RWAs	EL	Capital (8%)
Simple method	61.96%	3,998	3,998	0%	14,754	369.05%	95	1,180
PD/LGD approach[2]	22.13%	1,427	1,427	90.00%	2,658	186.23%	5	213
VaR method	0%	—	—	0%	—	0%	—	—
Significant financial investments	15.91%	1,027	1,027	0%	2,566	250%	—	205
Total	**100%**	**6,452**	**6,452**	**90%**	**19,978**	**309.66%**	**101**	**1,598**

[2] *Based on LGD of 90%.*

2021

Amounts in millions of euros

Method	% of total	Original exposure	EAD	LGD	RWA	Density of RWAs	EL	Capital (8%)
Simple method	56.30%	4,255	4,255	0%	15,701	369.03%	101	1,256
PD/LGD approach[3]	25.25%	1,908	1,908	90.00%	3,541	185.56%	7	283
VaR method	0%	—	—	0%	—	0%	—	—
Significant financial investments	18.46%	1,395	1,395	0%	3,487	250.00%	—	279
Total	100.00%	7,558	7,558	90%	22,729	300.74%	109	1,818

[3] *Based on LGD of 90%.*

[1] *Described in section 7.4.1.*

7.4.3. Quantitative aspects

Description, accounting recognition and measurement

The Group's equity investment portfolio features major companies that hold a prominent position in their respective markets and have a capacity to generate recurring value and profits. In general, these are strategic investments, and the Group is involved in their governing bodies and in defining their future policies and strategies. CaixaBank Group's 2022 financial statements show a breakdown of the companies in its equity investment portfolio, with information on their area of business and scope of activity.

Stakes in these companies are recorded under the following asset categories:

- **Investments**[1]: investments in the capital of entities classified as Group companies, jointly controlled entities or associates. It is classified under the asset in "Investments in joint ventures and associates".

- **Other shareholdings in equity instruments:** in general, the Group irrevocably exercises the option in the initial recognition of including in the portfolio of "Financial assets at fair value with changes in other comprehensive income" investments in equity instruments that are not classified as held for trading and that, in the event of not exercising this option, would be classified as "Financial assets compulsorily measured at fair value through profit or loss".

  Financial assets at fair value through other comprehensive income are always measured at fair value, with any changes in value, minus the related tax effect, recognised with a balancing entry in equity. For holdings in listed companies, fair value is determined on the basis of the price that would be paid in an organised, transparent and deep market. At the time of sale, the corresponding loss or gain previously recognised in other comprehensive income is taken to reserves.

- Investments are measured using the equity method, with the best estimate of their underlying carrying amount when the financial statements are drawn up. Generally accepted valuation methods are employed – for example, discounted cash flow (DCF) models, dividend discount (DDM) models, and others. No potential control premiums are considered for the purposes of valuation. Balance sheet and income statement projections are made for five years, as these are long-term investments. They are updated and adjusted on a half-yearly basis. Moderate hypotheses are used, obtained from reliable sources of information in addition to individual discount rates for each business activity and country. The growth rates used to calculate the terminal value beyond the period covered by the forecasts drawn up are determined on the basis of the data for the last period projected, and never exceed the estimated GDP growth of the country or countries in which the investees operate.

In addition, sensitivity analyses are performed for the assumptions using reasonable changes in the key hypotheses on which the recoverable amount is based, to confirm whether this continues to exceed the amount to be recovered.

[1] *For prudential purposes, subsidiaries that cannot be consolidated in view of their business activity are entered under this heading, since they are accounted for using the equity method.*

2022 Pillar 3 Disclosures

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Fair value and carrying amount of equity holdings

The following table shows the fair value and carrying amount of the Groups' stakes and equity instruments not held for trading or in the portfolio of financial assets at fair value through profit or loss, at 31 December 2022.

Table 7.73. Carrying amount of stakes and equity instruments not held for trading

Amounts in millions of euros

Financial assets at fair value through other comprehensive income[1]	**1,351**
Shares in listed companies	684
Shares in non-listed companies	667
Investments	**5,027**
Listed	
Non-listed	5,027
Total carrying amount	**6,378**

[1] *The carrying amount of these assets is equal to fair value.*

Table 7.74. Fair value of equity investments and capital instruments not in the trading book

Amounts in millions of euros

Financial assets at fair value through other comprehensive income[2]	**1,351**
Shares in listed companies	684
Shares in non-listed companies	667
Investments	5,027
Listed	
Non-listed	5,027
Total fair value	**6,378**

[2] *The carrying amount of these assets is equal to fair value.*

The table below shows changes in accumulated other comprehensive income in equity instruments measured at fair value for CaixaBank Group in 2022, with the amounts taken to the income statement[3]

[3] *See Note 22.2 "Other comprehensive income" of CaixaBank Group's 2022 financial statements.*

Table 7.75. Fair value changes of equity instruments measured at fair value through other comprehensive income

Amounts in millions of euros

Balance at 31.12.2021	Amounts transferred to Reserves	Deferred tax assets/liabilities	Valuation gains and losses[4]	Balance at 31.12.2022[5]
(1,424)	269	(4)	29	(1,130)

[4] *Before tax.*
[5] *Includes adjustments attributed to the Group.*

At 31 December 2022, the market value of the Group's portfolio of listed investee companies, which only includes those classified as "Financial assets at fair value through other comprehensive income – equity instruments", amounted to EUR 684 million.

At 31 December 2022, the market value of the portfolio of "Financial assets at fair value through profit and loss - equity instruments" amounted to EUR 165 million.

Value of equity holding exposures

At 31 December 2022, the EAD for the risk associated with the equity shareholdings portfolio amounted to EUR 6,452 million. This amount includes the value of the portfolio of Financial assets at fair value with changes in other comprehensive income, stakes in associates and those in subsidiaries that are not consolidated due to their business activity.

Table 7.76. Exposure in equity investments not held for trading

Amounts in millions of euros

Exposures	Original Exposure	EAD	LGD	RWA	Density of RWAs	Expected Loss
Financial assets at fair value through other comprehensive income[1]	**1,505**	**1,505**	**90%**	**3,439**	**228.61%**	**8**
Shares in listed companies	**757**	**757**	**90%**	**1,254**	**165.6%**	**2**
Simple method	48	48		138	290%	0
VaR method	—	—		—	0%	—
PD/LGD method	710	710	90%	1,116	157.26%	2
Shares in non-listed companies	**747**	**747**	**90%**	**2,185**	**292.49%**	**6**
Simple method	264	264		978	370%	6
PD/LGD method	1	1	90%	2	279.21%	0
Significant financial investments	482	482		1,205	250%	—
Investments (subsidiaries, jointly controlled entities and associates)	**4,947**	**4,947**	**90%**	**16,539**	**334.31%**	**92**
Listed equity stakes v	**—**	**—**		**—**	**0%**	**—**
PD/LGD method	—	—		—	0%	—
Significant financial investments	—	—		—	0%	—
Non-listed equity stakes	**4,947**	**4,947**	**90%**	**16,539**	**334.31%**	**92**
Simple method	3,686	3,686		13,638	370%	88
PD/LGD method	717	717	90%	1,540	214.83%	4
Significant financial investments	545	545		1,361	250%	—
Total	**6,452**	**6,452**	**90%**	**19,978**	**309.66%**	**101**

[1] *Also includes the exposures of "Financial assets compulsorily measured at fair value through profit or loss".*

Other information

The following is a breakdown of the value of specialised lending and equity exposures subject to the slotting method and the simple method by regulatory category and risk weighting.

Table 7.77a. EU CR10.1 - Specialised lending: project finance (slotting approach)

Amounts in millions of euros

		Project finance[1]					
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Exposure amount	RWA	Expected Loss
Category 1	Under 2.5 years	61	0	50.00%	61	26	—
	2.5 years or more	900	72	70.00%	916	583	4
Category 2	Under 2.5 years	41	6	70.00%	41	28	0
	2.5 years or more	556	38	90.00%	561	461	4
Category 3	Under 2.5 years	12	—	115.00%	12	13	0
	2.5 years or more	66	20	115.00%	70	81	2
Category 4	Under 2.5 years	—	0	250.00%	—	—	—
	2.5 years or more	37	3	250.00%	37	92	3
Category 5	Under 2.5 years	86	—	0.00%	86	—	21
	2.5 years or more	79	7	0.00%	80	—	40
Total	**Under 2.5 years**	**199**	**6**		**199**	**68**	**21**
	2.5 years or more	**1,638**	**141**		**1,664**	**1,216**	**53**

[1] Including credit risk and counterparty risk exposures.

According to regulation 575/2013 in the calculation of regulatory capital by slotting criteria for the specialised lending portfolio, a tranche is established for each transaction for the corresponding RWA allocation, which is categorised as follows:

Category 1: Strong

Category 2: Good

Category 3: Satisfactory

Category 4: Weak

Category 5: Non-performing

Table 7.77b. EU CR10.2 - Specialised lending: income-producing real estate and high volatility commercial real estate (slotting approach)

Amounts in millions of euros

		Income-producing real estate and high volatility commercial real estate[1]					
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Exposure amount	RWA	Expected loss
Category 1	Under 2.5 years	—	—	50.00%	—	—	—
	2.5 years or more	45	—	70.00%	45	32	0
Category 2	Under 2.5 years	—	—	70.00%	—	—	—
	2.5 years or more	160	0	90.00%	161	144	1
Category 3	Under 2.5 years	18	0	115.00%	18	21	1
	2.5 years or more	20	—	115.00%	20	23	1
Category 4	Under 2.5 years	15	—	250.00%	15	36	1
	2.5 years or more	—	—	250.00%	—	—	—
Category 5	Under 2.5 years	16	—	0.00%	16	—	8
	2.5 years or more	—	—	0.00%	—	—	—
Total	**Under 2.5 years**	**49**	**0**		**49**	**58**	**10**
	2.5 years or more	**226**	**0**		**226**	**199**	**2**

[1] Including credit risk and counterparty risk exposures

Table 7.77c. EU CR10.3 - Specialised lending: goods finance (slotting approach)

Amounts in millions of euros

		Goods finance[1]					
Regulatory categories	**Remaining maturity**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**Risk weighting**	**Exposure amount**	**RWA**	**Expected loss**
Category 1	Under 2.5 years	98	—	50.00%	98	49	—
	2.5 years or more	—	10	70.00%	2	1	0
Category 2	Under 2.5 years	5	—	70.00%	5	4	0
	2.5 years or more	64	—	90.00%	64	58	1
Category 3	Under 2.5 years	—	—	115.00%	—	—	—
	2.5 years or more	—	—	115.00%	—	—	—
Category 4	Under 2.5 years	—	—	250.00%	—	—	—
	2.5 years or more	15	—	250.00%	15	37	1
Category 5	Under 2.5 years	—	—	0.00%	—	—	—
	2.5 years or more	—	—	0.00%	—	—	—
Total	**Under 2.5 years**	**103**	**—**		**103**	**52**	**0**
	2.5 years or more	**79**	**10**		**81**	**97**	**2**

[1] *Including credit risk and counterparty risk exposures*

Table 7.77d. EU CR10.4 - Specialised lending: commodities finance (slotting approach)

Amounts in millions of euros

		Object financing[1]					
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Exposure amount	RWA	Expected loss
Category 1	Under 2.5 years	—	—	50.00%	—	—	—
	2.5 years or more	—	—	70.00%	—	—	—
Category 2	Under 2.5 years	—	—	70.00%	—	—	—
	2.5 years or more	—	—	90.00%	—	—	—
Category 3	Under 2.5 years	—	—	115.00%	—	—	—
	2.5 years or more	—	—	115.00%	—	—	—
Category 4	Under 2.5 years	—	—	250.00%	—	—	—
	2.5 years or more	—	—	250.00%	—	—	—
Category 5	Under 2.5 years	—	—	0.00%	—	—	—
	2.5 years or more	—	—	0.00%	—	—	—
Total	Under 2.5 years	—	—		—	—	—
	2.5 years or more	—	—		—	—	—

[1] *Including credit risk and counterparty risk exposures*

Table 7.77e. EU CR10.5 - Equity exposures under the simple risk-weighted approach

Amounts in millions of euros

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Exposure amount	RWA	Expected Loss
Private equity exposures	—	—	190%	—	—	—
Exchange-traded equity exposures	48	—	290%	48	138	0
Other equity exposures	3,950	—	370%	3,950	14,616	95
Total	3,998	—		3,998	14,754	95

The following table shows exposure to risk associated with the equity portfolio, LGD and average risk weight. This shows that most shareholdings are concentrated in PD tranches of a good credit quality (with a PD below 0.50%).

Table 7.78. Exposure by exposure category and debtor grade

Amounts in millions of euros

PD range	Original exposure	EAD	Average PD	LGD	RWA	RWA density	EL	Capital (8%)
0.00 to <0.15	14	14	0.15%	90%	17	123.52%	0	1
0.00 to <0.10	—	—	0%	0%	—	0%	—	—
0.10 to <0.15	14	14	0.15%	90%	17	123.52%	0	1
0.15 to <0.25	1	1	0.17%	90%	1	103.18%	0	0
0.25 to <0.50	836	836	0.25%	90%	1,315	157.21%	2	105
0.50 to <0.75	493	493	0.59%	90%	1,093	221.7%	3	87
0.75 to <2.50	81	81	1.21%	90%	225	276.52%	1	18
0.75 to <1.75	80	80	1.19%	90%	219	275.79%	1	18
1.75 to <2.5	2	2	1.97%	90%	5	309.93%	0	0
2.50 to <10.00	2	2	3.64%	90%	8	352.44%	0	1
2.5 to <5	2	2	3.64%	90%	8	352.44%	0	1
5 to <10	—	—	0%	0%	—	0%	—	—
10.00 to <100.00	—	—	0%	0%	—	0%	—	—
10 to <20	—	—	0%	0%	—	0%	—	—
20 to <30	—	—	0%	0%	—	0%	—	—
30.00 to <100.00	—	—	0%	0%	—	0%	—	—
Performing portfolio	**1,427**	**1,427**	**0.43%**	**90%**	**2,658**	**186.23%**	**5**	**213**
100.00 (Default)	—	—	100%	90%	—	0%	—	—
Total	**1,427**	**1,427**	**0.43%**	**90%**	**2,658**	**186.23%**	**5**	**213**

8. Actuarial risk

8. Actuarial **risk**

The European regulatory framework of reference for insurance companies, known as Solvency II, is transposed into the Spanish legal system through Act 20/2015 and Royal Decree 1060/2015, which are known, respectively, as LOSSEAR and ROSSEAR. This framework is supplemented by the technical standards approved by the European Commission (ITS), which are directly applicable, and guidelines published by EIOPA (European Insurance and Occupational Pensions Authority), which have been adopted by the Directorate-General for Insurance and Pension Funds (DGSFP) as their own.

In accordance with the European Solvency II Directive, actuarial risk is defined in the Corporate Risk Taxonomy as the risk of loss or adverse change in the value of commitments taken on via insurance contracts or pensions with customers or employees, derived from the divergence between the estimate for actuarial variables employed in pricing and reserves and their real evolution.

Actuarial risk is inherent to the activity of entering into insurance contracts which, within the Group, is focused in the sub-group of companies headed by VidaCaixa (hereafter, VidaCaixa Group). Through VidaCaixa Group, CaixaBank Group is exposed to actuarial risk from unfavourable changes in mortality, longevity, disability and morbidity, catastrophic, crash and expense risk factors.

In addition to the activity of entering into contracts, actuarial risk also arises from the defined benefit pension commitments of the Group companies with their employees.

At CaixaBank, the risks inherent in these agreements are managed by VidaCaixa by entering into insurance contracts, while those of the Portuguese banking subsidiary, BPI, are implemented through a Pension Fund managed by BPI Vida e Pensões, a subsidiary of VidaCaixa in Portugal.

This risk is managed with the aim of ensuring the Group has the capacity to meet the commitments to its insured parties, optimising the technical margin and keeping balances within the limits established in the RAF.

With the aim of ensuring correct risk management, CaixaBank has a Corporate Policy for managing financial-actuarial risk, which lays down the general principles, governance framework, control framework and information reporting framework, which are applicable to all Group companies with exposure to such risk.

Furthermore, VidaCaixa Group companies have their own financial-actuarial risk management policies and frameworks that serve as the development of this corporate policy. Due to its relevance, it is worth mentioning the Policy for subscribing and constituting reserves, which identifies various parameters for risk approval, measurement, rate-setting and, lastly, to calculate and set aside reserves covering underwritten policies. General operating procedures are also in place for underwriting and the provision of reserves. Similarly, the Reinsurance Policy makes it possible to identify the extent to which risk is passed, taking into account the risk profile of direct insurance contracts.

Within the banking prudential scope, the capital requirements related to VidaCaixa Group's actuarial risk are implicit in the quantification of the Group's actuarial risk, in accordance with the provisions of capital regulations for investments in insurance companies, such as that of CaixaBank in VidaCaixa. In this case, there is also the particular circumstance that both companies form a financial conglomerate subject to a specific additional supervision.

8.1. Structure and organisation of the risk management function

CaixaBank's Board of Directors is ultimately responsible for outlining and supervising the Group's risk management framework; therefore, it approved a Corporate Policy for managing financial-actuarial risks. Through this Policy, the Board of Directors delegates the Group's actuarial risk supervision and management tasks to CaixaBank's Risk Committee and Global Risk Committee.

In CaixaBank, the Corporate Risk Management Function & Planning Division and the Internal Audit Division, as the areas responsible for the corporate risk management and audit functions, respectively, assume the strategic guidance, supervision and coordination with regard to the respective internal control functions of the subsidiaries, while safeguarding the scope of these functions.

When undertaking its corporate function, the Directorate of Corporate Risk Management Function & Planning proposes the Corporate Policy for managing financial-actuarial risk and oversees the adequate corporate alignment with the management and control functions of financial-actuarial risk.

Meanwhile, VidaCaixa's Board of Directors, as the head of CaixaBank Group's insurance subgroup, outlines and supervises its proprietary risk management framework, approving and monitoring its specific policies that develop the Corporate Policy for the management of financial-actuarial risk. Through these proprietary policies, VidaCaixa's Board of Directors has assigned its VidaCaixa Risk Committee, as a specialised committee, the mission of supporting and advising the company's Board of Directors on overall risk propensity, as well as its strategy. Its main functions include supervising the effectiveness of risk management systems. In addition, VidaCaixa's Global Risk Committee, which reports to the Risk Committee and the company's Board of Directors, undertakes the functions of global management, control and monitoring of the risks that VidaCaixa Group may incur.

Coordination between the Group's Corporate Risk Management Function & Planning Division and VidaCaixa's Actuarial and Risk Function Division, within the framework of functional dependence of the subsidiaries' risk management function with respect to the parent company, ensures an adequate system of control and monitoring of the insurance business from CaixaBank.

8.2. Risk management. Measurement and information systems

The actuarial risks assumed through underwriting life insurance contracts are managed in conjunction with the inherent risks arising from the financial assets acquired for hedging purposes.

The actuarial risk management set out in policies aims to ensure the long-term stability of the actuarial factors that have an impact on the technical performance of the insurance products underwritten. Actuarial risk factors include mortality and longevity risks in the life insurance lines, where VidaCaixa incorporates a partial internal model in its management according to the methodology established in the Solvency II Directive, which provides a more accurate view of the insured group's risk profile.

The Group, through its insurance company VidaCaixa, limits its exposure to interest rate risk by applying the financial immunisation techniques set out in the provisions of the DGSFP (Directorate-General for Insurance and Pension Funds).

For credit and liquidity risk in the insurance business, the Group has risk management frameworks that outline minimum credit quality and diversification levels.

As regards measuring, monitoring and controlling financial-actuarial risks, VidaCaixa:

- Monitors financial-actuarial risk through various indicators. The most relevant metrics are included in the RAF of VidaCaixa Group and CaixaBank Group, which are aligned with each other.
- Frequently analyses the evolution of the risk profile of the portfolios.
- Performs ongoing analysis of the evolution of the asset and liability items, including information regarding the profitability and duration of the items according to maturities, the asset-liability mismatch and the estimated evolution of the financial technical margin.
- Frequently analyses the liquidity situation of the various portfolios.
- Performs annual stress exercises as part of the ORSA (Own Risk and Solvency Assessment) exercise on self-assessment and projection of the risks and solvency of VidaCaixa Group.

Furthermore, it should be noted that the systems for measuring actuarial risk, from which the sufficiency of the actuarial reserves are quantified and assessed policy-by-policy, are integrated with the management of the insurance business. In this sense, production operations, irrespective of the channel, are recorded in the systems using the various contracting, benefits management and provision calculation applications. Investment management software is used to manage and control the investments backing the company's insurance activity. All the applications are accounted for automatically in the accounting support software.

There is a series of applications that perform management support tasks within these integrated and automated systems. It is worth noting applications for data processing that are used for the preparation of reporting information and risk management. In addition, there is a solvency and risk datamart, which serves as a support tool for compliance with all the requirements of the Solvency II Directive.

8.3. Reporting

The position and control of the risks of the insurance company VidaCaixa is monitored regularly by VidaCaixa's Management, Investment and Global Risk committees and CaixaBank's Global Risk Committee and ALCO. This involves calculation and analysis of the sufficiency of technical provisions, analysis of the sufficiency of expenses, and analysis of products and operations. The reports prepared include:

- The expense surcharges sufficiency report.
- The SME insurance business monitoring report.
- The collective risk policies results monitoring report.
- The annual internal longevity and mortality calibration report.
- The actuarial function reports, including: annual Solvency II hypothesis calibration cycle and validation of technical provisions.
- The VidaCaixa Group's RAF monitoring report.

Furthermore, a number of reports have been prepared for VidaCaixa's Board of Director's Risk Committee, such as the product monitoring report and the technical provision control environment report.

With respect to the application of Solvency II, in 2022, the annual and quarterly QRTs (Quantitative Reporting Templates) at a European level were presented to the insurance supervisor (DGSFP). In addition, the VidaCaixa Group Solvency and Financial Condition Report was published in May 2022.

8.4. Hedging policies and mitigation techniques

One of the elements available to the Group to mitigate the actuarial risk assumed is to pass on part of the risk to other entities, through reinsurance contracts. To do so, the Group, and specifically VidaCaixa, has a Reinsurance policy, which is updated at least annually, that identifies the extent to which risk is passed on, taking into account the risk profile of direct insurance contracts, and the type, suitability and effectiveness of the different reinsurance agreements.

By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

CaixaBank Group, through VidaCaixa Group, establishes in the Reinsurance Policy:

- The strategy and general principles governing reinsurance management.
- The governance, management, control and reinsurance information frameworks.

In this regard, VidaCaixa Group establishes tolerance limits based on the criteria governing the selection of reinsurance companies and the maximum retained risk.

9. Structural rate risk

9. Structural **rate risk**

Sensitivity of the 1-year net interest income of sensitive balance sheet items in an interest rate scenario of +/- 100 bps

4.71 % / -4.47 %

Sensitivity of the economic value of the balance sheet in an interest rate scenario of +/- 100 bps, divided by the Tier 1 figure.

-0.30 % / -0.61 %

> Interest rate risk is inherent to the banking business and impacts the financial margin or the economic value of the balance sheet due to changes in market interest rates.

The CaixaBank Group's management of this risk seeks to:

- Optimise the financial margin and
- Preserve the economic value of the balance sheet.

To manage them, measurements are taken on net interest income and on the economic value in an interest rate baseline scenario (implicit market rates) and in other stressed scenarios. The results of the stressed scenarios are compared with those of the baseline scenario to obtain risk measurements, which are then compared with the appetite thresholds set out in the RAF.

These measurements are updated monthly and assumptions are periodically reviewed to ensure that they reflect the current market situations and the characteristics of the balance sheet.

The Group is comfortably within the risk limits defined at the regulatory and management levels within the RAF.

At 31 December 2022, the Group uses fair value macro-hedges as a strategy to mitigate its exposure to interest-rate risk and to preserve the economic value of its balance sheet.

Annual evolution

In terms of financial margin, in 2022, CaixaBank's balance sheet was positioned to benefit from increases in interest rates. The reasons for this balance sheet positioning are structural and management-related. Rate increases in 2022 benefited the bank by increasing income from assets, while the cost of liabilities takes longer to adjust to market changes. Given the comfortable liquidity situation, the volume of ECB funding was reduced.

From a management point of view, the balance sheet structure has continued to be adapted to the expected environment.

9.1 Management of structural rate risk

Definition and general policy

The interest rate risk is defined in the Corporate Risk Catalogue as the negative impact on the economic value of the balance sheet's items or on the net interest income due to changes in the temporary structure of interest rates and its impact on asset and liability instruments and those off the Group's balance sheet not recorded in financial assets held for trading.

As balance sheet assets and liabilities are linked to different benchmark indices and have differing maturities, they may be contracted (in the case of new production) or renewed at interest rates different to those currently prevailing. This can affect their fair value and the margin they generate. –

With the aim of ensuring correct risk management, the Group has a Corporate Policy for managing interest rate risk, which lays down the corporate principles, governance framework, control framework and information reporting framework, which is applicable to all Group companies with exposure to such risk.

The management of this risk by the Group seeks to (i) optimise the net interest margin and (ii) maintain the economic value of the balance sheet, while at all times taking into account the metrics and thresholds of the risk appetite framework in terms of volatility of the financial margin and value sensitivity.

Measurements are made of net interest income and of the economic value in an interest rate baseline scenario (implicit market rates) and in other stressed scenarios. The results of the stressed scenarios are compared with those of the baseline scenario to obtain risk measurements, which are then compared with the risk thresholds set out in the RAF.

The stress scenarios applied are of different nature:

- Scenarios for parallel interest rate increases and decreases of different magnitudes (+/-100 bp, +/-200 bp).
- In addition to the parallel rate shift scenarios, six shock scenarios are used with non-parallel movements of the interest rate curve.
- In the case of the scenarios applied to interest rate metrics, the spread of the stresses is applied both instantaneously and gradually.

It is important to note that there are limits to the shock impacts applied to make these scenarios realistic. To this end, the Group uses two complementary approaches:

- Management floor: a dynamic limit on the magnitude of the shock applied in each scenario has been set. Its value changes depending on the type of scenario and the current level of interest rates, fluctuating between -1% and the shock being considered in each scenario (-200 bps in the case of parallel scenarios, and -250 bps and -100 bps in the case of the scenarios with a change at the short and long end of the curve, as well as a change in the slope). The size of the shock is applied at any given time and calculated according to the differential between the minimum historical rate observed for the Euribor reference rate and the current rate.
- Regulatory floor: the limit defined in the regulatory guidelines and used in the definition of the supervisory outlier test (SOT) is applied. This limit establishes that negative rates cannot be lower than -1% and that this limit is to increase to a level of 0% within 20 years. Therefore, the floor is set at the level of rates and not the applied shock, unlike the management floor.

The stress scenarios and the two criteria in applying a floor to negative rates are combined to set up a complete framework of scenarios in the RAF that takes into account management and regulatory criteria, as follows:

For the economic value, the following scenarios are applied, which include the supervisory test in their configuration (SOT):

- ***UP*** +200 bps: Immediate and parallel rise of 200 bps.
- ***DOWN*** -200 bps with a floor of -1%: Immediate and parallel drop of 200 bps for all currencies and with a floor of -1%.
- **Parallel *UP*:** immediate and parallel rise in interest rates of 200 bps for the EUR currency and of different amounts for other currencies.

- ***Parallel DOWN:*** immediate and parallel interest rate reduction of 200 bps for the Euro and of different amount for other currencies. In this scenario, the Group applies a floor, or minimum rate, which can be below 0% as set out in previous sections.

- ***Parallel DOWN SOT:*** impact of -200 bps for the EUR currency but applying the floor defined by the SOT (for other less significant currencies, the impact is slightly different).

- ***Steepening:*** general increase in the slope.

- ***Steepening SOT:*** general increase of the slope of the curve with the floor defined in the SOT.

- ***Flattening:*** general flattening of slope.

- ***Flattening SOT:*** general flattening of the slope of the curve with the floor defined in the SOT.

- ***Short UP:*** rate increase at the short end of the curve.

- ***Short DOWN:*** rate reduction at the short end of the curve.

- ***Short DOWN SOT:*** rate reduction at the short end of the curve with the floor defined in the SOT.

- ***Long UP:*** rate increase at the long end of the curve.

- ***Long DOWN:*** rate reduction at the long end of the curve.

And for net interest income, the following scenarios are used:

- ***UP*** +200 bp: gradual rise of 200 bps.

- ***DOWN*** -200 bp with a floor of -1%: progressive reduction of 200 bps with a floor of -1%.

- ***UP*** +100 bp: instantaneous rise of 100 bps.

- ***DOWN*** -100 bps with a floor of -1%: instantaneous reduction of 100 bps with a floor of -1%.

Projection models are updated monthly and assumptions are periodically reviewed to ensure that measurements are appropriate to the current market situation and characteristics of the Group's balance sheet.

Structure and organisation of the risk management function

The Board of Directors has assigned functions related to the ongoing monitoring of risk management to the Risk Committee and to the Global Risk Committee. The ALCO is in charge of managing, monitoring and controlling interest rate risk in the banking book. To this end, it monitors compliance with the RAF on a monthly basis, focusing both on the net interest income and on economic value.

First line of defence

The ALM, which reports to CaixaBank's Finance Division, is responsible for the management of interest rate risk in the banking book, within the constraints imposed by management and regulatory thresholds.

The Balance Sheet Analysis and Monitoring Division, which reports to the Finance Division, oversees modelling, analysis and monitoring of interest rate risk, and maintenance of the databases and forecasting tools needed to carry out such measurements. It also proposes and implements the methodologies and improvements required for its functions.

As part of its functions, the Balance Sheet Analysis and Monitoring Division reports on changes arising in the risk, and the factors affected by such changes, not only to the ALCO but also to those responsible for internal monitoring and the second and third lines of defence:

Second line of defence

The Structural and Market Risk Division, under the Corporate Risk Management Function & Planning Division, is responsible for risks in the banking book.

Third line of defence

See section 3.1.2. Internal Control Framework - Third line of defence.

Risk management. Measurement and information systems

This risk is analysed considering a broad set of market-type scenarios, including the potential impact of all possible sources of interest rate risk in the banking book, i.e.: gap risk (with its repricing risk and yield curve risk components), basis risk and optionality risk. Optionality risk considers automatic optionality related to the evolution of interest rates and the optionality of customer behaviour, which is not only dependent on interest rates.

The Group applies best practices in the market and the recommendations of regulators in measuring interest rate risk. It sets risk thresholds based on these metrics related to net interest income and the economic value of its balance sheet, considering the complexity of the balance sheet.

It uses both static and dynamic measurements:

Static measurement: static measurements are those that are not designed based on assumptions of new business and refer to a specific point in time.

- **Static *gap*:** it shows the contractual distribution of maturities and interest rate reviews for applicable balance sheet or off-balance aggregates at a particular date. GAP analysis is based on comparison of the values of the assets and liabilities reviewed or that mature in a particular period.
- **Balance sheet economic value:** this is calculated as the sum of **(i)** the fair values of net interest rate-sensitive assets and liabilities on the balance sheet, **(ii)** the fair value of off-balance sheet products (derivatives), and **(iii)** the net carrying amounts of non-interest rate-sensitive asset and liability items.
- **Economic value sensitivity:** the economic value of sensitive balances on and off the balance sheet is reassessed under the various stress scenarios considered by the Group. The difference between this value and the economic value calculated at current market rates gives us a numeric representation of the sensitivity of economic value to the various scenarios employed. The Group then uses this sensitivity measurement to define operating risk thresholds for economic value in particular interest rate scenarios.

- **VaR:** the Value at Risk of the FVOCI portfolio is calculated using a 10-year history, a 1-month horizon and a 99% confidence level, including interest rate risk and credit spread risk.

Dynamic measurement: these are based on the balance sheet position at a given date and also take into account the new business. Therefore, in addition to considering the current on- and off-balance-sheet positions, growth forecasts for the Group's budget are included.

- **Net interest income projections:**

  The Group projects future net interest income (1, 2 and 3 years ahead) under various interest rate scenarios. The objective is to project net interest income according to current market curves, the outlook for the business and wholesale issuances and portfolio purchases and sales, and to predict how it will vary under stressed interest rates scenarios.

  Net interest income projection depends on assumptions and events other than just the future interest rate curve; customer behaviour (early cancellation of loans and early redemption of fixed-term deposits), the maturity of on-demand accounts and the future performance of the Group's business are other factors also taken into account.

- **Net interest income volatility:**

  The difference between these net interest income figures (the differences resulting from an increase or decrease or changes in slope compared to the baseline scenario) compared to the baseline scenario gives us a measure of the sensitivity, or volatility, of net interest income.

  The Group then uses this sensitivity measurement to define operating risk thresholds for net interest income for particular interest rate scenarios.

With regard to measurement tools and systems, information is obtained at the transaction level of the Group's sensitive balance sheet transactions from each computer application used to manage the various products. This information is used to produce databases with a certain amount of aggregation in order to speed up the calculations without impairing the quality or reliability of the information.

The assets and liabilities management application is parameterised in order to include the financial specifics of the products on the balance sheet, using customer behaviour models based on historical data, such as pre-payment models. Growth data budgeted in the financial planning (volumes, products and margins) and information on the various market scenarios (interest and exchange rate curves) is also fed into this tool, in order to perform a reasonable estimate of the risks involved. It measures the Group's static gaps, net interest income and economic value.

Hedging policies and mitigation techniques

To mitigate the interest rate risk in the banking book, the Group actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementarity between the sensitivity to fluctuations in interest rates on deposits and on lending transactions arranged with customers or other counterparties. At 31 December 2022, CaixaBank uses fair value hedges as a strategy to mitigate its exposure and preserve the economic value of its balance sheet. The most significant hedges on the Bank's balance sheet are loan hedges, issuance hedges, on-demand account hedges and, in BPI (CaixaBank Group company), term deposit hedges. The most significant are issuance hedges which are structured as macro fair value hedges.

9.1.1 Quantitative aspects

Interest rate risk in the banking book is subject to specific control and includes various risk measures, such as analysis of the sensitivity of net interest income and the present value of future cash flows to different interest rate scenarios, including scenarios of negative interest rates.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios (immediate parallel and progressive shifts of varying intensities, as well as 6 scenarios of changes in slope).

The most likely scenario, which is obtained using the implicit market rates, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel shifts in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 bps each, is approximately 4.71% in the rising scenario and -4.47% in the falling scenario.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on economic value. The sensitivity of equity to sensitive balance sheet assets and liabilities, taking into account scenarios of immediate rising and falling interest rates of 100 bps in each case, is approximately -0.30% in the rising scenario and -0.61% in the falling scenario, compared to the Tier 1 figure.

The following table shows measurements of this risk for the current year and the previous year in the different scenarios used for management of the Group's balance sheet for both economic value and net interest income. The table follows the document structure of the Basel (BIS) standard and gives effect to principle 8 in the document on entities' obligation to publish relevant measurements on their IRB risk.

The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of risk in the banking book, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

Table 9.1 EU IRRBB1 - Interest rate risk of non-trading book activities

Amounts in millions of euros

	ΔEVE		ΔNII	
	Economic Value Sensitivity		Sensitivity to 12-month Interest Margin[2]	
Period	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Parallel up	-1.28%	4.18%	8.90%	28.37%
Parallel down(SOT)	-3.49%	-9.11%	-8.62%	-3.66%
Steepener (SOT)	8.71%	7.48%		
Flattener (SOT)	-8.98%	-6.42%		
Short rate up	-8.80%	0.46%		
Short rate down (SOT)	8.79%	-0.29%		
Maximum[1]	-8.98%	-9.11%	-8.62%	-3.66%

Period	31/12/2022	31/12/2021
Capital *Tier* 1	31,732	33,322

The main changes in risk levels are due to the increase in the level of rates and the early cancellation of TLTRO funding due to the Entity's comfortable liquidity situation and the modification of the on-demand account model.

The interest rate risk in the banking book assumed by the CaixaBank Group is below levels considered significant (outliers) under current regulations.

CaixaBank continues to carry out a series of actions designed to strengthen the monitoring and management of balance sheet interest rate risk.

[1]The item "Maximum" expresses maximum loss.

[2] The sensitivities of net interest income are not adjusted for FVTOCI.

9.1.2 Modelling

There are a number of key assumptions related to measurement and monitoring of interest rate risk in the banking book. The corporate model risk policy regulates the framework for updating and validating all the models defined through a control environment of three lines of defence.

Early cancellation

CaixaBank is currently using multi-variant regression models to model the risk of early contract termination of both loans and fixed-term deposits.

The dependent variable in these models is the monthly rate of early cancellation.

The assumptions of early termination of asset and liability products are obtained using internal models based on past experience, employing the behavioural variables of customers, variables concerning the products themselves, macro variables and seasonality variables.

As regards modelling early loan cancellations, which is the only modelling currently relevant, it is conducted on different groups of contracts that have a homogeneous behaviour profile. These homogeneous groups are constructed on the basis of certain relevant characteristics of the loans that determine their prepayment behaviour:

- Individual or legal entity
- Loan guarantee type
- Loan reference interest rate
- Contract term

The selected explanatory variables considered are as follows:

- Variation in house prices annual rate of change in housing price
- Difference between the interest rate on CaixaBank mortgages compared to the interest rate of the competition
- Applicable tax
- Available income of families
- Seasonality
- Age of the loan
- Value of the 12-month Euribor
- Corporate debt
- Family debt
- GDP

On-demand accounts

On-demand deposits are products with no contractual maturity, subject to two types of options: i) the one purchased by the customer and allows them to withdraw their funds without notice and (ii) the one purchased by the Bank, which is able to review the return received by the customer.

The modelling of both options translates into the representation of on-demand deposits as a liability with a nominal amount that can be amortized, which periodically pays a coupon. Where the balance to be repaid and its average maturity is subject to the stability of the balances, as well as their sensitivity to changes in interest rates.

In this regard, the Company's corporate model is based on the following sub-models:

- Betas model. Its goal is to determine the variation in the cost of deposits based on the variation in the benchmark interest rates, as well as on other factors such as the excess liquidity in the system represented by variables such as the Loan to Deposit.

- Models for determining stable and unstable balances. To determine the stable balance of each type of on-demand deposit, a statistical model is used based on the historical distribution of aggregate balances at the segment and account type level, and the observed balance or outflow decreases with respect to the historical trend of balances. The unstable balance is defined as the maximum outflow under a confidence level of 99%. The remaining balance is considered stable.

- Models for determining core balances (stable and not sensitive to changes in interest rates) and non-core balances (stable or sensitive balances). Of the proportion of the stable balance identified for each type of account, the core balance is that which is not sensitive to interest rates. In general, this sensitivity will be determined by the elasticity of each account at the interest rate level.

  Thus, for indexed products, whose elasticity to changes in interest rates is 100%, their total balance will be classified as non-core balance (stable + unstable balance). In the case of non-interest bearing accounts, the elasticity is close to 0%, therefore the entire balance would be classified as core. However, in this type of non-remunerated accounts, we must determine the balance surplus that is subject to a transfer of balances from on-demand deposits to term deposits in a context of rising rates, and thus once the remuneration of deposits increases. To estimate the proportion of the balance in non-interest bearing accounts that is potentially sensitive to interest rates, the distribution of the liability resources is analysed in terms of the percentage of customers in a normalised interest rate period and under economic conditions in which banks remunerated term deposits in order to obtain financing. It thus represents a situation of maximum migration from on-demand deposits to term deposits. This distribution is extrapolated to the current balances to determine the percentage of stable and non-sensitive balance. The rest of the balance is classified as a potentially sensitive balance or "moveable balance". "". The likelihood of moving is determined by the change in the cost (beta) of deposits. Thus, the proportion of potentially sensitive balances that, due to the beta level, have a high probability of moving is classified as non-core balance. And the remainder is core.

- Model for determining the average life of each balance type identified by segment based on conservative criteria. In the case of unstable balances or with a 100% probability of moving, they are assigned an immediate maturity. The remaining sensitive balances that can be migrated are assigned the minimum average maturity for non-sensitive products (1 year). For balances that are stable and non-sensitive, an average maturity is applied based on the historical analysis of balances and the average life of the accounts.

For deposits in euros - the most relevant type - the average maturity is 3.65 years and the maximum maturity is 20 years. This maximum maturity is assigned to the non-remunerated on-demand deposits of the retail segment classified as core. Financial institutions are not modelled, so they go to overnight. Similarly, currencies are a small volume in proportion to the euro and due to their characteristics, they are assigned a maximum maturity of one day.

The average and maximum maturities for retail and non-financial wholesale for the position in euros are as follows:

Table 9.2 Average and maximum maturities for retail and non-financial wholesale

	Average maturity (years)		Maximum maturity (years)	
	Total	Core	Total	Core
Retail	4.38	6.23	20.00	20.00
Non-financial wholesale	0.35	1.00	2.00	2.00

Non-Performing Exposures (NPEs)

The EBA[1] Guidelines lay out the general criterion that, for the purposes of IRRBB, financial institutions should consider non-performing exposures (net of provisions) as interest rate sensitive instruments, and expected cash flows and their timings must be reflected in the projection model.

Based on the parameters of the credit risk models (probability of default and loss given default) for each operation, the interest rate and amortization flows of this portfolio are projected individually on the basis of two probable states: correction and no correction.

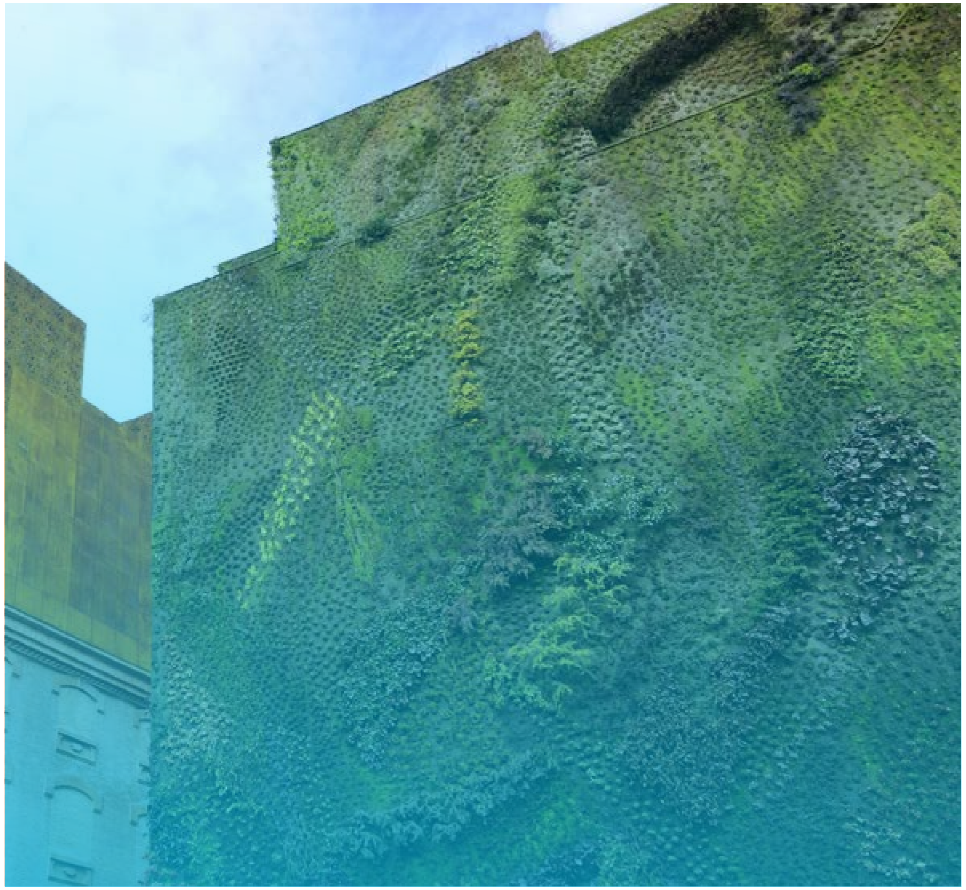
[1]*EBA/GL/2018/02: Guidelines on the management of interest rate risk arising from non-trading book activities.*

Trade margins in metrics of economic value

The calculation of economic value includes trade margins, and cash flows are discounted with the risk-free curve.

Positions in non-euro currencies

Positions in non-euro currencies have little materiality and matches between currencies are not taken into account for modelling purposes.



9.2 Structural exchange rate risk management

Exchange rate risk in the banking book relates to the potential risk to the value of balance sheet items due to fluctuations in the exchange rate.

The Group has foreign currency assets and liabilities in its balance sheet as a result of its commercial activity and its positions in foreign currencies, in addition to the foreign currency assets and liabilities deriving from the Group's measures to mitigate exchange rate risk.

The Finance Division is responsible for managing the exchange risk arising from balance sheet positions denominated in foreign currency, a task performed through the market risk hedging activity undertaken by the ALM Management Division.

The Group hedges its foreign exchange risk by arranging cash transactions or using financial derivatives to mitigate asset and liability positions on the balance sheet. However, the nominal amount of these instruments is not reflected directly in the balance sheet but rather as memorandum items for financial derivatives. This risk is managed by seeking to minimise the level of foreign exchange risk assumed in commercial operations, which explains why the Group's exposure to the risk is low.

As a result of the active management of currency risk by the Markets Area, the remaining minor foreign currency positions of the commercial balance sheet and of the treasury activity are primarily held with credit institutions in major currencies (such as the US dollar, pound sterling or Swiss franc). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

Market risk capital requirements for exchange rate risk in the banking book are calculated using the standard method and detailed for the purposes of RWAs within market risk. When the exposure is less than 2% of the total equity, the exemption set out in Art. 351 of the CRR shall apply. As of 31 December 2022, the Group's foreign currency positions are mostly concentrated in the equity shareholdings of BPI, specifically in Banco de Fomento de Angola, denominated in kwanza, and Banco Comercial de Investimento, denominated in metical.

10. **Liquidity** and funding risk

10. Liquidity and funding risk

Total liquid assets (HQLA + collateral available in policy)
€139,010 M

LCR ratio at 31 December 2022
194 %

Weight of customer liabilities in total funding
88 %

This risk analysis evaluates the Group's ability to access market financing, meet its payment obligations and finance its investment activity.

Liquidity and funding risk in the CaixaBank Group is managed to ensure that the Group can comfortably meet all of its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, whilst remaining compliant with the appetite thresholds established in the RAF (Risk Appetite Framework) at all times.

This goal allows a stable and balanced funding structure to be maintained, with a predominant contribution from customer deposits and limited use of wholesale markets, in line with the Group's funding strategy.

Annual evolution

Its liquidity metrics remained at comfortable levels throughout 2022. Total liquid assets stood at €139,010 million at 31 December 2022, which is a decrease of €29,338 million during the year, mainly due to changes in the value of collateral and liquid assets due to interest rate movements and the evolution of the commercial gap.

The **balance drawn under the ECB facility** at 31 December 2022 amounted to €15,620 million, corresponding to TLTRO III. In 2022, a TLTRO III balance of €65,132 million was repaid, of which €13,495 million correspond to ordinary repayments and €51,637 million to early repayments. The return of TLTRO III does not affect the total balance of liquid assets, but it does affect their composition (transfer of HQLAs to other collateral available in the facility).

The Group's **Liquidity Coverage Ratio** (LCR)1 at 31 December 2022 was 194%, showing an ample liquidity position (291% LCR average last 12 months) well clear of the minimum requirement of 100%.

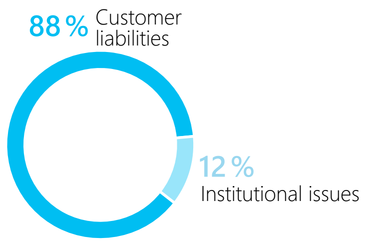
The ***Net Stable Funding Ratio*** (NSFR) stood at 142% at 31 December 2022, well above the regulatory minimum of 100 %.

The funding strategy is built on two key aspects: **(i)** a structure based mainly on customer deposits, as reflected in a Loan-to-Deposits (LTD) ratio of 91% at 31 December 2022; **(ii)** supplemented with wholesale funding markets.

The structure of wholesale issuances is diversified and the maturity profile is comfortable, with relatively low amounts maturing over the coming financial years.

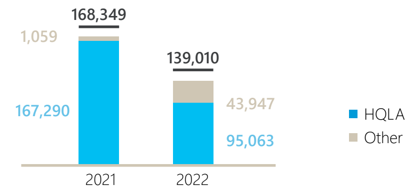
Financing structure

Distribution by source of funding, %



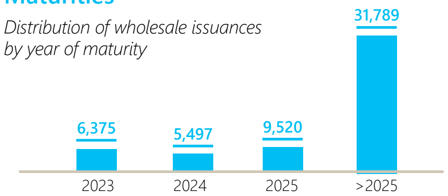
Total liquid assets

In millions€



Maturities

Distribution of wholesale issuances by year of maturity



10.1 Liquidity and funding risk management

Definition and general policy

Liquidity and funding risk is the risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.

With the aim of ensuring correct risk management, the Group has a corporate liquidity risk management policy which lays down the corporate principles, governance framework, control framework and information reporting framework, which is applicable to all Group companies with exposure to such risk.

The Group manages this risk in order to maintain liquidity at levels to ensure payment obligations can be met comfortably on time, without harming investment activity owing to a lack of lendable funds, whilst remaining complaint with the Risk Appetite Framework (RAF) at all times.

As stated by the members of the Board of Directors in the Concise Statement of this document:

- The risk management framework of the Group is deemed appropriate in relation to the approved Risk Appetite.
- The Group maintains a medium-low risk profile with liquidity levels in line with the business model and Risk Appetite defined by the Board of Directors.
- The liquidity metrics are comfortable vis-à-vis payment commitments, with a stable funding structure and comfortable maturity profile over the coming years.
- The Group has coherent liquidity metrics that are consistent with its management policies and which are considered to be aligned with the Risk Appetite Framework established by the Board of Directors.

Liquidity risk management is decentralised across three units (CaixaBank sub-group, BPI sub-group and CaixaBank Wealth Management Luxembourg, S.A.).

Liquidity risk management strategies and processes

a. Identifying material liquidity risks for the Group and its liquidity management units.

b. Formulating the strategic principles the Group must observe in managing each of these risks.

c. Establishing the relevant metrics for each of these risks.

d. Establishing appetite, tolerance and, where applicable, recovery thresholds within the RAF.

e. Setting up management and control procedures for each of the risks, including mechanisms for internal and external systematic monitoring.

f. Defining a Stress-Testing Framework and a Liquidity Contingency Plan to ensure that liquidity risk is managed accordingly in situations of moderate and serious crisis.

g. And a recovery planning framework, in which scenarios and measures are devised for stress conditions.

The liquidity strategy can be summarised as the maintenance of liquidity levels within the RAF in order to comfortably meet all payment obligations on time and prevent investment activities from being affected by a lack of lendable funds.

In particular, the Group holds specific strategies with regard to: **(i)** management of intraday liquidity risk; **(ii)** management of the short-term liquidity; **(iii)** management of the sources of financing/concentrations; **(iv)** management of liquid assets and **(v)** management of asset encumbrances. Similarly, the Group has procedures to minimise liquidity risks in stress conditions through **(i)** the early detection of the circumstances through which it can be generated; **(ii)** minimise negative impacts and **(iii)** sound management to overcome a potential crisis situation.

CaixaBank has established risk appetite indicators at the Group and management unit levels. These include the following main indicators:

- **Level 1**[1] where four indicators are established in the areas of: **(i and ii)** short-term liquidity (position and Liquidity Coverage Ratio [LCR]), **(iii and iv)** long-term funding structure (NSFR and retail).

- **Level 2**[2] where ten secondary indicators are established in the areas of: **(i)** funding cost; **(ii)** short-term liquidity (position), **(iii)** balance sheet structure (wholesale), **(iv)** concentration of wholesale funding maturities, **(v)** concentration of funding from counterparties, **(vi)** and **(vii)** concentration of ECB funding, **(viii)** intraday liquidity, **(ix)** asset encumbrance and **(x)** stress metric.

A stress metric is in place to ensure the integration of stress exercises into risk appetite and risk management processes. This metric is based on an internal stress model that was developed to comply with best practices (EBA guidelines on institutions' stress testing called "Guidelines on institutions' stress testing EBA/GL/2018/04" and EBA guidelines on ILAAP called "Guidelines on ICAAP and ILAAP information collected for SREP purposes").

CaixaBank Group uses liquidity stress tests (internal model, LCR-based survival period, liquidity stress for ICAAP and liquidity stress for recovery plan) as a key element for decision-making in the field of liquidity risk. Among other things, these tests can verify RAF liquidity targets and project metrics to anticipate breaches of liquidity targets and limits set in the Risk Appetite Framework (RAF). The internal liquidity model and the recovery plan use as an assumption all risk sources identified in the process of liquidity risk identification. CaixaBank Group uses tests at a consolidated level (in accordance with the EBA guidelines on stress) but also for each of its liquidity risk management units. The main characteristics of these exercises are as follows:

[1] Established by the Board of Directors and reported to it regularly.

[2] Limits delegated by the Board of Directors to Management for monitoring, management and control

The internal stress model is a reverse stress test in which RAF 1 funding/liquidity financial metrics are calculated under three scenarios (systemic, idiosyncratic and combined) before and after the implementation of measures. This exercise quantifies severe but feasible stress impacts that involve a breach of one or more of the threshold levels of the RAF 1 liquidity/funding financial metrics. It considers deposit outflows, additional drawdowns on credit lines, non-renewal of wholesale funding maturities, rating downgrade triggers/securitisations, valuation stress, credit rating stress, collateral maturities, liquidity stress of the liquidity buffer of the set of hedges of mortgage/property bonds issued and others. In addition, feasible measures are quantified for each scenario (ECB funding with available collateral, collateral generation and ECB discounting, equity-collateralised funding and commercial measures). RAF level 1 financial metrics (potential liquidity on the balance sheet, LCR, NSFR and LTD) and other magnitudes (such as funding taken from ECB), and RAF level 2 metrics, such as Asset Encumbrance, Wholesale Funding or actual liquidity on net LCR outflows are projected.

In the survival period based on LCR assumptions with an extended time period, the LCR exercise is taken as the only scenario. It uses the stress criteria established to calculate the LCR ratios projected on a month-to-month basis for up to twelve months. It is a static exercise since no extraordinary measures are expected to be taken that could extend the survival period. The only projected metric is the LCR.

Regarding the ICAAP exercise, in addition to a central scenario (based on the Operating Plan and Strategic Plan), a weakness scenario is constructed that takes into account an adverse macroeconomic scenario and projecting in the long term (over three years) the various flows that impact liquidity. This scenario also establishes specific liquidity impacts such as deposit outflows or reductions in the value of liquid assets due to rating and valuation impacts. RAF level 1 financial metrics (potential liquidity on balance sheet, LCR, NSFR and LTD) and other magnitudes (such as the actual liquidity position), or RAF level 2 metrics, such as Asset Encumbrance and Wholesale Funding, are projected.

The stress exercise for the Recovery Plan is a reverse stress test in which at least the RAF 1 metrics are calculated before and after the implementation of measures in the different recovery scenarios. In general, three scenarios with an impact on liquidity are typically projected (systemic, idiosyncratic liquidity and combined), and at least the following impacts are considered: deposit outflows, additional drawdowns on credit lines, non-renewal of wholesale funding maturities, rating downgrade triggers/securitisations, valuation stress, credit rating stress, collateral maturities and others. The measures considered (applicable in all or some of the scenarios) are ECB funding with available collateral, collateral generation and ECB discounting, equity-collateralised funding, commercial measures and sale of non-eligible assets at the ECB. Following the application of measures, the main recovery indicators (potential liquidity on the balance sheet, LCR, NSFR and LTD) and auxiliary liquidity indicators (wholesale funding ratio on the balance sheet, actual liquidity on net outflows, LCR and asset encumbrance) are projected.

The main tools used to achieve the liquidity management goal are the following:

- Decentralised liquidity management system in three autonomous units (sub-group of CaixaBank, sub-group of BPI and CaixaBank Wealth Management Luxembourg, S.A.), in which a segregation of functions exists to ensure optimal management, control and monitoring of risks.
- Maintenance of an efficient level of liquid funds to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Active liquidity management through continuous monitoring of liquid assets and balance sheet structure.
- Sustainability and stability as core principles of its funding sources strategy, based on: **(i)** customer deposit-based funding structure and **(ii)** capital market funding, complementing the funding structure.

Structure and organisation of liquidity risk management function (regime, considerations and other arrangements)

The Board of Directors has assigned functions related to the ongoing monitoring of risk management to the Risk Committee and to the Global Risk Committee. The ALCO is responsible for managing, monitoring and controlling liquidity risk. To do so, it monitors, on a monthly basis, compliance with the Risk Appetite Framework (RAF), the Bank's long-term funding plan, trends in liquidity, expected gaps in the balance sheet structure, indicators and alerts to anticipate a liquidity crisis so that it can take corrective measures in accordance with the Liquidity Contingency Plan. It also analyses the potential liquidity levels under each of the hypothetical crisis scenarios.

First line of defence

The ALM (Asset and Liability Management) Division, Treasury and Funding, which reports to CaixaBank's Finance Division, is responsible for analysing and managing liquidity risk, ensuring that liquid assets are permanently available in the balance sheet, i.e. minimising the liquidity risk in the banking book in accordance with the guidelines established by the ALCO. The Balance Sheet Analysis and Monitoring Division, which also reports to the Finance Division of CaixaBank, oversees the analysis and monitoring of liquidity risk. The analysis is performed under both normal and business-as-usual market situations and under stress situations.

Second line of defence

Independently of the divisions that form the first line of defence, the Risk Structures and Market Risk Division, which reports to the Directorate of Corporate Risk Management Function & Planning, as a second line of defence, is responsible for risk control, monitoring and assessment of the risk control environment and for the identification of potential areas of improvement.

Third line of defence

See section 3.1.2. Internal Control Framework - Third line of defence.

Scope and nature of information transmission and liquidity risk measurement systems

Liquidity risk is measured, monitored and controlled through static measurement of the liquidity position, dynamic measurement of liquidity projections and stress test exercises for liquidity under different scenarios. In addition, static and dynamic comparisons of the funding structure are performed and regulatory ratios are calculated (LCR, NSFR and Asset Encumbrance).

Static measurements of liquidity are calculated on a daily basis, including certain Risk Appetite Framework (RAF) metrics. Monthly liquidity projections are performed, including the most relevant RAF metrics, together with two stress test exercises (quarterly internal model and survival period based on monthly LCR assumption). Annual liquidity stress tests are carried out for the Recovery Plan and the Internal Capital Adequacy Assessment Process (ICAAP).

An Internal Liquidity Adequacy Assessment Process (ILAAP) is carried out every year. This includes a review of the Management Framework for Liquidity and Funding Risk, in accordance with the requirement received from the supervisor. – In addition, the CaixaBank Board of Directors makes a declaration about the adequacy of liquidity buffers for existing funding and liquidity risks.

With regard to the declaration on the adequacy of the liquidity buffers for existing funding and liquidity risk in the 2022 ILAAP:

It is declared that liquidity risk management and levels at the consolidated group of credit institutions headed by CaixaBank are adequate.

The content of this declaration is as follows:

- **Scope of application:** The scope of application of the ILAAP corresponds to the Consolidated CaixaBank Group, formed of CaixaBank S.A. as the parent company, and its subsidiary companies integrated into the regulatory consolidation. Liquidity risk management is decentralised across three units (CaixaBank sub-group, BPI sub-group and CaixaBank Wealth Management Luxembourg, S.A.).

- **Identification of liquidity risks and formulation of liquidity risk strategies:** The CaixaBank Group regularly carries out a comprehensive identification process for all material liquidity risks, which enables dynamic management and anticipation of these risks. All material risks have a corresponding liquidity risk strategy.

  With a view to meeting regulatory expectations, thresholds have been established for non-material risks. Thresholds are not set for material risks because they have a corresponding specific strategy, and they are linked to RAF indicators that allow them to be monitored and controlled.

  The goal of the general liquidity risk strategy is to maintain liquidity levels at all times within the Risk Appetite Framework (RAF) thresholds to ensure payment obligations can be met comfortably on time, without harming investment activity owing to a lack of lendable funds.

- **Liquidity risk governance:** CaixaBank Group has sound liquidity and funding governance processes that comply with best practices in the field of governance. This enables the Group to exchange information among its different companies, manage the risks in its various subsidiaries or entities, as well as in the Group as a whole, thereby ensuring effective supervision of the Group.

- **Funding strategy and plan:** CaixaBank Group has an appropriate funding structure, which adheres to the funding risk management strategy in place and is in line with the established Risk Appetite Framework. Funding through deposits opened through the branch network plays a predominant role, underpinned by wholesale funding that is diversified through the use of a variety of instruments, investors and maturities.

- **Management of liquidity buffers:** CaixaBank Group also has robust procedures in place to identify, manage, monitor and control its liquid asset base. The Group has a satisfactory level of liquid assets, considering the regulatory restrictions, defined risk appetite, and liquidity and funding risks identified.

- **Management of collateralised assets (*asset encumbrance*):** CaixaBank Group has classified asset encumbrance risk as a material risk and has therefore drawn up a specific strategy to manage this risk and a metric for measuring it and setting a threshold in the RAF. The CaixaBank Group has in place robust prodecures to monitor "Asset encumbrance" (collateralised assets), maintaining a reasonable level and within the levels established in RAF.

- **Transfer pricing system:** The CaixaBank Group has a transfer pricing system that is fully integrated into its management processes, through which funding transactions are remunerated, while funding costs are passed on to lending transactions. The system is an essential part of segment accounting.

- **Intraday liquidity:** CaixaBank Group has sufficient procedures in place in each management and control unit for intraday liquidity risk, maintaining very comfortable levels with respect to the Risk Appetite level.

- **Liquidity stress tests:** CaixaBank Group carries out various liquidity stress tests: two specific internal liquidity tests (internal stress model and LCR-based survival period), and two other tests carried out annually, corresponding to the Recovery Plan and the ICAAP. In all cases, the results are satisfactory. Even in the more severe scenarios, the liquidity targets established in the Risk Appetite Framework (RAF) are met.

- **Liquidity Contingency Plan:** The Group's liquidity management units have a robust Liquidity Contingency Plan that includes: **(i)** an early-detection framework; **(ii)** a governance and activation model; **(iii)** a broad range of measures intended to generate liquidity, which is quantified regularly; and **(iv)** an internal and external Communications Plan.

- **ILAAP self-assessment:** CaixaBank Group has carried out an ILAAP self-assessment.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

The measures in place for liquidity risk management and anticipatory measures feature:

a. Authority from the General Meeting of Shareholders or, as the case may be, from the Board of Directors to issue, depending on the nature of the type of instrument.

b. Availability of several facilities open with **(i)** the ICO, under credit facilities – mediation, **(ii)** the European Investment Bank (EIB) and **(iii)** the Council of Europe Development Bank (CEB). In addition, there are financing instruments with the ECB for which a number of guarantees have been posted to ensure that liquidity can be obtained immediately.

c. Maintaining issuance programmes aimed at expediting formalisation of securities issuances in the market.

d. To facilitate access to short-term markets, CaixaBank currently maintains the following:

   1. Interbank facilities with a significant number of financial institutions (national and international), as well as with central banks.

   2. Repo facilities with a number of domestic and foreign counterparties.

   3. Access to central counterparty clearing houses for repo business (LCH SA Paris, BME Clearing and EUREX Frankfurt).

e. The Contingency Plan and Recovery Plan contain a wide range of measures to generate liquidity in a wide range of crisis situations. These include potential issuances of secured and unsecured debt, use of the repo market, and so on. For all these, viability is assessed under different crisis scenarios and descriptions are provided of the steps necessary for their execution, as well as the expected period of execution.

2022 Pillar 3 Disclosures

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A.

Strategy for the management of funding sources/ concentrations

CaixaBank Group has developed a decentralised funding model based on autonomous entities that are responsible for meeting their own liquidity needs and based on the following principles:

a. Maintaining a stable funding base of customer deposits, pursuing maximum customer loyalty, leading to greater stability in their balances. Knowledge of the different stability levels of retail deposits according to customers' loyalty and operating level.

b. Active management of wholesale funding with continuous monitoring of wholesale funding markets, availability of a broad range of instrument types for the execution of transactions, ratings by different agencies (credit rating of the institution and instruments issued), close relationship with investors in order to optimise funding costs and market access. The execution of these transactions seeks to diversify instruments, investors and maturities.

Several metrics are used to monitor and control the funding structure (loan-to-deposits ratio, NSFR, wholesale funding ratio) and concentration metrics (concentration of counterparties, wholesale funding maturities and ECB funding).

10.2 Quantitative aspects

The breakdown of the CaixaBank Group's high-quality liquid assets (HQLAs) is as follows:

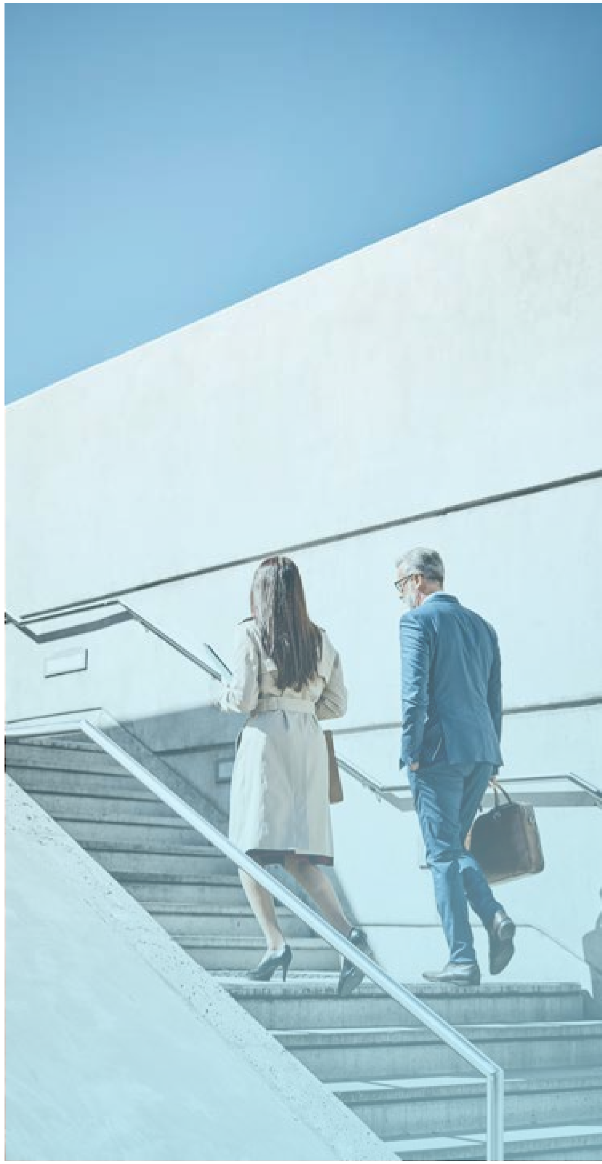
Table 10.1 High-Quality Liquid Assets (HQLAs)

Amounts in millions of euros	2021		2022	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	166,473	166,466	93,888	93,850
Level 2A assets	182	155	363	308
Level 2B assets	1,338	669	1,664	905
Total[1]	**167,993**	**167,290**	**95,915**	**95,063**

[1] *Criteria established to determine the LCR (liquidity coverage ratio).*

Banking liquidity, measured by the high-quality liquid assets (HQLAs) used to calculate the LCR, in addition to the balance that can be drawn on the credit facility with the European Central Bank that does not comprise the aforementioned assets, amounted to EUR 139,010 and EUR 168,349 million in December 2022 and December 2021, respectively.

Compliance with the Liquidity Coverage Ratio became came mandatory on 1 October 2015. This entails maintaining an adequate level of high-quality liquid assets (HQLAs) available to meet liquidity needs for a 30-calendar-day stress scenario which considers a combined financial sector-wide and idiosyncratic crisis. The regulatory limit established is 100%. CaixaBank has included thresholds for this metric within the Risk Appetite Framework (RAF).



The table below presents the LCR ratio at 31 December 2022:

Table 10.2 LCR (Liquidity Coverage Ratio)

Amounts in millions of euros	2021	2022
High-quality liquid assets (numerator)	167,290	95,063
Total net cash outflows (denominator) (a-b)	49,743	48,911
Cash outflows (a)	62,248	60,823
Cash inflows (b)	12,505	11,912
LCR (Liquidity Coverage Ratio)[1]	**336 %**	**194 %**

The table hereafter presents the average monthly LCR figures for the last four quarters.

[1] *According to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to liquidity coverage requirement for credit institutions.*

Table 10.3 EU LIQ1 - Qualitative information on LCR

Amounts in millions of euros

CaixaBank consolidated		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		31/12/22	30/09/22	30/06/22	31/03/22	31/12/22	30/09/22	30/06/22	31/03/22
Number of months used to calculate the average		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high quality liquid assets (HQLAs)					149,713	161,351	166,572	165,160
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	307,303	304,644	300,921	296,433	20,055	19,858	19,603	19,293
3	Stable deposits	239,437	237,887	236,049	233,754	11,972	11,894	11,802	11,688
4	Less stable deposits	67,461	66,308	64,442	62,323	8,083	7,953	7,771	7,559
5	Unsecured wholesale funding	81,744	82,691	82,523	80,362	33,531	33,765	33,948	32,812
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	27,490	28,302	29,201	29,794	6,714	6,919	7,143	7,290
7	Non-operational deposits (all counterparties)	53,493	53,700	52,594	49,883	26,056	26,156	26,078	24,837
8	Unsecured debt	761	690	727	685	761	690	727	685
9	Secured wholesale funding		—	—	—	539	454	488	604
10	Additional requirements	104,290	101,538	98,516	96,554	9,284	8,965	8,610	8,516
11	Outflows related to derivative exposures and other collateral requirements	978	919	869	900	978	919	869	900
12	Outflows related to loss of funding on debt products	376	426	323	324	376	426	323	324
13	Credit and liquidity facilities	102,936	100,193	97,323	95,330	7,930	7,619	7,418	7,291
14	Other contractual funding obligations	1,326	1,470	1,442	1,213	699	769	697	498
15	Other contingent funding obligations	31,710	31,998	34,707	37,833	144	170	204	241
16	TOTAL CASH OUTFLOWS					64,252	63,982	63,550	61,963
CASH INFLOWS									
17	Secured lending (e.g., reverse repos)	5,400	6,045	6,193	5,595	432	369	330	327
18	Inflows from fully performing exposures	15,572	15,099	14,512	13,724	11,263	10,920	10,469	9,936
19	Other cash inflows	1,170	1,149	1,082	844	1,170	1,149	1,082	844
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)		—	—	—	—	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)		—	—	—	—	—	—	—
20	TOTAL CASH INFLOWS	22,142	22,293	21,787	20,163	12,866	12,438	11,881	11,107
EU-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	19,471	19,522	18,959	17,764	12,866	12,438	11,881	11,107
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					149,713	161,351	166,572	165,160
22	TOTAL NET CASH OUTFLOWS					51,386	51,544	51,670	50,856
23	LIQUIDITY COVERAGE RATIO (%)					291%	313%	323%	325%

Qualitative information related to the LCR:

Table 10.4 EU LIQB - Qualitative information on LCR

a.	Explanations of the main metrics that influence the LCR result and the evolution of the contribution of the LCR calculation inputs over time	The LCR result is affected by two components: HLQAs and net outflows (gross outflows minus gross inflows). As regards the structure of gross outflows, the most significant components at 31/12/2022 were "unsecured wholesale funding" with a weight of 52.2%, "retail deposits and deposits from small business customers" at 31.2% and "additional requirements" at 14.4%. Meanwhile, the most significant inflow item was "inflows from fully performing exposures", with a weight of 87.5%. As for the evolution of the numerator and denominator of the ratio, note: (i) in terms of HQLAs, there is a decrease of 7.2% due to the outflow of liquidity due to commercial gap in 2022, the return of TLTRO III (advance) of December 2022 and the fluctuation in financial market prices, which negatively affects the valuation of HQLAs and the increase of the collateral provided; (ii) as for the change in net outflows, there is a small decrease of 0.3% in the December figure compared to the figure for September, mainly due to the increase in inflows due to credit investment. As for the evolution of the contribution of the main components, the balance of "retail deposits and deposits from small customers rose by" 0.9% and the balance of "non-guaranteed wholesale funding fell by 1.1%".
b.	Explanations of LCR variations over time	The last 12-month average ratio at 31/12/2022 stood at 291% compared to 320% (last 12-month average) at 31/12/2021 (decrease of 29 percentage points). The decrease in the ratio is due mainly to the decrease in HQLAs due to the outflow of liquidity due to commercial gap in 2022, the return of TLTRO III (advance) of December 2022 and the fluctuation in financial market prices, which negatively affects the valuation of HQLAs and the increase of the collateral provided.
c.	Explanations regarding the actual concentration of funding sources	One of the Group's liquidity management principles is to diversify wholesale funding sources by instruments, investors, markets and maturities. Furthermore, due to its commercial nature, funding is primarily based on retail customer deposits, which is inherently more stable than wholesale funding. This is demonstrated in the LCR template (EU LIQ1), which shows that the unweighted value of "retail deposits and deposits from small business customers" is much higher than that of "unsecured wholesale funding". Furthermore, the bulk of the balance within retail deposits is concentrated in "stable balances", which indicates a high diversification of funding positions.
d.	High-level description of the composition of the institution's liquidity buffer	At year-end December 2022, 98.72% of assets were level 1, with a significant weight of central governments and public sector companies. 0.95% are Level 2B assets and 0.32% Level 2A assets.
e.	Derivative exposures and possible collateral	Most derivative transactions are subject to collateral contracts, which cover the market value of these transactions. The liquidity risk associated with the impact of an adverse market scenario, which would produce variations in the market values of such derivatives, and therefore additional liquidity needs due to an increase in the provision of collateral, is included in the LCR ratio, in which the most significant 30-day net variation over the preceding 24-month is calculated and then added as liquidity needs.
f.	Currency mismatch in the LCR	CaixaBank has no significant currencies (balance in foreign currency >5% of liabilities without equity) other than the base currency (euro).
g.	Other elements of the LCR calculation that are not included in the LCR disclosure template but that CaixaBank considers relevant to its liquidity profile	Not applicable.

NSFR (*Net Stable Funding Ratio*)

The NSFR ratio came into force in June 2021 with a required regulatory limit of 100%. The ratio has a large weighting in (more stable) customer deposits in the Group's funding structure and limited use of wholesale markets for short-term funding. This provides a balanced funding structure, which would result in an NSFR of 142% at the end of 2022.

The NSFR for the last four quarters is shown below:

Table 10.5 EU LIQ2 - Net Stable Funding Ratio (NSFR)

Amounts in millions of euros

CaixaBank consolidated		31/12/2022					30/09/2022					30/06/2022					31/03/2022				
		Unweighted value by residual maturity					Unweighted value by residual maturity					Unweighted value by residual maturity									
Amounts in foreign currency		No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount
AVAILABLE STABLE FUNDING ITEMS																					
1	Equity elements and instruments	37,200	—	1,499	4,574	42,524	36,947	—	1,499	3,705	41,401	37,613	—	—	4,694	42,307	39,247	750	—	4,677	43,924
2	Shareholders' equity	37,200	—	1,499	4,574	42,524	36,947	—	1,499	3,705	41,401	37,613	—	—	4,694	42,307	39,247	750	—	4,677	43,924
3	Other equity instruments	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—
4	Retail deposits	—	312,004	764	133	293,822	—	310,005	1,252	204	292,418		312,205	1,039	443	294,572	—	305,476	854	605	288,261
5	Stable deposits	—	243,403	564	60	231,829	—	240,701	967	108	229,693		243,451	735	316	232,293	—	238,623	553	438	227,654
6	Less stable deposits	—	68,600	200	73	61,993	—	69,304	284	96	62,725		68,754	304	127	62,280	—	66,854	301	167	60,607
7	Wholesale funding	—	106,468	4,962	53,346	90,373	—	107,110	55,905	55,790	117,637		116,656	63,570	55,811	124,401	—	91,695	23,695	108,528	153,929
8	Operational deposits	—	28,980	6	12	2,379	—	26,056	1	5	2,154		26,730	3	7	2,462	—	26,297	3	7	2,343
9	Other wholesale funding	—	77,488	4,955	53,335	87,994	—	81,055	55,903	55,786	115,482		89,926	63,567	55,804	121,939	—	65,399	23,692	108,521	151,585
10	Interdependent liabilities	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—
11	Other liabilities	3,085	6,651	1,747	2,623	3,497	1,784	6,844	1,668	2,879	3,713	1,272	7,544	2,001	5,414	6,415	647	7,721	2,060	7,739	8,769
12	NSFR derivative liabilities	3,085	—	—	—	—	1,784	—	—	—	—	1,272					647	—	—	—	—
13	All other liabilities and equity not included in the above categories	—	6,651	1,747	2,623	3,497	—	6,844	1,668	2,879	3,713		7,544	2,001	5,414	6,415	—	7,721	2,060	7,739	8,769
14	**Total available stable funding**					**430,216**					**457,323**					**470,157**					**497,226**

CaixaBank consolidated		31/12/2022					30/09/2022					30/06/2022					31/03/2022				
		Unweighted value by residual maturity					Unweighted value by residual maturity					Unweighted value by residual maturity									
Amounts in foreign currency		No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount
AVAILABLE STABLE FUNDING ITEMS																					
15	Total high-quality liquid assets (HQLA)	—	—	—	—	4,090	—	—	—	—	12,572		—	—	—	14,041	—	—	—	—	11,213
EU-15a	Assets encumbered for more than 12 months in cover pool	—	704	712	20,136	18,319	—	1,089	1,105	26,570	24,450		1,357	1,330	31,355	28,936	—	3,895	3,689	75,611	70,715
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—
17	Performing loans and securities:	—	68,500	22,402	264,080	229,543	—	61,976	22,320	257,521	223,275		61,874	22,144	249,720	218,031	—	59,658	19,977	199,686	184,724
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	—	12,175	195	1,205	1,418	—	7,523	194	503	1,320		5,550	—	501	825	—	14,410	60	—	1,465
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	—	6,897	1,440	4,097	5,813	—	6,617	1,249	3,993	5,915		5,558	1,563	3,992	5,757	—	4,204	1,257	2,888	4,855
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs, of which:	—	28,251	15,964	125,702	209,541	—	28,220	15,637	126,327	204,369		31,260	15,386	123,731	199,816	—	22,972	13,259	109,144	166,675
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	—	16,102	8,109	44,302	116,143	—	14,309	8,271	44,924	111,441		17,295	7,806	47,292	111,358	—	10,721	4,989	32,827	82,937
22	Performing residential mortgages, of which:	—	3,937	4,014	121,539	—	—	4,601	4,640	116,064	—		4,709	4,668	110,900	—	—	4,672	4,699	77,022	—
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	—	3,551	3,583	106,060	—	—	4,171	4,189	101,363	—		4,239	4,234	96,715	—	—	4,287	4,272	68,576	—

CaixaBank consolidated		31/12/2022 Unweighted value by residual maturity					30/09/2022 Unweighted value by residual maturity					30/06/2022 Unweighted value by residual maturity					31/03/2022				
Amounts in foreign currency		No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount
AVAILABLE STABLE FUNDING ITEMS																					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance sheet trade finance products	—	17,240	788	11,537	12,772	—	15,015	599	10,633	11,672		14,798	527	10,597	11,633	—	13,401	703	10,633	11,728
25	Independent assets	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—
26	Other assets	No mapping to reporting	19,635	1,101	42,312	45,332	No mapping to reporting	18,962	715	45,628	48,145		14,733	1,903	43,737	46,271	No mapping to reporting	15,111	1,616	46,501	49,671
27	Physical traded commodities	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—
28	Cash, securities or other assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	—	34	—	127	137	—	41	—	129	144		36	—	119	132	—	31	—	133	139
29	NSFR derivative assets	—	—	—	—	—	—	—	—	—	—		—			—	—	22	—		22
30	Derivative liabilities as calculated according to NSFR before deducting variation margin posted	—	12,772	—	—	639	—	12,572	—	—	629		9,346			467	—	8,884	—		444
31	All other assets not included in the above categories.	—	6,828	1,101	42,185	44,557	—	6,349	715	45,499	47,372		5,352	1,903	43,618	45,672	—	6,175	1,616	46,368	49,066
32	Off-balance sheet items	—	31,953	13,526	91,695	6,440	—	30,597	12,491	90,019	6,300		29,296	12,670	88,384	6,199	—	12,957	8,821	80,194	5,998
33	**Total required stable funding**	—	—	—	—	303,723	—	—	—	—	314,742					313,477	—	—	—	—	322,322
34	**Net stable funding ratio (%)**					142%					145%					150%	—	—	—	—	154%

Asset encumbrance

The table below shows encumbered and unencumbered assets based on median values of quarterly data for 2022:

Table 10.6 EU AE1 Encumbered and unencumbered assets

Amounts in millions of euros	Carrying amount of encumbered assets	Of which notionally eligible EHQLA and HQLA	Fair value of encumbered assets	Of which notionally eligible EHQLA and HQLA	Carrying amount of unencumbered assets	Of which EHQLA and HQLA	Fair value of unencumbered assets	Of which EHQLA and HQLA
ASSETS OF THE REPORTING INSTITUTION	183,047	48,357			435,977	140,097		
Equity instruments	—	—	—	—	2,003	1,178	1,781	1,178
Debt securities	48,541	48,259	46,838	46,559	43,970	40,664	41,829	38,525
of which: covered bonds	7	—	7	—	1	—	1	—
of which: securitisations	49	—	48	—	51	—	50	—
of which: issued by general governments	45,317	45,317	43,973	43,973	39,419	39,416	37,448	37,448
of which: issued by financial corporations	2,675	2,550	2,413	2,290	1,965	1,147	1,788	970
of which: issued by non-financial corporations	394	261	394	261	2,678	213	2,687	219
Other assets[1]	128,402	96			378,578	98,256		

[1] Regarding unencumbered assets, "Other assets" is the main component, representing 87% of the total carrying amount of unencumbered assets (contains primarily credit investments). Credit investments represent 73% of the total carrying amount of unencumbered assets. Furthermore, unencumbered assets considered not available for encumbrance in the normal course of business represent 14% of the total carrying amount of unencumbered assets and include assets other than the loan portfolio.

These assets relate mainly to loans securing issuances of mortgage-covered bonds (covered bonds and mortgage bonds) and asset-backed securities, debt securities that are delivered under repurchase agreements, asset-backed securities pledged as collateral for securities lending transactions and assets pledged as collateral (loans or debt instruments) for access to ECB refinancing operations. They also include the balance of cash delivered to secure derivatives transactions. All the encumbered assets are held by CaixaBank, S.A. and Banco BPI.

Complementing the previous table on our own assets, the following table includes information on assets received. The collateral received is primarily due to reverse repos, securities lending, cash and debt securities received to secure trading in derivatives and own senior debt securities issued, as well as covered bonds and securities issued and not pledged. The table below shows average values for assets securing financing transactions and unencumbered assets in 2022, calculated using quarterly data:

Table 10.7 EU AE2 — Collateral received and own debt securities issued

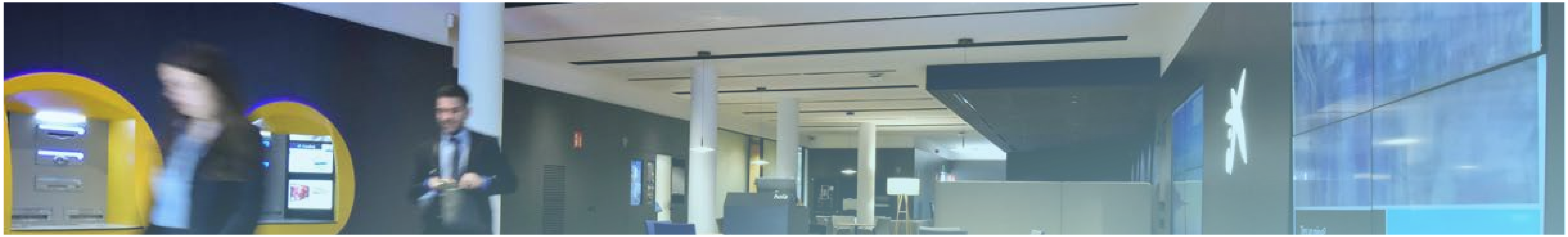
	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
Amounts in millions of euros		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	7,453	6,325	15,946	11,891
Loans on demand	10	—	—	—
Equity instruments	—	—	—	—
Debt securities	7,442	6,325	13,487	11,891
of which: covered bonds	465	465	167	110
of which: securitisations	1,170	122	561	17
of which: issued by general governments	5,954	5,954	11,798	11,798
of which: issued by financial corporations	1,475	639	1,955	127
of which: issued by non-financial corporations	11	10	—	—
Loans and advances other than loans on demand	—	—	—	—
Other collateral received	—	—	2,695	—
Own debt securities issued other than own covered bonds or asset-backed securities	**—**	**—**	**255**	**—**
Own covered bonds and asset-backed securities issued and not yet pledged			**20,566**	**—**
Total collateral received and own debt securities issued	**190,499**	**55,607**		

The following table shows the amount of the covered bonds and asset-backed securities retained:

Table 10.8 Amount of the covered bonds and asset-backed securities retained

	Carrying amount of the underlying asset pool	Fair value of retained issued liabilities
Amounts in millions of euros	Unencumbered	Unencumbered
Own covered bonds and asset-backed securities issued and not yet pledged	**90,671**	**58,152**
Retained issued covered bonds	70,855	37,994
of which: CaixaBank	63,681	31,900
of which: BPI	7,174	6,094
Retained issued asset-backed securities	19,816	20,158
of which: CaixaBank	19,816	20,158

Figures as at 31/12/2022



The following table shows the asset encumbrance ratio, based on median values of quarterly data for 2022.

Table 10.9 Average asset encumbrance ratio

Amounts in millions of euros	Average[1]
Encumbered assets and collateral received	**190,499**
Equity instruments	—
Debt securities	57,061
Loans and receivables	128,412
Other assets	—
Total assets + Total assets received	**643,603**
Equity instruments	2,003
Debt securities	113,016
Loan portfolio	462,280
Other assets	63,845
Asset encumbrance ratio	**29.08%**

[1] *Average calculated on quarterly data.*

The asset encumbrance ratio at 31 December 2022 and 2021 is as follows:

Table 10.10 Asset encumbrance ratio

Amounts in millions of euros	2021	2022
Encumbered assets and collateral received	**172,257**	**108,056**
Debt securities	46,459	26,399
Loans and receivables	125,793	81,657
Other assets	4	—
Total assets + Total assets received	**638,656**	**560,398**
Equity instruments	1,998	1,710
Debt securities	112,193	113,802
Loan portfolio	453,220	382,732
Other assets	71,246	62,154
Asset encumbrance ratio	**26.97%**	**19.28%**

The ratio has dropped by 7.69 percentage points, from 26.97% at 31/12/2021 to 19.28% at 31/12/2022. This reduction is due primarily to a reduction in the balance taken from TLTRO III (amortisation in 2022 with a TLTRO III balance of €65,132 M, € of which €51,637 M correspond to early repayments, with financing pending at the close of 2022 of €15,620 M).

The following table shows the relationship between the liabilities guaranteed and the assets by which they are guaranteed, using average 2022 values, based on quarterly figures:

Table 10.11 EU AE3 - Sources of encumbrance

Amounts in millions of euros	Corresponding liabilities, contingent liabilities, or securities loaned	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Book value of selected financial liabilities	149,318	183,731

The previous table shows the liabilities guaranteed and the assets by which they are guaranteed. These tables show the charges resulting from activities with derivatives, deposits (including asset transfer transactions, central bank funding and securities loans with VidaCaixa), issuances (covered bonds and securitisation bonds) and others.

As can be seen from the previous table, the value of the encumbered assets exceeds the liabilities they cover. These excess guarantees are mainly due to:

- Funding with mortgage-covered bonds: for each mortgage bond issued, it is necessary to maintain a legal guarantee of 105%. However, for the purposes of calculating this ratio, all of the hedges must be considered to be encumbered. This is because the new regulation on guaranteed bonds (in force since July 2022) introduces an external authorisation requirement to be able to withdraw the excess collateral from the hedging portfolio. This means that the excess collateral applied to mortgage bonds for calculating the ratio is 180% (total overcollateralisation existing at the close of the fiscal year).

- ECB funding, guaranteed mainly using mortgage-covered bonds, public-sector covered bonds, SAREB, retained securitisations and loans. In this case, the excess collateral is due to two facts: the valuation adjustments applied by the central bank, and the excess collateral established for the various issuances: 180% for mortgage-covered bonds; and 375% for regional bonds.

The data of the asset encumbrance ratio in relation to the business model and the differences between the reporting scope of the ratio and other information are explained below:

The CaixaBank Group is a predominantly retail bank that carries out a strategy and maintains a funding structure that is mainly based on maintaining a stable base of customer deposits, supplemented by active and conservative management of wholesale funding. Customer deposits make up 88% of the funding structure.

- This business model facilitates a collateral management strategy oriented towards maintaining a prudent level of encumbered assets that can mitigate the uncertainty of unsecured credits. This facilitates access to funding sources (secured and unsecured), and also contributes to the availability of a sufficient collateral reserve, which is of particular importance in stress situations. The CaixaBank Group has an asset encumbrance ratio of 19.28% at 31 December 2022, which illustrates the foregoing.

- With regard to the segmentation and use of collateral, the main source of collateral is the loan portfolio used for covered bond issues and securitisations (market and own portfolio for pledging the facility of the European Central Bank), followed by the securities portfolio for short-term transactions (repos).

- Data within the consolidation scope is used for disclosure of the LCR, NSFR and asset encumbrance data for regulatory or prudential purposes in the Information of Prudential Relevance. This scope differs from the scope used for disclosure of public information owing to the non-consolidation of the insurance company.

11. Market risk

CaixaBank

11. Market risk

RWA market risk
€1,130 M

Annual average VaR 10d-2021
€5.9 M

RWA under internal models
99 %

The market risk of CaixaBank Group's trading portfolio quantifies possible losses that could arise due to fluctuations in interest rates, exchange rates, credit spreads, external factors or prices in the markets where it operates.

The Group's activity in the financial markets focuses mainly on providing a service to customers, minimising exposure to risk.

CaixaBank uses internal models to estimate capital requirements for market risk. CaixaBank's Credit Valuation Adjustment (CVA) hedges and BPI's held-for-trading and foreign exchange positions are assessed under the standardised approach.

CaixaBank carries out three types of stress testing on the value of its positions (under extreme crisis scenarios) in order to estimate potential losses on the portfolio in the event of extraordinary changes in the risk factors to which it is exposed.

The losses estimated using the VaR (Value at Risk) calculation are compared to actual daily results to verify that the risk estimates supplied by the internal model are appropriate, in a backtesting exercise. The results of these comparisons in 2022 were satisfactory, meaning that there were no additional capital requirements for this risk.

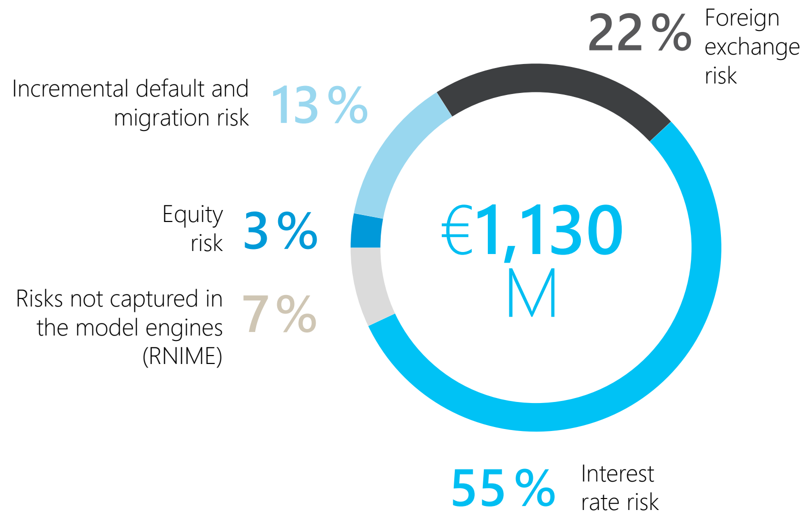
Capital requirements for exchange rate risk are concentrated in consumption by CaixaBank's internal model.

Annual evolution

RWAs decreased by 625 million euros, down 35.6% year-on-year. This change is explained by the decrease in capital consumption using the standard method due to the management of CVA credit risk hedges. Additionally, to a lesser extent, RWAs are also reduced by the internal model as a result of lower risk exposure, despite the increased volatility in 2022.

Market risk RWA

Distribution by type of risk, %



11.1 Market risk management

Definition and general policy

The Group defines market risk as a loss of value, with impact on results or solvency, of a portfolio (set of assets and liabilities), due to adverse movements in prices or market rates. The market risk of CaixaBank Group's trading portfolio quantifies possible losses that could arise due to fluctuations in interest rates, exchange rates, credit spreads, external factors or prices in the markets where it operates.

In prudential terms, the market risk perimeter consists of financial assets and liabilities that are held for trading or form part of a portfolio of financial instruments (jointly identified and managed) for which there is specific evidence of a trading intention. According to points (85) and (86) of Article 4(1) of Regulation EU 575/2013, trading intent exists when positions are intended to be either resold in the short term or held to benefit from actual or expected short term price difference between buying and selling prices or from other price or interest rate variations. Therefore, trading activity includes:

- Transactions related to the management of market risk arising from commercial or distribution efforts involving typical operations in financial markets with the Group's customers.
- Transactions carried out to obtain returns through trading and positioning in, mainly, money, fixed-income, equity and currency markets.
- CVA hedging derivatives for credit and market risk, which are recognised from an accounting perspective in the trading book.
- The market risk regulatory perimeter includes the deposits and repos arranged by trading desks for management.

CaixaBank has policies and procedures in place for managing the Group's trading books, bearing in mind its own ability to manage risks and best market practices, and for determining which positions are to be calculated based on the internal model for regulatory capital requirements.

The specific policy for determining, identifying, managing, monitoring and controlling this scope for inclusion in the internal model is checked on a daily basis. A specific unit of the Risk area, which operates independently of the business areas, measures and calculates the performance and risks of the trading book and ensures compliance with the policy.

Risk factors are managed according to the risk-return ratio determined by market conditions and expectations, the limits structure and the authorised operating framework.

The Group also has sufficient systems and controls that provide prudent and reliable estimates of the fair value of financial instruments, such as policies and procedures setting out the responsibility of each area in the measurement process and reporting lines (ensuring the independence of this function from the business areas), the data sources used, the eligible models and the timing of closing prices.

Structure and organisation of the risk management function

Market risk governance follows three lines of defence, on which the Group's internal control framework is based, guaranteeing strict segregation of functions and the existence of several layers of independent control:

First line of defence

Comprising business units that cause exposure to market risk, i.e., the Markets and ALM, Treasury & Funding Areas in the Finance Division and the Transactions Area in the Resources Division. These areas are responsible for identifying, managing and controlling the risks associated with their activity and for implementing the approved policies and procedures.

Second line of defence

CaixaBank's Structural and Market Risk Department, part of CaixaBank's Directorate of Corporate Risk Management Function & Planning is responsible for the valuation of financial instruments, as well as for the measurement, control and monitoring of the related risks, for the estimation of counterparty risk and for the operational risk associated with activities in financial markets.

Furthermore, the Model Validation and Risk Department performs internal validation of the models and methodologies used to quantify and monitor market risk.

Third line of defence

The internal audit functions, as the third line of defence, are presented in section 3.1.2. Internal control framework.

Measurement and information systems

As part of the required monitoring and control of the market risk undertaken, CaixaBank's Board of Directors and, by delegation of the latter and on a more restricted basis, the Global Risk Committee and Finance Division, approve a structure of overall VaR and sensitivity limits for accepting this risk at the Entity.

The benchmark market risk measurement is VaR at 99% with a one-day time horizon for which the RAF defines a limit for the Group's trading activities of EUR 20 million (excluding the economic hedging credit default swaps [CDSs] for the CVA, recognised for accounting purposes in the held-for-trading portfolio).

CaixaBank's daily VaR is defined as the highest of the following three calculations:

- The parametric VaR technique with a covariance matrix based on a 75-day lookback period, giving more weight to recent observations. The parametric VaR is based on volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio.
- Parametric VaR with a covariance matrix arising from historical performance over one year and equal weightings.
- The historical VaR technique, based on calculating the impact on the value of the current portfolio of historical changes in risk factors. Daily changes observed over the last year are taken into account, with a confidence interval of 99%.

Moreover, since a downgrade in the credit rating of asset issuers can also give rise to adverse changes in market prices, quantification of risk is completed with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income and credit derivative positions (spread VaR), which constitutes an estimate of the specific risk attributable to the security issuers. This calculation is made using a historical method while taking into account the potentially lower liquidity of these assets, with a confidence interval of 99%, and assuming absolute weekly variations in the simulation of credit spreads.

To verify the suitability of the risk estimates, two backtests (gross, i.e. actual; and net, i.e. hypothetical) are conducted to compare the daily results to the VaR. Stress tests are also performed on the value of the Market area positions and on positions included in the internal model in order to calculate the potential losses on the portfolio in situations of extreme crisis.

In BPI, the standard measurement for market risk is parametric VaR at 99% with a 10-day time horizon.

Hedging policies and mitigation techniques

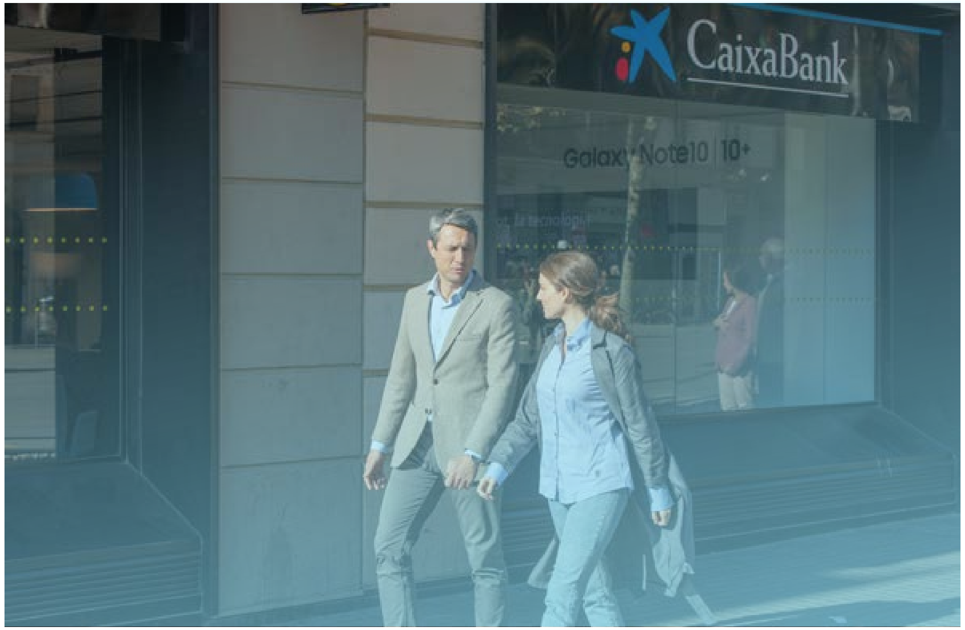
Formalising and updating the Risk Appetite presented to the governing bodies delimits and validates that the market risk metrics defined by CaixaBank Group are commensurate with the established risk tolerance levels. The RAF approved by CaixaBank's Board of Directors sets a limit for VaR with a one-day time horizon and confidence level of 99% for CaixaBank's trading activities, excluding hedging derivatives for the CVA, which are considered within the CVA management framework. Moreover, positions in both the held-for-trading portfolio and in the banking investments portfolio are restricted to the concentration limits set out in the RAF (e.g. concentration in large exposures, in the public sector or in an economic sector).

As part of the required monitoring and control of the market risks undertaken, the Board of Directors and, on a more restricted basis, the Global Risk Committee and Finance Division approve a structure of overall VaR and sensitivity limits for the assumption of market risk at CaixaBank. This structure establishes the following types of limits:

- **Global limit.** The Board of Directors is responsible for defining the maximum level of market risk that may be undertaken in the Group's treasury and trading management operations.
- **Limit on operations of CaixaBank's Markets division.** In accordance with the general framework determined by the Board of Directors, the Global Risk Committee or CaixaBank's Finance Division are authorised to implement the market risk limits structure and to determine lower levels of maximum risk if appropriate given the market circumstances or the approved management approach. This has been used to draw up specific limits for these operations, both on a global basis (VaR, stop loss, stress test, as determined by the Global Risk Committee) and by risk factors (as determined by the Executive Finance Division), e.g. interest rate, inflation or equity volatility.
- **Limit on trading derivatives linked to equity holdings.** In accordance with the general framework determined by the Board of Directors, the Global Risk Committee approves specific limits (VaR, stop loss and stress test) for this activity, which is managed with market risk management criteria and included in the internal model for market risk.

In addition, CaixaBank's Global Risk Committee supplements the limit structuring by defining specific limits on incremental risk of default and rating migration (IRC) of the fixed-income portfolios, as well as on stressed VaR.

Furthermore, BPI's General Risks Division determines the overall limit structure of VaR and sensitivities for the market risk acceptance activity in the Portuguese subsidiary within the thresholds and levels set by the Group's RAF.



11.2 Minimum capital requirements for market risk

CaixaBank Group's capital requirements for market risk at 31 December 2022 are EUR 90 million.

The table below shows the breakdown of RWAs separated into position risk of the trading book and foreign exchange risk and risk for the position in gold under the standardised approach.

Table 11.1 EU MR1 - Market risk under the standardised approach

Amounts in millions of euros	RWA	Capital requirements
Outright products		
Interest rate risk (general and specific)	12	1
Equity risk (general and specific)	-	-
Foreign exchange risk	-	-
Commodity risk	0	0
Options[1]		
Simplified approach	-	-
Delta-plus approach	0	0
Scenario approach	0	0
Securitisation (specific risk)	0	0
Total	**12**	**1**

[1] *This only applies when using standard methods.*

Market risk capital requirements for hedging derivatives of CVA credit risk (in this case, CDSs, also included in the held-for-trading portfolio in the accounts) are calculated under the standardised approach (specific interest rate risk), as are the requirements for balance sheet exchange rate risk in the banking book and in equity holdings. At the close of 2022, there are no transactions to which this item applies.

The capital requirements for market risk under internal models amount to EUR 89 million, which represents 99%, or practically all, of the total requirements for market risk.

There were no requirements for settlement risk on the reporting date.

Capital requirements for market risk under internal models amount to **EUR 89 million**, which represents **99% of the total requirements for market risk.**

11.3 Quantitative aspects

Internal models

The Group is subject to market risk as the result of adverse movements in the following risk factors: interest rate, foreign exchange rates, share prices, inflation, volatility and changes in the credit spread of private fixed-income positions and credit derivatives. All material risk factors are captured in the metrics of the internal VaR, stressed VaR, and incremental default risk model and migrations. Estimates are drawn up daily, on the basis of sensitivity and VaR, aggregated and also segmented by risk factor and business unit.

The scope of application of the internal model encompasses the aforementioned risk factors for the held-for-trading accounting portfolio, except for those arising from CVA credit default swaps (CDSs). Deposits and repos arranged by trading desks are also included in the scope of the model. The risk management function is performed through three business units, which report to the Finance Division: Markets (divided into Rates and Equity Derivatives, Fixed Income and Foreign Exchange), CVA and Funding Value Adjustment (FVA) Management and Pricing, and Investee Derivatives[1]:

- **Markets** has a main function which is to trade and execute transactions in the market to meet the funding needs of CaixaBank customers and generation of income by taking proprietary positions.

- **CVA and FVA Management and Pricing** is the unit responsible for hedging the CVA risk, as well as for determining the marginal CVA and FVA of new derivatives that are acquired.

- **Investee Derivatives** manages and ensures the profitability of the equity portfolio by trading derivatives.

In July 2006, CaixaBank requested permission from the Bank of Spain to use an internal VaR model for the calculation of minimum capital requirements for market risk in the trading portfolio, foreign currency risk, gold risk and commodity price risk. In 2007, following the appropriate validation process, the Bank of Spain granted permission for the use of this internal model, which was first applied for the calculation of capital requirements at 31 December 2007. Subsequently, in 2011, a request was made for the Bank of Spain to permit the use of internal models to calculate the capital requirements for IRC and stressed VaR. In 2012, following the appropriate validation process, the Bank of Spain authorised the use of this internal model, which was first applied for the calculation of 31 December 2011. Within the Group, only CaixaBank uses internal models to determine capital requirements for market risk. Since that time, the internal model has been updated to date through successive non-material changes.

Characteristics of the models used

The methodologies used to comply with the requirements of Part 3, Title IV, Chapter V, Sections 1-4 of Regulation EU 575/2013 for calculating own fund requirements according to the Group's internal model are as follows.

As a general rule, there are two types of measurements which constitute a common denominator and market standard for the measurement of market risk: sensitivity and VaR.

- Sensitivity represents risk as the impact a slight change in risk factors has on the value of positions, without providing any assumptions about the probability of such a change.

- To standardise risk measurement across the entire portfolio, and provide certain assumptions regarding the extent of changes in market risk factors, VaR methodology is employed using a one-day time horizon and a statistical confidence interval of 99% (i.e. 99 times out of 100, actual losses will be less than the losses estimated in the VaR model). Two methodologies are used to obtain this measurement, parametric VaR and historical VaR:

- **Parametric VaR[1]:** Based on the portfolio's first-order sensitivities (delta-vega) to changes in risk factors, its returns are assumed to follow a normal distribution. Based on volatility and matching, the loss distribution is clearly defined, and the expected range for the change in value over a given time horizon is estimated. A specific probability level and time horizon applied to this range constitute the portfolio's Value at Risk.

[1] *The CVA and FVA Management and Pricing and Investee Derivatives business units are attached to the ALM, Treasury & Funding Area.*

Distribution parameters (volatility and matching) are statistically determined on the basis of the fluctuations in equity prices, interest rates, inflation and exchange rates of portfolio assets, using two time horizons that are updated on a daily basis: a 75-day data window (giving more weight to recent observations through exponential smoothing), and a one-year data window (giving equal weight to all observations).

- **Historical VaR** is calculated according to the impact on the portfolio's present value of historical daily changes in risk factors over the past year, with daily updating of the observation window. Historical VaR is a useful system for completing the estimates obtained by the parametric VaR technique since it does not include any assumptions on the statistical behaviour of risk factors. The parametric VaR technique assumes fluctuations in returns that can be modelled using normal statistical distribution.

Historical VaR also includes the consideration of non-linear relationships between the risk factors. Risk factors are modelled using relative changes, except for interest rate variations, for which absolute changes are used. A large majority of the changes are calculated by a full revaluation of the portfolio, verifying that the estimated VaR is immaterial where delta-vega approximations are used. Spread VaR is only calculated using historical VaR methodology and full-revaluation.

Total VaR is the aggregate VaR arising from fluctuations in interest rates, exchange rates (and the volatility of both) and from the VaR spread - which are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors -, and the addition of VaR of the equities portfolio and VaR of the commodities portfolio (currently with no position), assuming in both cases a correlation of one with the other risk factor groups.

A single model is used that splits out the general (systematic) and specific (diversifiable) risk of equities, whilst the specific risk of private fixed-income and credit derivatives is estimated in a separate calculation (VaR spread) and added to the VaR of the interest rate and exchange rate portfolios with zero correlation. Interest rate VaR separates out the general and specific risk of sovereign debt in a single model.

Daily VaR is defined as the highest of the three quantifications (historical VaR, 1-year parametric VaR and 75-day parametric VaR).

Additional measures to VaR

As an analysis measurement, the Group completes the VaR measurements with the following risk metrics, updated weekly:

- **Stressed VaR** indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The stressed VaR calculation is leveraged by the same methodology and infrastructure as the historical VaR, with the only significant difference being the historical window selected.

  Historical scenarios starting from September 2008 to the present are taken into account when determining the stressed VaR window. The methodology consists of establishing a historic one-year window with the current position and moving the window for that P&L vector in single day's steps from 2008 to the present. The sale that represents the highest VaR figure under the Historical VaR methodology is the one that determines the period and stressed VaR. A full revaluation approach is used to estimate the P&L (profit and loss) of the portfolio associated with the variations of the risk factors for each day of the data window with the current position, and the historical VaR formula is replicated. This replication of Historical VaR for each day of the window consists of choosing the 99th percentile of the P&L scenarios for the window ending on that date and starting one year earlier. The annual period is chosen strategically based on the timing of the situation, and the annual stress period is reviewed quarterly. The stressed VaR window was established at year-end starting on 12/09/2008 and ending on 16/09/2009.

- The **incremental default and migration risk** reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9%, one-year time horizon, and a quarterly liquidity horizon. Given the high liquidity of portfolio issuances due to the existence of strict inclusion criteria that limit the concentration by country, rating, issuance and issuer, the liquidity horizon is assumed to be three months for all risk factor products/families. Therefore, the weighted liquidity horizon is three months.

  It is estimated using the Monte Carlo simulation of possible future states for external issuer and issue ratings, based on transition matrices published by the main rating agencies, where dependence among credit quality variations between the different issuers is modelled using Student's t-distributions calibrated using historical CDS data series. This allows for higher co-rrelations of default in the simulation.

Similarly to the IRB models, this sets a minimum probability of default of 0.03% a year. The in-cremental default and migration risk is mainly concentrated in the fixed-income desk, which is responsible for market making of sovereign debt and brokerage of private fixed-income securities. It covers all products with specific fixed-income risk: bonds, bond futures and credit derivatives.

> **Daily VaR** is defined as the highest of the **three quantifications** (historical VaR, 1-year parametric VaR and 75-day parametric VaR).

For management purposes, CaixaBank uses a one-day time horizon in both its VaR and stress VaR models. The regulatory models require a time horizon of 10 days. Both VaR and stressed VaR for regulatory purposes are scaled up by multiplying the aforementioned management metrics by the square root of 10. The maximum, minimum and average values of these measurements during 2022 with the regulatory time horizon of 10 days, as well as their value at the close of the reference period, are shown in the following table.

Table 11.2 EU MR3 - Values under the IMA assessment methodology for held-for-trading books

Amounts in millions of euros

VaR (10 days, 99%)		
1	Maximum value	12
2	Average value	6
3	Minimum value	2
4	Period end	8
SVaR (10 days, 99%)		
5	Maximum value	81
6	Average value	12
7	Minimum value	6
8	Period end	9
IRC (99.9%)		
9	Maximum value	30
10	Average value	13
11	Minimum value	5
12	Period end	5
***Comprehensive risk capital charge* (99.9%)**		
13	Maximum value	-
14	Average value	-
15	Minimum value	-
16	Period end	-

IMA method: Internal Model Approach.

The different elements determining final regulatory charges using the internal market risk and RWA flows model for each of the aforementioned measurements are shown below. Charges for VaR and stressed VaR are identical and correspond to the maximum of the most recent available value and the arithmetic mean of the last 60 values, multiplied by a factor depending on the number of times the daily result was less than the estimated daily VaR. Similarly, requirements for Incremental Default and Migration Risk is the maximum of the last value and the arithmetic mean of the preceding 12 weeks. The item "Model updates/changes" in the RWA flows table mainly reflects the impact on RWAs of changes to the calibration and current time frame: weekly for IRC and stressed VaR, and daily for VaR.

Table 11.3 EU MR2-A - Market risk under the internal model approach (IMA)

Amounts in millions of euros	RWA	Capital requirements
VaR (higher of values a and b)	373	30
Previous value		8
60D average x multiplication factor		30
SVaR (higher of values a and b)	519	41
Last value		9
60D average x multiplication factor		41
IRC	152	12
Latest value		5
12-week average		12
Comprehensive risk	—	—
Latest value		—
12-week average		—
Other	74	6
Total	**1,118**	**89**

Table 11.4 EU MR2-B - RWA flow statements under the IMA approach

Amounts in millions of euros	VaR	SVaR	IRC	Global risk measurement	Other	Total RWAs	Total capital requirements
RWAs at previous period end	**233**	**635**	**200**		**118**	**1,187**	**95**
Regulatory adjustment	(187)	(175)	(109)			(471)	(38)
RWAs at previous period end (end of the day)	**46**	**461**	**91**		**118**	**716**	**57**
Movement in risk levels	4	(388)	(37)		(44)	(465)	(37)
Model updates/changes	48	40	13			101	8
Methodology and policy							
Acquisitions and disposals	—	—	—			—	—
Exchange rate movements							
Other							
RWA at the end of the reporting period (end of the day)	**98**	**112**	**67**		**74**	**352**	**28**
Regulatory adjustment	275	406	85			767	61
RWA at the end of the reporting period	**373**	**519**	**152**		**74**	**1,118**	**89**

There is a slight decrease in RWAs in the Internal Model. This is explained by the lower consumption of stressed VaR components and the incremental default and migration risk (IRC) due to the lower risk exposure, particularly in private fixed income, and the lower consumption due to exposure from risk factors not included in the calculation engine of the model (RNIME). All of this compensates for the increased consumption of the VaR component, which is particularly increased due to the higher volatility of interest rates in 2022.

CaixaBank uses appropriate valuation models and inputs in accordance with standard market practice, prioritising in the following order: official market price, market price from independent contributors or valuation models according to commonly accepted methodologies and market inputs from standard market contributors. These valuation processes are managed by the Corporate Risk Management Function & Planning Division. As such, they are totally separate from the business areas. Furthermore, the processes are subject to internal review processes in compliance with IPV (Independent Price Verification) principles.

Although the valuations obtained are compared daily with other bank counterparties, the fair value of an asset may be exposed to a certain degree of uncertainty arising from the existence of alternative market data sources, the bid-offer spreads, alternative models and their unobservable parameters, and concentration or illiquidity of the underlying asset. The uncertainty in fair value is measured by adjusting eligible own funds through Additional Valuation Adjustments (AVA).

Adjustments for this uncertainty are applied and calculated mainly for assets with limited liquidity, where the most conservative bid-offer spread from comparable sources or conservative assumptions under the scope of the mark-to-model measurement are used (this term is used to determine prices by valuation model rather than via markets through observable market variables). It should be noted that the volume of Level 3 assets in the trading portfolio is marginal (EUR 58 million), and null for the internal market risk model perimeter, thereby significantly reducing the potential model risk.

Verification of the reliability and consistency of the internal models

To confirm the suitability of the estimates of the internal model, daily results are compared against the losses estimated under the VaR technique, which is what is referred to as backtesting.The risk estimate model is checked in two ways:

- Through **net (or hypothetical) backtesting**, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to estimated VaR over a one-day time horizon, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology.
- ***Gross (or actual)*** **backtesting**, which compares the total result obtained during the day (including intraday transactions) to VaR for a one-day time horizon, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and estimating the risk.

The daily result used in both backtesting exercises does not include mark-ups, reserves, fees or commissions.

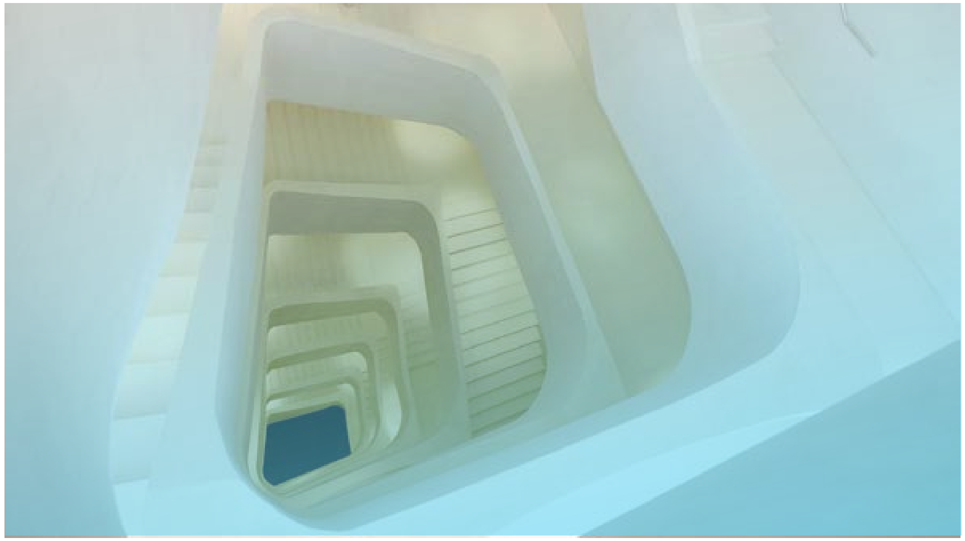
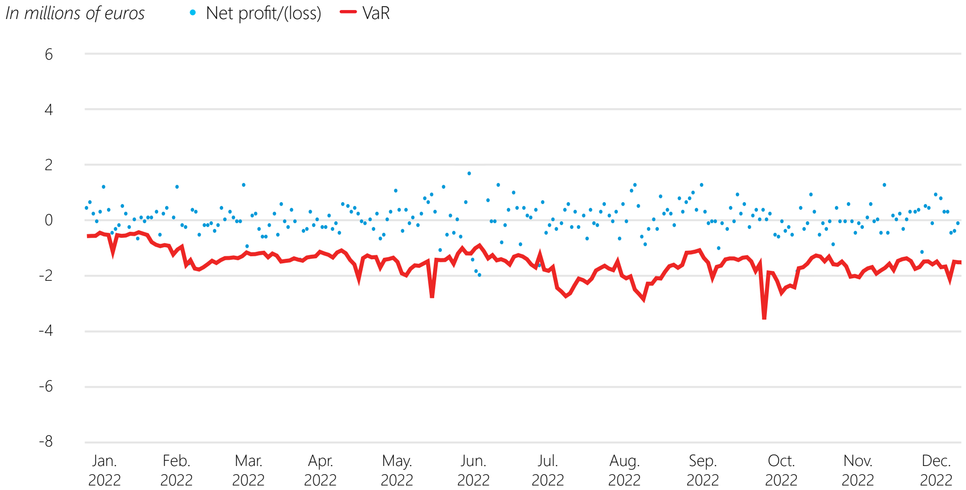
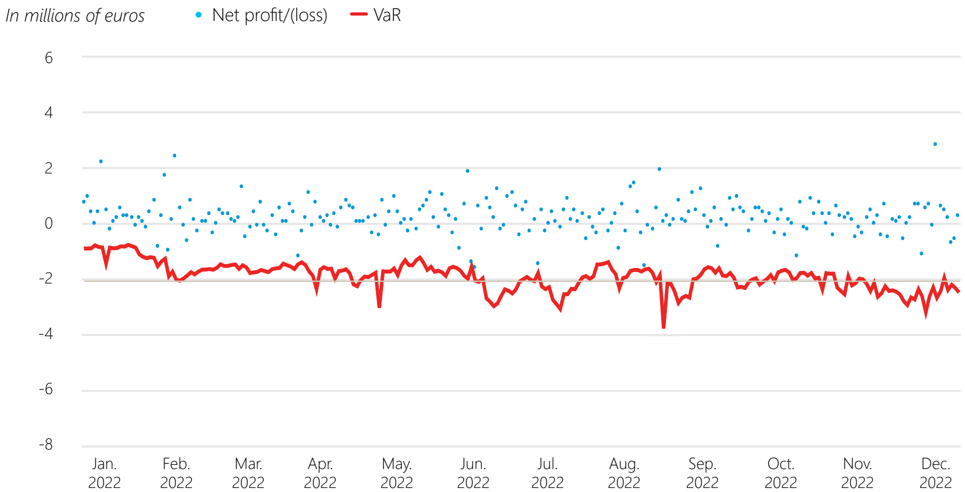


Table 11.5 EU MR4 - Comparison of VaR estimates with profit and loss

Distribution of daily net profit vs daily VaR



Distribution of the daily gross profit vs daily VaR



During the year, there were **no excesses in the *gross* or net backtesting** exercises of the internal model.

During the year, there were no excesses in the gross or net backtesting exercises of the internal model.

Backtesting is not carried out for the IRC model. Simulations, with an annual liquidity horizon or bell curve, run with different numbers to verify stability, are used to validate the internal consistency and accuracy of the results of the model. In its annual review, the Model Validation and Risk Department analyses the methodology used to calculate the IRC and describes any changes made since the last review. In addition, the IRC of the portfolio at a reference date is checked with the use of an internal tool developed independently of the one used to calculate capital requirements. Lastly, an assessment is made of the IRC's sensitivity to changes in the matrix of correlations, recovery rates and the probabilities of default.

Stress test

Stress testing techniques are used on the value of the trading positions to calculate the possible losses on the portfolio in situations of extreme stress:

- **Systematic *stress*:** this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in all relevant factors. It considers parallel shifts in interest rate curves; changes at various points of the slope of the interest rate curve; variation of the spread between interest rate instruments and public debt securities (bond-swap spread); parallel shifts in the EUR/USD curves; movements in credit spreads; impact of rating changes; higher and lower volatility of interest rates; variation of the main exchange rates; variation in exchange rate volatility, share prices, variations in the volatility of shares and commodities.

- **Historical scenarios:** this technique addresses the potential impact of actual past situations on the value of the positions held, such as: the collapse of the Nikkei in 1990; the US debt crisis and the Mexican peso crisis in 1994; the 1997 Asian crisis; the 1998 Russian debt crisis; the emergence of the technology bubble in 1999 and its collapse in 2000; the terrorist attacks that have caused the most severe effects on the financial markets in recent years; the credit crunch of the summer of 2007; the liquidity and confidence crisis caused by the collapse of Lehman Brothers in September 2008; the widening of credit spreads in peripheral countries of the eurozone due to the contagion effect of the crises in Greece and Ireland in 2010; and the Spanish debt crisis in 2011 and 2012.

- **Reverse stress test:** a technique that assumes a high-vulnerability scenario given the portfolio's composition and determines what variations in the risk factors lead to this situation.

The analysis of historical scenarios and systematic stress is based on all business units, except for credit spread stress, which is only performed on the private fixed-income portfolio.

In IRC, stress testing is carried out in different types of scenarios, such as scenarios of default of relevant exposures, downgrading of a notch of different exposures. Depending on the characteristics of the portfolio, alternative scenarios are defined. These may include a rating downgrade for long positions and an upgrade for short positions if there are significant offsetting positions. Lastly, an assessment is made of the IRC's sensitivity to changes in the matrix of correlations, recovery rates and the probabilities of default.

Monitoring and control

As part of the monitoring and control of the market risks assumed, there is a structure of overall VaR limits complemented by the definition sub-limits, stressed VaR and incremental default and migration risk, stress test and stop loss results and sensitivities for the various management units that could assume market risk.

The risk factors are managed using economic hedges on the basis of the risk-return ratio determined by market conditions and expectations, always within the assigned limits.

Beyond the trading book, fair-value hedge accounting is used, which eliminate potential accounting mismatches between the balance sheet and the profit and loss statement caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, levels for each hedge are established and monitored, expressed as ratios between total risk and the risk of the hedged items.

The Market and Structural Risk Department, under the Corporate Risk Management Function & Planning Division, is responsible for monitoring these risks. To perform its functions, it monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market results), quantifies the market risk assumed, monitors compliance with global limits and analyses the ratio of actual return to the risk assumed. With the results obtained from these activities, it produces a daily report on positions, risk quantification and the utilisation of risk thresholds, which is distributed to Senior Management, the officers in charge of managing these risks, the Model Validation and Risk Department and the Internal Audit Department.

Therefore, it is responsible for reporting any breaches to Senior Management and the appropriate risk-taking unit, calling for the restructuring or closure of the positions leading to this situation or seeking explicit authorisation to maintain them from the appropriate body. The risk report is distributed daily and provides an explicit comparison between actual consumption and the authorised limits. Estimates of sensitivity and VaR are also reported daily, both at the aggregate level and segmented by risk factor and business unit, as well as the following market risk monitoring reports:

- All markets activity.
- The position constituted by the internal market risk model for the calculation of capital requirements, including equity derivatives on investees.
- The structural position in foreign currency.

The monitoring process generally consists of three different sections: daily risk measurement, backtesting and stress testing.

Finally, CaixaBank's treasury and market activities and the risk measurement and control mechanisms used for these activities are subject to ongoing internal audit.

Based on the set of measures described above, the management of market risk on trading positions in markets is in accordance with current methodological and monitoring guidelines.

The management of market risk on trading positions in markets is **in accordance with current methodological and monitoring guidelines**.

12. Operational risk

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RWA operational risk
€18,810 M

RWA under standardised approach
100 %

Distribution of operational losses
75%
Commercial practices (59%), external fraud (18%), processes (16%), other (7%)

In the regulatory context, operational risk is defined as the possibility of incurring financial losses due to inadequate or failed internal processes, people and systems or from external events.

Given the varying nature of the operational events, CaixaBank includes the following operational risks in the Corporate Risk Catalogue: conduct and compliance, legal and regulatory, technology, model and other operational risks.

For each of these risks in the Catalogue, the Group maintains specific management frameworks, without prejudice to the existence of an additional global operational risk management framework.

CaixaBank integrates operational risk into its management processes in order to deal with the financial sector's complex regulatory and legal environment. The objective of managing this risk is to improve the quality of business management, supplying the appropriate information to allow decisions to be made that ensure the organisation's long-term continuity, improvements to its processes and the quality of both internal and external customer service.

Although the standardised method is used to calculate regulatory capital, the Group's operational risk measurement and management is based on policies, processes, tools and methodologies that are risk-sensitive, in line with market best practices.

Annual evolution

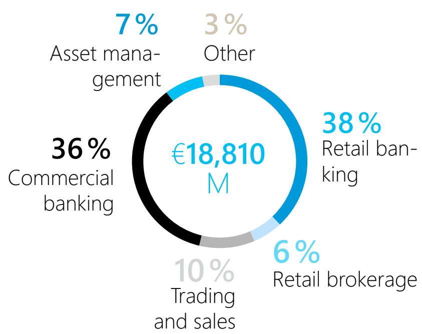
In 2022, progress was made to integrate the management of operational risk into CaixaBank Group, where the clearest focus was on preventing and mitigating future losses, as regards the monitoring performed by the Operational Risk Committee, continuing the development of the second line of defence functions specialising in each operational risk, and deploying the control framework for non-financial risks.

Accordingly, during the year the RAF metrics related to operational risk were revised to enhance the focus on loss control and reduction actions.

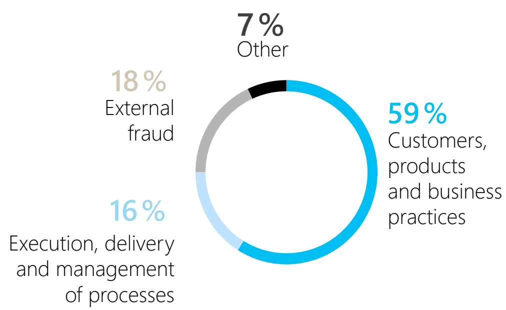
Once the criteria were standardised after the integration with Bankia was completed in 2021, the year 2022 presented a less contentious environment in the major areas, supplemented by a reduction of extraordinary losses recorded in this process of standardising provisioning criteria for the various subjects related to Bankia.

In accordance with the provisions of the Corporate Operational Risk Management Policy, CaixaBank is working to integrate climate and environmental risk factors into its operational risk management by identifying loss events, measuring and managing their impact, through any of the levers of the operational risk management framework, including the development of extreme scenarios to integrate them into the operational risk economic capital model (both physical assets and transition scenarios).

Operational risk RWAs
Distribution by business line, %



Operational losses
Distribution by business line, %



12.1 Operational risk management

Definition

Operational risk is defined as the possibility of incurring losses due to the failure or unsuitability of processes, people, internal systems and external events. Given the varying nature of the operational events, CaixaBank does not list operational risk as a single item in the Corporate Risk Taxonomy. Instead, it has included the following operational risks: conduct and compliance, legal and regulatory, technology, model and other operational risks. For each of these risks in the Taxonomy, the Group maintains specific management frameworks, without prejudice to the existence of an additional operational risk management framework corporate policy.

General policy

In keeping with the Corporate Policy for Managing Operational Risk, the Group seeks to manage this risk consistently aud uniformly across all the companies that make it up. It achieves this by promoting consistency in the tools, measurements and reporting used for all of them, ensuring the existence of full and comparable information for operational risk decisions. It also promotes the use of advanced measurement and management models for each business sector; these are implemented consistently with the degree of development and maturity in each sector.

The Group manages operational risk by having the necessary tools, policies and structures in place in accordance with the best market practices.

Structure and organisation of the management of operational risk

Governance framework

The pillars on which the Group's operational risk governance framework is based are:

- Compliance with the principles set out in corporate policy by Group companies within their scope.
- Corporate supervision of the parent company.
- Alignment of strategies between Group companies, and alignment with best practices, supervisory expectations and current regulations.
- Maximum involvement of the governing bodies and management of Group companies.
- Internal control framework based on the three lines of defence model that guarantees the strict segregation of functions and the existence of several layers of independent control.

Control framework

In accordance with the Three Lines of Defence model, the Group's internal control framework for operational risk comprises the following layers of independent control:

- The **first line** of defence integrated into the procedures and processes of the operational units that effectively manage operational risk. It is responsible for applying internal policies and procedures in the field of operational risk; proactively implementing measures to identify, manage and mitigate operational risk; and
- The Compliance and Control Division (C&C) is responsible for the direct exercise of the **second line of defence** functions for non-financial risks, which include operational risks (conduct and compliance, legal/regulatory, IT, information reliability, model and other operational risks). In particular:
  - The Compliance and Control Division is responsible for ensuring that the Group operates with integrity and in compliance with the applicable regulations, internal standards and standards of conduct. It also manages, monitors and controls compliance risk, which encompasses conduct risk and legal and regulatory risk.
  - The second line of defence has also developed control frameworks for the most relevant operational risks.
- The internal audit functions, as the third line of defence, are included in section 3.1.2. Internal Control Framework - **third line of defence.**

Operational risk categories

Operational risks are structured into four categories or hierarchical levels, from the most generic to the most specific and detailed.

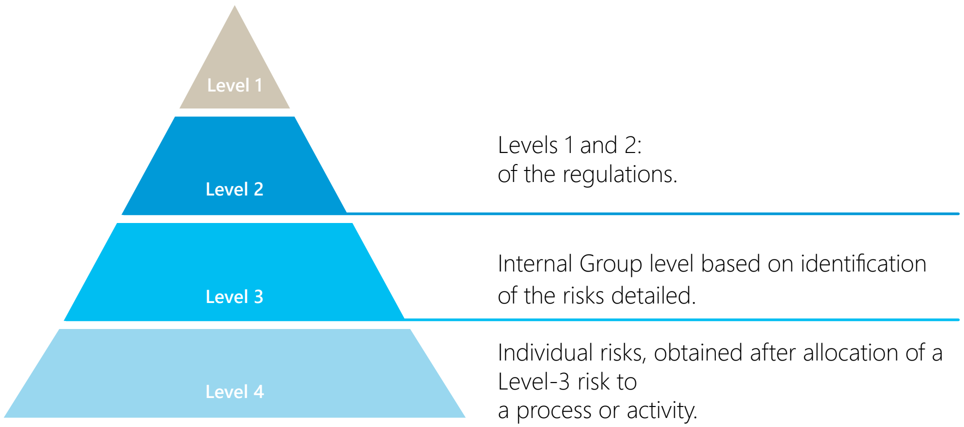
- Levels 1 and 2 of the regulations: Tier 1 comprises 7 sub-categories (Internal Fraud; External fraud; Employment and safety practices in the workplace; Customers; Products and business practices; Damage to physical assets; Business interruptions and system failures; and Execution, delivery and management of processes), and level 2 comprises 20 sub-categories.

- Internal Group level 3: represents the combined individual risk of all the business areas and Group companies.

- Level 4 individual risks: represents the materialisation of particular level 3 risks in a specific process, activity or area.

The Group has defined its own main risk categorisation based on an analysis of operational risk in the various divisions and companies of the Group. The categories are the same for the entire Group and are shared by the qualitative approaches to identifying risks and the quantitative measurement approaches based on an operational loss database.

The following diagram illustrates the classification of operational risk types (Levels 1-4) in the Group.



Risk management. Measurement and information systems

The Group's overall objective with regard to the management of operational risk comprises a number of specific objectives that form the basis for the organisation and working methodology for managing operational risk. These objectives are:

- To identify and anticipate existing and/or emerging operational risks.

- To adopt measures to mitigate and sustainably reduce operational losses.

- To promote the establishment of systems for continuous improvement of the operating process and of the control structure.

- To exploit operational risk management synergies.

- To promote an operational risk management culture.

- To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

The main milestones in 2022 were:

- Execution of the Master Plan for Non-Financial Risks 2022, presented to the governing bodies, as well as continued evolution of the Non-Financial Risk Control Framework and continued deployment of Second Line of Defence functions specialised in the risks of the Corporate Risk Catalogue.
- Greater and improved governance of operational losses, increasing challenge and awareness.
- Specific projects to reduce the main recurring operational losses, with detailed analysis of the main types of operational losses, in order to undertake new actions to prevent them.
- Risk Appetite Framework (RAF): monitoring the operational risk metrics.
- Update to the Corporate Operational Risk Management Policy.
- Annual updating of operational risk self-assessments and related controls, and extreme operational loss scenarios.
- Monthly budgetary monitoring of operational losses.
- Combined monitoring of the main weaknesses identified by the second and third lines of defence.
- Evolution of the economic capital model, including methodological improvements and inputs.
- Optimisation and revitalisation of the pool of operational risk indicators, KRIs.
- Calculation and regular monitoring of fraud rates for PSD2.

12.2 Minimum capital requirements

The following table shows the Group's RWAs and own funds requirements for operational risk at 31 December 2022.

Table 12.1 EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts.

		Relevant indicator				
	Amounts in millions of euros	31/12/2022	31/12/2021	31/12/2020	Own funds requirements	Amount of risk exposure
1	Banking activities subject to the basic indicator approach	—	—	—	—	—
2	Banking activities subject to the standardised approach or the alternative standardised approach	10,882	10,682	11,691	1,505	18,810
3	Subject to the standardised approach	10,882	10,682	11,691	—	—
4	Subject to the alternative standardised approach	—	—	—	—	—
5	Banking activities subject to advanced calculation approaches	—	—	—	—	—

Calculation of eligible own fund requirements

The Group applies the standardised approach for calculating regulatory capital requirements for operational risk, which consists of multiplying a Relevant Indicator of operational risk exposure by a coefficient.

The indicator, which is approximately equivalent to the three-year average of the gross margin of the income statement, must be broken down into eight regulatory business lines, which are assigned a specific multiplier coefficient, as shown in the following table:

Table 12.2 Breakdown of RWAs by operating business line

Amounts in millions of euros	Average relevant income	RWA	RWA density	Capital requirements
Retail banking	4,767	7,151	150%	572
Retail brokerage	683	1,025	150%	82
Asset management	900	1,350	150%	108
Commercial banking	3,603	6,756	187%	540
Agency services	46	86	187%	7
Trading and sales	857	1,928	225%	154
Business financing	187	422	225%	34
Payment and settlement	41	92	225%	7
Total	**11,085**	**18,810**	**170%**	**1,505**

This assumes that financial institutions are able to map the corresponding part of the Relevant Indicator to each of these regulatory business lines.

The regulatory framework establishes that financial institutions using the standardised approach must comply with certain requirements for operational risk management and measurement, as outlined below:

a. Financial institutions shall have a well-documented operational risk assessment and management system with clearly assigned responsibilities. This system shall be subject to regular independent review by an internal or external service with the necessary expertise for this purpose;

b. The financial institution's operational risk assessment system shall be fully integrated into its risk management processes. The results of this system must be actively used in the process of monitoring and controlling the institution's operational risk profile;

c. Financial institutions shall implement a senior management information system that reports on operational risk to managers responsible for the relevant functions within the institution. Financial institutions shall have procedures in place to take appropriate action based on the information contained in such reports.

CaixaBank

12.3 Operational risk management levers

The management model is structured as follows:

OPERATIONAL RISK MANAGEMENT

Risk Appetite

GOVERNANCE AND MANAGEMENT STRUCTURE

IDENTIFY — Levers for Operational Risk management

MEASURE
- Internal database
- Self-assessments
- Extreme scenarios
- Risk Indicators (KRIs)
- External database Comparison with other banks

MONITOR — Measurement, monitoring and mitigation

MITIGATE
- Reporting
- Forecast of losses
- Mitigation, weak points and plans of action
- Calculation of the regulatory and capital requirements.

STRATEGY AND CULTURE
- Internal Policies and Procedures
- Operational Risk management culture

The different methodologies implemented through operational risk management levers and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector.

The technological environment of the operational risk system provides all the functionality required and is fully integrated into the bank's transactional and information systems.

The main system is supported by an integrated tool, which has been customised to the Bank's needs. This component provides most of the functionality required for day-to-day operational risk management.

The tool is fed by multiple data sources from the transactional systems (of the bank itself and some Group companies) on a daily basis to capture key events, losses and key risk indicators (KRIs) for operational risk. It also offers interfaces for updating the organisational structure and other sources included in the data model.

All risk self-assessment processes, loss enrichments, KRI management, identification of weaknesses, action plans, etc. are carried out through workflows managed and controlled by the tool, keeping the persons responsible for pending tasks up-to-date with what is happening.

The system also supports loss reporting to the international Operational Riskdata eXchange Association (ORX).

Finally, it is also important to note the integration with the Bank's information system: multiple interfaces have been designed for downloading all information from the system and uploading it into the Big Data environment to provide an analytical environment.

Operational risk is measured with the following aspects:

Quantitative measurement

Internal database

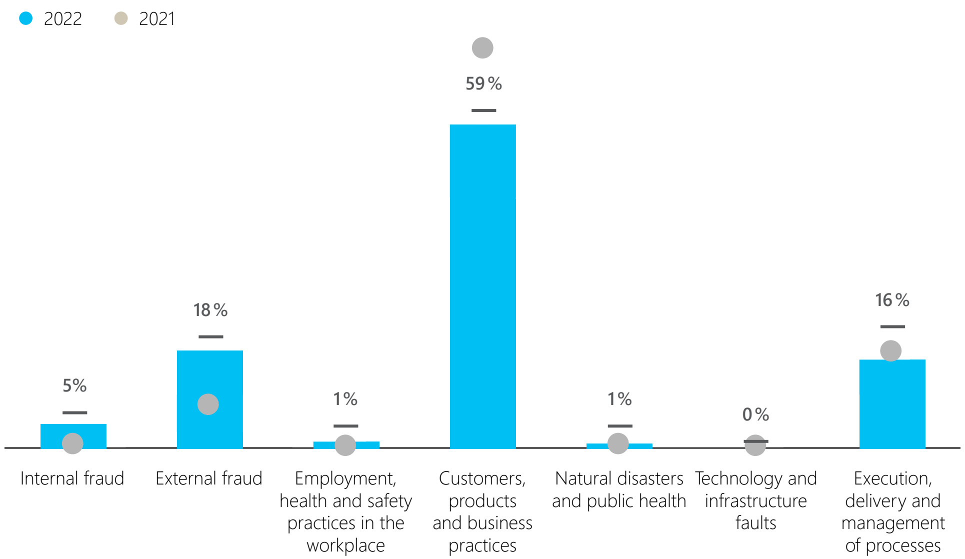
The internal operational loss database is one of the foundations for managing operational risk.

An operational event is the implementation of an identified operational risk, an event that causes an operational loss. It is the central concept in the Internal Database model. Loss events are defined as each individual economic impact related to an operational loss or recovery.

Therefore, an operational event may result in one, several or no operational effects, which may in turn be identified in one or several areas.

The distribution of gross operating losses by regulatory category (Level 1) of risk is shown below:

Distribution of gross losses by operational risk category



External database

CaixaBank supplements its internal loss data with the anonymous quarterly exchange of external losses incurred at other institutions in the sector, through an association set up for this purpose (ORX).

This information allows us to increase the volume of information on events, which is used as an initial element in the qualitative scenario methodology, identify new operational risks and improve analytical capabilities for measuring operational risk.

Qualitative measurement

Self-assessment

Operational risks are subjected to self-assessments on an annual basis, which make it possible to: (i) obtain greater knowledge of the operational risk profile and the new critical risk; and (ii) maintain a standardised update process for the taxonomy of operational risks, which is the foundation upon which this risk's management is defined.

The self-assessments process involves the following phases:

- The centres with operational risk update and confirm the operational risk map (risks assigned to different centres).
- Risk assessment by the centre to provide estimates related to: the potential frequency and impact of possible loss events, the allocation of the risk to the appropriate Business Line, and assessment of the associated control.
- Validation of the assessment by the centre manager.
- Final validation by the Operational Risk Division.

In 2022, the annual update of the self-assessment of operational risks has been completed (having identified approximately 533), which will be used as a starting point for the 2023 budgeting.

Operational Risk Scenarios

A series of expert workshops and meetings are also held annually to generate hypothetical extreme operational loss scenarios. The objective is to use these scenarios to detect areas of improvement in the management and to supplement the available external and internal historical data on operational losses.

Operational Risk Indicators

Operational Risk Indicators

Key Risk Indicators (KRIs) relating to operational risk are a tool used to measure quantitative or qualitative aspects that make it possible to: (i) anticipate changes in operational risks, enabling a forward-looking approach to their management; and (ii) provide information on changes to the operational risk profile and the reasons for such changes. A KRI is a metric that detects and anticipates changes in such risk; its monitoring and management is integrated in the operational risk corporate management tool. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage operational risk.

The main concepts in the definition and structure of KRIs for operational risk are: the definition of each KRI (including any sub-KRIs), thresholds, alerts (and related actions), frequency, the updating method and criticality.

In 2022, the process of revitalising KRIs (operational risk indicators) continued, reviewing the suitability of all the pre-existing indicators and adding new indicators to increase the coverage of operational losses, the goal being to have these indicators cover a high percentage of these losses. Therefore, the aim is to maximise risk coverage, using KRIs as a challenge tool to prevent future losses.

Action and mitigation plans

With the aim of mitigating the operational risk, action plans that entail appointing a centre to be in charge, setting out the actions to be undertaken to mitigate the risk, the percentage or degree of progress, which is updated regularly, and the plan's final commitment date have been defined. This allows mitigation via (i) decreasing the frequency at which the events occur, as well as their impact; (ii) having a solid control structure in place, based on policies, methodologies and systems, and (iii) integrating information generated by the operational risk management mechanisms into the Group's day-to-day management processes.

The process for defining and following up on action and mitigation plans is developed across three stages, as shown below:

CaixaBank

Operational loss budget

An annual operational loss budgeting exercise is carried out that covers the entire scope of management and enables monthly monitoring to analyse and, where applicable, correct any deviations.

Risk transfer (insurance)

> The corporate insurance programme for mitigating operational risk is designed to cover certain risks, and it is updated annually.

The corporate insurance programme for mitigating operational risk is designed to cover certain risks, and it is updated annually. Risk transfer depends on risk exposure, tolerance and risk appetite at any given time.

Each year, an action plan is drawn up for the risk and insurance management system. The plan is based on the identification and assessment of operational and calamity risks, the analysis of risk tolerance, and the reduction of the total cost of risk (retention + transfer). This enables risk management and coverage to be integrated and streamlined as efficiently as possible, at the lowest cost possible, and with optimal security in accordance with the defined standards.

Reporting framework

Establishing an adequate reporting framework is essential for managing operational risk. The main goals are:

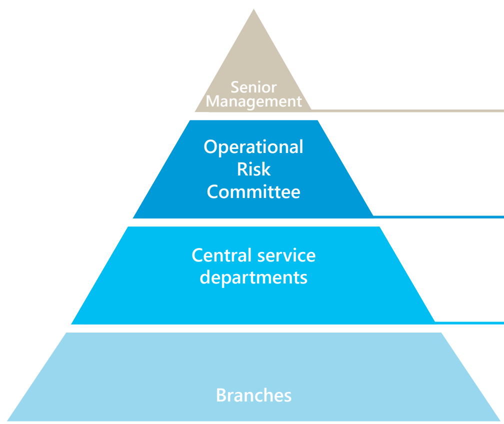
- To provide Senior Management and the Governing Bodies with timely, accurate, clear and sufficient information to facilitate decision-making and verify that transactions are being conducted within the set risk tolerance.
- To meet the reporting requirements of the supervisory bodies.
- To keep the Group's shareholders and stakeholders informed.
- To provide the managers of the different departments, particularly the management and control departments, with the necessary information to perform their operational risk-related duties.

The Operational Risk Division is responsible for defining, standardising, and implementing the model for the management, measurement and control of operational risk.

The Operational Risk Committee also reports periodically to the Global Risk Committee regarding the matters approved and information discussed during its meetings, as well as aspects that may materially affect the fulfilment of the risk appetite or the level of capital requirements.

During 2022, the governance of operational risk management was strengthened by creating a periodic requirement for reporting to the Management Committee on the trend in operational losses.

Accordingly, the Risk Management Function provides Senior Management and Governing Bodies with regular information on operational risk management, which includes at least an annual summary of the activities carried out by the second line of defence related to the management of this risk (activity report).



For the Global Risk Committee and the Board of Directors: ad-hoc periodic reporting for decision-making and the approval of key elements. The Board of Directors and Governing Bodies remain above.

The members of the Operational Risk Committee will be informed through the specific monthly **dashboard**.

Through the SAP tool, each department can access the reports automatically for the continuous management of Operational Risk.

Operational losses incurred during each month are reported in the profit and loss account of each branch, which can be consulted through the CRM tool.

Operational risk training and culture initiatives

One of the fundamental objectives of the operational risk management model is to ensure it is applied correctly on a day-to-day basis. For this purpose, the model is promoted through training sessions and the fostering of an operational risk culture throughout the Group.

The purpose of this operational risk culture training and promotion is:

- To raise awareness of operational risk, specifically in those areas and companies where it could materialise and which could foresee or detect it; and
- To internalise operational risk as inherent to all the organisation's processes, ensuring that it is considered by all Group areas and companies when defining and developing processes, activities and methodologies.

Operational risk training processes are conducted on three levels (virtual classroom, supplementary documentation and specific initiatives), which cover with differing scope and depth of training requirements both at the general management tool level and at the specialised level of the various types of risks included in the set of operational risk.

12.4 Connection with the Corporate Risk Catalogue

> The risks in the Corporate Catalog identified in the regulatory framework as operational risk are: conduct and compliance, legal and regulatory, technological, model and other operational risks.

12.4.1 Conduct and compliance risk

The conduct and compliance risk is defined in the Corporate Risk Catalogue as the risk of the Group applying criteria for action contrary to the interests of its customers and stakeholders, or actions or omissions by the Group that are not aligned with the legal or regulatory framework, or with internal policies, regulations or procedures, or with the codes of conduct, ethical standards and good practice. The Group's objective is to: **(i)** to minimise the probability of this risk occurring and **(ii)** if it does, to detect, report and address the weaknesses promptly.

The management of compliance and conduct risk is not limited to any specific area, but rather the entire Group. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage compliance and conduct risk, the dissemination and promotion of the values and principles set out in the Code of Business Conduct and Ethics are encouraged, and all employees of CaixaBank Group and members of the governing bodies must ensure that they are compliant as a core criterion guiding their day-to-day activities. Therefore, as the first line of defence, the areas whose business is subject to compliance and conduct risk implement and manage the first level of indicators and controls to detect potential sources of risk and act effectively to mitigate them.

CaixaBank is firmly committed to preventing money laundering and the financing of terrorism. It is considered fundamental to establish the necessary measures and to revise them regularly in order to ensure that CaixaBank products and services are not used for any illegal activity. In this regard, CaixaBank collaborates with the appropriate regulators and authorities and reports all suspicious activities detected.

In accordance with Law 10/2010, CaixaBank implements a risk-based model through which it establishes, applies and maintains procedures to prevent and detect money laundering and the financing of terrorism, as well as mechanisms for the correct application of the international financial sanctions and countermeasures applied in the performance of its activities, business and relations, both nationally and internationally, adopting measures to prevent and minimise the risks to which it is exposed.

The main money laundering and terrorist financing prevention measures are as follows:

- CaixaBank's AML/TF governance structure.
- Internal policies, procedures and regulations for the prevention of money laundering.

- Risk-based approach. Robust risk control and early identification and mitigation processes are implemented.
- Recurrent training to facilitate understanding of AML/TF risk throughout the organisation.
- Communication and awareness-raising for employees in the commercial network ("culture" of compliance).
- Traceability and quality of data (analytics as a basis for transformation).
- Design and digitalisation of processes through the use of technology (preventive controls).
- Suitable means (technology, organisational structure and team).
- Reporting to senior management and governing bodies.
- Permanent contact with regulators and supervisors, and absolute collaboration with the competent authorities.

According to the provisions of Spanish law, the prevention of money laundering is subject to an annual review by an external and independent expert. No significant deficiencies were identified in the review carried out in 2022.

12.4.2 Legal and regulatory risk

Legal and regulatory risk is defined in the Corporate Risk Catalogue as the potential loss or decrease in the profitability of the CaixaBank Group as a result of changes in the legislation, the improper implementation or interpretation of such legislation in the CaixaBank Group's processes and its various operations, improper management of legal and administrative requirements or claims or complaints received.

This risk is managed by following certain working principles contained in the Corporate Policy to Manage Legal and Regulatory Risk in order to ensure that the risk appetite and tolerance limits defined in the Group's Risk Appetite Framework are observed.

Accordingly, the Group undertakes constant monitoring and control of regulatory changes with a view to ensuring greater legal protections and in defence of its legitimate interests, mainly those described in point 2.1 in relation to the regulatory environment. In 2022, the number of sustainability standards approved continued to rise. In order to mitigate the legal risk in this area, the Group continued its detailed analysis of these standards, their interpretation and projects in order to properly implement them at the Group level. These actions are coordinated through the Regulation Committee, the body responsible for establishing the strategic positioning of the Group in matters concerning financial regulation, promoting the representation of the Bank's interests and coordinating the regular assessment and the regulatory initiatives and proposals that may affect the Group.

Furthermore, a group of committees (Transparency Committee, Product Committee, Privacy Committee) is coordinated to monitor, with regard to all the bank's activities, compliance with consumer protection and privacy regulations.

To ensure the correct interpretation of the rules, as well as a study of precedent and the rulings from the competence authorities, the competent administrative authorities are also consulted when necessary, in order to adjust its actions to these criteria.

Regarding claims filed with the Customer Service Department, as well as the sustained flow of existing litigation, the Group implements policies, criteria and procedures to analyse and monitor these claims and judicial processes. These elements provide a better understanding of the activities carried out by the Group with a view to identifying and establishing constant improvements in contracts and processes, implementing regulatory disclosure measures and promptly restoring customers' rights in the event of possible incidents through agreements and the establishment of the appropriate accounting hedges, in the form of provisions, to cover hypothetical financial losses whenever they are considered likely to occur.

12.4.3 IT risk

The IT risk is defined in the Corporate Risk Catalogue as the risk of losses due to hardware or software inadequacies or failures in technical infrastructure, due to cyberattacks or other circumstances, that could compromise the availability, integrity, accessibility and security of the infrastructures and data. The risk is broken down into 5 categories that affect ICT (Information and Communications Technology): **i)** availability; **ii)** information security; **iii)** change management and operation; **iv)** data integrity; and **v)** governance and strategy.

The current measurement of this risk is included in a regularly monitored RAF indicator, calculated using individual indicators and controls linked to the different fields comprising IT risk. Regular spot checks are carried out to verify the quality of the information and methodology used to create the reviewed indicators.

The management frameworks associated with the various areas of IT risk have been designed according to leading international standards, and are consistent with the Guidelines published by the different supervisors:

- IT Governance: designed and developed as per the ISO 38500 standard.
- Information security: designed and developed in accordance with ISO 27002 and the certification of the Information Security Management System based on ISO 27001.
- Technological contingency: designed and developed under the ISO 27031 standard.
- Information Governance and Data Quality: designed and developed in accordance with the international standards BCBS 239 (Basel Committee on Banking Supervision).

Through the different governance frameworks and management systems, CaixaBank aims to guarantee compliance with the recommendations of regulators and supervisors, and maximum security in operations, both in the usual processes and in extraordinary situations.

It also demonstrates to its customers, investors and other stakeholders its commitment to the governance of information, security and business continuity technologies by implementing management systems based on the most recognised international standards and the existence of different cyclical processes that rely on continuous improvement.

Similarly, CaixaBank has been designated a critical infrastructure operator by virtue of the provisions of Act 8/2011 and is under the supervision of the National Centre for the Protection of Critical Infrastructures dependent on the State Secretariat of the Ministry of the Interior.

Furthermore, CaixaBank has a general emergency plan and various internal regulations on security measures, which include priority aspects such as: **i)** cybersecurity strategy; **ii)** the fight against customer and internal fraud; **iii)** data protection; **iv)** security governance and disclosure; and **v)** supplier security.

CaixaBank's second line of defence has developed a control framework for this risk, based on international standards, which assesses the effectiveness of the control environment and measures the residual risk level, establishing mitigation plans where necessary.

12.4.4 Model risk

The Corporate Risk Catalogue defines model risk as the potential adverse consequences for the Group arising from decisions based mainly on the results of internal models with errors in their construction, application or use.

Specifically, the sub-risks identified under model risk that are subject to management and control are as follows:

- Quality risk: potential negative impact due to unpredictive models, either due to construction defects or due to the lack of updates over time.
- Governance risk: potential negative impact due to inadequate governance of model risk (e.g., models not formalised in committees, relevant models without second-line defence opinion or models that have not been correctly inventoried).
- Control environment risk: potential negative impact due to shortcomings in the model control environment (e.g., models with overdue recommendations or unfulfilled mitigation plans).

The general strategy of the risk model is based on the following pillars:

- Identification of model risk, using the Corporate Inventory of Models as a key element to lay down the boundaries of the models within the scope. Managing model risk relies on identifying the existing models and assessing their quality and application in the Group. It is essential to have a single register of models to standardise the concept of models and define a common taxonomy that includes, among other attributes, their relevance and assessment.
- Model governance, which addresses key aspects such as:
  - Identification of the most relevant phases within the life cycle of a model, defining roles and minimum standards for the execution of these activities.
  - Tier-based management, i.e., the way in which the control framework of models can be adjusted according to the overall relevance of the model. This element will shape the control environment of the model, such as the type and frequency of validation, the type and frequency of monitoring, the body that has to approve its use, as well as the level of internal oversight or involvement of senior management.
  - Governance and management of changes in models from a cross-cutting perspective, offering different model owners the necessary flexibility and agility to change the affected models, following the most appropriate governance in each case.
  - Definition of internal validation standards that guarantee the correct application of controls for an independent unit to assess models.
- Monitoring, based on a control framework with a forward-looking approach that enables risk to be kept within the parameters defined in the Group's RAF, through the periodic calculation of appetite metrics and other specific model risk indicators.

As one of the main milestones in 2022, work continued to consolidate the risk management function of the model by focusing on the effective implementation of the governance framework for non-regulatory models, the evolution of the model risk monitoring framework, the effective deployment of Tier-based management, the design of a new model risk quantification metric and progress in corporate roll-out of the function.

In 2023, the Group plans to evolve the tools available for risk management, study expanding the scope of the inventory in terms of models of subsidiaries and the incorporation of new types of models, and continue making progress in the deployment of management in significant subsidiaries, among others areas.

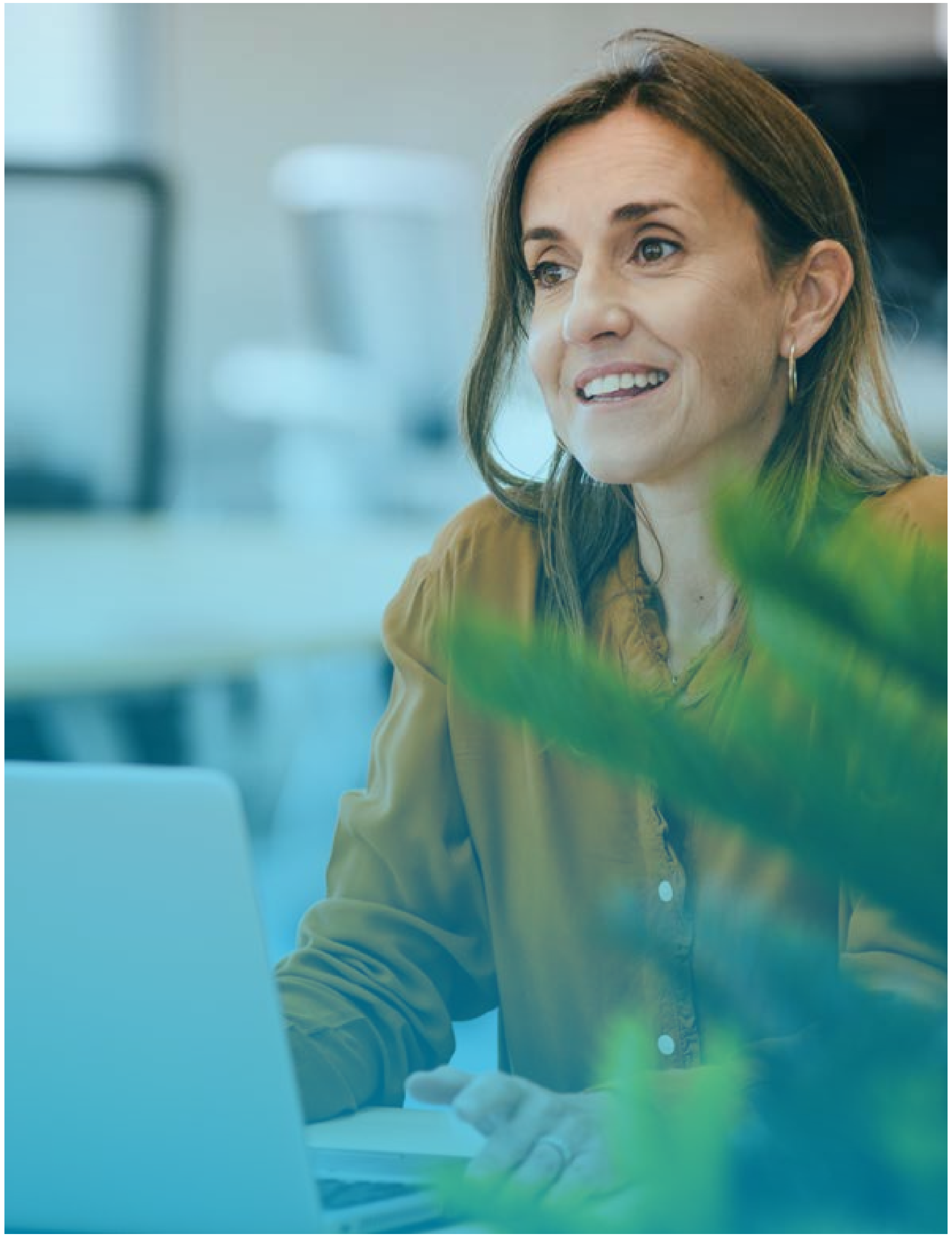
12.4.5 Other operational risks

Definition and general policy

In the Corporate Risk Catalogue, this is defined as the losses or damage caused by errors or shortcomings in processes, due to external events or the accidental or intentional actions of third parties outside the Group. This includes risk factors related to outsourcing, business continuity and external fraud.

All of the Group's divisions and companies are responsible for the operational risks within their respective remits. This means identifying, assessing, managing, controlling and reporting on the operational risks of their activity by working with the second line of defence at CaixaBank (led by the Non-Financial Risk Control Division, part of the Compliance and Control Department) to implement the management model throughout the Group.

CaixaBank's second line of defence has developed control frameworks for outsourcing, external fraud and operational continuity risks, similar to those used for IT risk, to assess the effectiveness of the control environment and measure the level of residual risk, establishing mitigation plans where necessary. These reports are presented to management and governing bodies, as applicable.



13. Remuneration

13. Remuneration

Article 85 of Act 10/2014 of 26 June, on the arrangement, supervision and solvency of credit institutions (hereinafter, the LOSS), and Article 93 of Royal Decree 84/2015 of 13 February, which implements the LOSS, as well as Circular 2/2016 of 2 February of the Bank of Spain, lay out the contents of the reporting required on remuneration policies and practices in relation to those categories of personnel whose professional activities have a significant impact on the risk profile (Identified Staff), to be included as part of the Pillar 3 Disclosures pursuant to Article 450 of EU Regulation 575/2013 of the European Parliament and of the Council.

This information is set out in this chapter of the "Pillar 3 Disclosures".

13.1 Governance and organisation

Introduction

The following information relates to employees of CaixaBank and the entities that form part of its consolidation group for prudential purposes (hereinafter, the CaixaBank Group) who are classified as being members of Identified Staff pursuant to applicable regulations relating to 2022.

Banco BPI, MicroBank, CaixaBank Payments & Consumer and CaixaBank Wealth Management Luxembourg have their own Remuneration Policies aligned with those of CaixaBank Group, which define their own Identified Staff following the same process used by CaixaBank.

The quantitative information includes details of the remuneration of the professionals who form the Identified Staff of the entire CaixaBank Group which, in turn, includes the professionals within the Identified Staff of BPI, MicroBank, CaixaBank Payments & Consumer and CaixaBank Wealth Management Luxembourg.

Duties of the CaixaBank Remuneration Committee

The Spanish Corporations Act (Corporations Act) states that the duties of a listed company's Remuneration Committee (RC) include putting forward a proposal to the Board of Directors regarding the remuneration policy for the Directors and Managing Directors or the persons performing its senior management functions and reporting directly to the Board of Directors, Executive Committees or CEOs. Moreover, according to the Credit Institution Act, the RC is responsible for the direct oversight of remuneration of senior executives in charge of risk management and compliance functions.

CaixaBank's Articles of Association and the Regulations of the Board of Directors are consistent with these precepts.

Finally, in accordance with the EBA Guidelines, the RC must perform the following duties: **(i)** prepare the decisions on remuneration to be taken by the Board of Directors, **(ii)** provide support and advise the Board of Directors on the definition of the company's remuneration policy, also to ensure that this remuneration policy is impartial in terms of gender and supports the equality of treatment of diverse gender staff, **(iii)** support the Board of Directors in its oversight of the remuneration policies, practices and processes and in complying with the remuneration policy, **(iv)** check whether the remuneration policy in force is up to date and propose any necessary changes, **(v)** assess the mechanisms adopted to ensure that the remuneration system properly takes into account all types of risk, liquidity levels and capital, and that the general remuneration policy promotes and is consistent with an adequate and effective risk management, and is in line with the business strategy, the objectives, culture and corporate values and the Entity's long-term interests.

The proposals of the RC are passed on to the Board of Directors for its consideration and, where applicable, approval. Should these decisions fall within the remit of the CaixaBank General

Shareholders' Meeting, the Board of Directors shall include these on the agenda as proposed resolutions along with the corresponding reports.

Composition of CaixaBank's Remuneration Committee

Under the provisions of the LSC and the LOSS, at 31 December 2022, the Remuneration Committee comprised the following directors:

- **María Amparo Moraleda Martínez (independent director), Chairwoman.**
- **Mr Joaquín Ayuso García (independent director), Member.**
- **Ms Cristina Garmendia Mendizábal (independent director), Member.**
- **Mr José Serna Masiá (proprietary director), Member.**

In 2022, CaixaBank's Remuneration Committee met 9 times, and its members received remuneration of EUR 126,000.

Functions of CaixaBank's Control Areas and Management Committee

EBA and ESMA guidelines establish that the independent business control functions (Internal Audit, Risk Control and Management, and Regulatory Compliance), other competent corporate bodies (Human Resources, Legal, Strategic Planning, Budget, etc.) and the business units shall provide the necessary information for the definition, implementation and supervision of the institution's remuneration policies. The EBA's guidelines also place specific responsibilities on the human resources, risk management, compliance and internal audit functions, which are undertaken by the corresponding CaixaBank departments.

CaixaBank's Management Committee comprises representatives from the Risk, Finance, Internal Audit, Internal Control and Compliance, Human Resources and General Secretariat (Legal Services) areas, among others. The Management Committee is responsible for ensuring that the necessary information is obtained and prepared for the RC to perform its responsibilities efficiently.

CaixaBank's Human Resources Department (hereinafter, HR) is in charge of promoting these actions within the Management Committee.

To prevent conflicts of interest, the Remuneration Committee is directly responsible for obtaining, preparing and reviewing information on: **(i)** the members of CaixaBank's Board of Directors, whether for their oversight or executive duties; and **(ii)** the members of the Management Committee.

With respect to external guidance, the Remuneration Committee has been advised by Ernst & Young Abogados S.L.P. ("EY") in the preparation of the Remuneration Policy of the Board of Directors to be submitted for approval at the 2023 Annual General Meeting, as well as by Willis Towers Watson in respect of market analysis and benchmarking of remuneration and market compensation of Executive Directors and Senior Management.

Approval of the Remuneration Policy applicable to the Identified Staff in force in 2022

On 26 February 2015, the Remuneration Committee submitted its proposed Remuneration Policy for CaixaBank Group's Identified Staff to the Board of Directors for approval, pursuant to the requirements of Article 29.1d) of Act 10/2014, of 26 June, on the arrangement, supervision and solvency of credit institutions.

As a result of constant review, and with the aim of ensuring correct adaptation to regulations relating to remuneration, since 2016 the Board of Directors of CaixaBank has approved a series of changes to the Remuneration Policy applicable to the Identified Staff.

On 15 December 2021, the Board of Directors approved an amendment to the CaixaBank Group's Identified Staff Remuneration Policy in order to reflect the latest regulatory developments approved since June and the implementation of the New Variable Remuneration Model 2022.

On 24 March 2022, the Board of Directors approved another amendment to the Remuneration Policy for Identified Staff involving:

- Restructuring the groupings of metrics and the metrics of the Risk Adjustment Indicator and updating of the compliance scale.

- Adaptation of the wording of the section on Deferred payment and payments for early termination to reflect the contents of CaixaBank's Policy of the Board of Directors, decoupling the procedure for making said payments from that established for the new Multi-Annual Variable Remuneration Scheme and adjusting it to the new applicable regulatory framework.

The last amendment approved by the Board of Directors to the Remuneration Policy of the Identified Staff at CaixaBank Group, on 2 February 2023, includes the use of certain predefined generic formulas in some situations where indemnities are granted to members of the Identified Staff, at both individual and consolidated levels, based on the provisions of Guideline 172.b of the EBA Guidelines.

The remuneration policy for the Board of Directors for FY 2022-2024 was approved by the Board on 17 February 2022, and then by the General Shareholders' Meeting on 8 April 2022, with 75.86% of the votes in favour. This result is conditioned mainly by the abstention of a single shareholder who owns 16.1% of the capital. Excluding this sole shareholder from the votes, the Remuneration Policy would have obtained a 96.23% approval.

The Board of Directors deemed it necessary to approve a new Policy for the following reasons:

- The approval of Act 5/20212. Specifically, the first transitory stipulation states that the modifications introduced by said Law, in Article 529.r of the LSC (Approval of the remuneration policy of directors) will go into effect six months after it is published in the Official State Gazette (that is, on 14 October 2021). As a result, companies must submit the remuneration policy adapted to these amendments for approval at the first general meeting that is held after this date;

- The regulatory developments regarding remuneration at credit institutions that have occurred over the course of 2021, as part of the transposition into Spanish law of the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (hereinafter CRD V);

- The change in the variable incentive model by unifying the annual and long-term variable remuneration system into a single remuneration scheme (hereinafter, Variable Remuneration Scheme with Multi-Year Metrics, or the Scheme), maintaining the concession levels in the total calculation;

The aforementioned amendments are published on the CaixaBank website, in the section Shareholder Documentation 2022:

Propuesta_motivada_rem_con_anexos_EN.pdf (caixabank.com)

The Remuneration Policy for CaixaBank's Directors is available on the Company's website

Politica_Remuneracion_EN.pdf (caixabank.com)

13.2 Description of the Identified Staff

During the 2022 financial year, CaixaBank Group determined which professionals, at an individual or consolidated level, must form part of the Identified Staff in accordance with the provisions of Article 32.1 of the Credit Institution Act and RD 2021/923.

CRD V and DR 2021/923 establish the specific criteria for identifying persons whose professional activities have a significant impact on the risk profile of credit institutions.

In accordance with said regulations, members of Identified Staff should be identified using a combination of the qualitative and quantitative criteria set out therein.

Following this evaluation, which is documented in accordance with RD 2021/923 and other applicable regulations, CaixaBank's governing bodies approved the list of positions classified as Identified Staff. At year-end 2022, this list consisted of a total of 312 professionals, including CaixaBank Group's executive directors, non-executive directors, members of the Management Committee, senior executives and key employees.

13.3 Qualitative information concerning remuneration of the Identified Staff

General aspects

The remuneration policy for the Identified Staff is structured taking into account both the prevailing circumstances and the Entity's results, and comprises:

1. Fixed remuneration based on the level of responsibility and the career path of each employee, which constitutes a relevant part of total compensation.

2. Variable remuneration tied to the achievement of previously-established targets and prudent risk management.

3. Employee benefits.

Fixed remuneration is of a sufficient amount, while variable remuneration generally accounts for a relatively small percentage of fixed annual compensation. It cannot in any case exceed 100% of the total fixed remuneration unless the CaixaBank General Shareholders' Meeting approves a higher amount, which shall be no more than 200% of the fixed components.

The Credit Institution Act and the EBA guidelines set out that the fixed and variable components of total remuneration must be duly balanced, and that the fixed component must constitute a sufficiently large proportion of total remuneration, and that the policy applied to variable components can be fully flexible up to the limits for paying such components.

In this regard, the EBA Guidelines establish that staff should not be dependent on the awarding of variable remuneration, as this would incentivise the taking of excessive short-term risk when the results of the entity or persons involved would not permit the awarding of the variable remuneration without the taking of such risks. In line with this, CaixaBank considers that the higher the possible variable remuneration compared to the fixed remuneration, the stronger the incentive will be to deliver the performance needed, and the bigger the associated risks may become. In contrast, if the fixed component is too low compared to the variable component, an institution may find it difficult to reduce or eliminate variable remuneration in a poor financial year.

Thus, implicitly, variable remuneration may become a potential incentive to assume risk, and therefore, a low level of variable remuneration is a simple protection method against such incentives.

Furthermore, the risk appetite must take into account the category of employees included in the Identified Staff, applying the principle of internal proportionality. As a result, the appropriate balance between the fixed and variable remuneration components may vary across the staff, depending on market conditions and the specific context in which the undertaking operates. Therefore, and attending to the objective of a reasonable and prudential balance between fixed and variable components, in CaixaBank Group the amount of fixed components are sufficient, and the percentage representing the variable remuneration over the fixed annual remuneration is, generally, relatively reduced.

Specifically, group companies have pre-established amounts for variable remuneration applicable to the salary bands of each function.

Lastly, the EBA Guidelines establish that the remuneration of professionals who are responsible for independent control functions must be predominantly fixed and that, when these professionals receive variable remuneration, it should be determined independently of the business units they control and should include the results derived from the business decisions they participate in (e.g. the approval of new products).

In addition, the Guide on the criteria for the organization and operation of the customer service departments of banks supervised by the Bank of Spain, dated 20 July 2021, establishes that when employees responsible for the control units of central services receive variable remuneration, it must be determined separately from the business units they control, including the results derived from the business decisions in which said employees participate, and shall have objectives that are independent of the business areas they supervise.

Similarly, the methods used to determine the variable remuneration of Customer Service staff must not compromise the objectivity of said staff or their independence. In this way, the parameters considered will not depend on the objectives and performance of the business units they supervise, nor on other circumstances that may generate conflicts of interest.

The EBA's final Guidelines on loan origination and monitoring, of 29 May 2020, establish that variable remuneration for staff involved awarding loans will include appropriate credit quality indicators in accordance with the Bank's risk appetite framework.

Relationship between fixed components and variable components for remuneration of the Identified Staff

As indicated in the previous section, the fixed remuneration amounts are sufficient and the percentage of variable components are duly balanced. This allows for application of a fully flexible policy with regard to the variable components of remuneration, until it is no longer possible to pay these components.

Based on the wage bands established for each function, the variable remuneration "target" amount corresponding to each member of the Identified Staff is determined taking into account the functions performed, the level of responsibility, and the impact on the risk profile.

Notwithstanding the foregoing, as set forth in the applicable legislation, the variable component of the members of the Identified Staff may not exceed 100 percent of the fixed components of the total remuneration of each one, unless the General Shareholders' Meeting approves a higher level, which must not exceed 200 percent of the fixed components.

There are no differences in the ratios of the variable component over the fixed components of the remuneration by geographic area, nor is there any theoretical discount applicable to the variable remuneration in the calculation of these ratios.

For 2022, the ratio between the variable and fixed components of the remuneration of the Identified Staff was 45%, and in all cases the limit of 100%, or 200% for cases authorised by the General Shareholders' Meeting, was respected.

To this end, the General Shareholders' Meeting held on 8 April 2022 approved the increase in the maximum level of variable remuneration for employees whose professional activities have a significant impact on the Company's risk profile, all in accordance with the detailed recommendation of the Board of Directors, available in the shareholder documentation https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Gobierno_Corporativo/JGA/2022/Recomend_pormenoriz_100_200_Variable_EN.pdf

Sixteenth Agreement:

"Approval of the maximum level of variable remuneration for employees whose professional activities have a significant impact on the Company's risk profile.

The approval of the variable remuneration of the hundred eighty-six (186) positions of all employees whose professional activites have a significant impact on the Company's risk profile (Identified Staff), to whom the "detailed recommendation of the Board of Directors refers, on the proposed agreement to approve the maximum level of variable remuneration for professionals belonging to the Identified Staff", can reach up to two hundred percent (200%) of the fixed component of their total remuneration, all of which is covered by Article 34 of Act 10/2014 of 26 June on the regulation, supervision and solvency of credit institutions.

The approval of this agreement has the following purposes: (i) to meet market conditions in the case of the twenty-seven (27) positions included in Section I of the Annex to the aforementioned Detailed Recommendation, or (ii) for all positions included in Sections I and II of the aforementioned Annex, to increase the Company's capacity to meet the individual and collective commitments taken on in terms of termination payments under equal conditions for all members of its Identified Staff and the rest of its staff who have recognised variable compensation components, without implying a general alteration of the compensation practices and policies in force in the Company."

This agreement was approved by 77.53% of the votes at the General Shareholders' Meeting, at which 76.10% of the capital was present or represented. The detailed recommendation of the Board sets out the reasons and scope of the proposed decision and includes the number of persons affected, their positions, as well as the expected effect on the maintenance of a solid capital base, taking into account the provisions of the competent authority with regard to dividend distribution policies.

Fixed remuneration

As a general rule, Identified Staff are subject to the professional classification system and salary tables set out in applicable collective bargaining agreements and the specific employment agreements reached with workers' representatives.

Each employee's fixed remuneration is based on the position held, applying the salary table set out in the aforementioned collective bargaining agreement, and taking into account the professional level of the employee and the employment agreements currently in force, mainly reflecting the employee's professional experience and responsibility in the organisation through their role.

Posts in Central and Regional Services and other non-regulated positions fall into a classification based on contribution levels, with salary bands established to foster internal fairness. Moreover, to ensure that the Bank remains competitive with its peers, these salary bands are quantified on the basis of the Bank's competitive position. This requires it to monitor market trends in salaries and take part in several annual salary surveys.

Fixed remuneration and the supplements applied to the positions of members of CaixaBank's Management Committee are mainly based on market criteria, through salary surveys and specific ad hoc research. The salary surveys and specific ad hoc research used by CaixaBank are performed by specialist companies, based on comparable samples of the financial sector in the market where CaixaBank operates, and, for positions not specific to the financial sector, leading companies in the IBEX and other companies with comparable business volumes.

Variable remuneration

Variable remuneration with multi-year metrics

Risk-adjusted variable remuneration for the Identified Staff is based on the remuneration mix (a proportional balance between fixed and variable remuneration, as mentioned above) and on performance measurements.

Ex-ante and ex-post remuneration adjustments are applied in view of the performance measurements, as a risk alignment mechanism.

Both quantitative (financial) and qualitative (non-financial) criteria are taken into account when assessing performance and evaluating individual results. The appropriate mix of quantitative and qualitative criteria also depends on the tasks and responsibilities of each staff member. In all cases, the quantitative and qualitative criteria and the balance between them, for each level and category, must be specified and clearly documented.

Multi-year factors with only corporate criteria and that are used to adjust downward the payment of the deferred portion subject to multi-year factors are also used.

The indicators used to adjust the variable remuneration earned through the Variable Remuneration Scheme with Multi-Year Metrics to ex-ante risk vary based on the categories of Identified Staff.

For the purposes of the ex-ante adjustment of variable remuneration, all Identified Staff are assigned to one of the categories described below, with the exception of members of the Board of Directors in their supervisory role and any other positions determined based on their characteristics that have no variable remuneration. This assignment is carried out based on each person's functions and the staff in question are notified individually.

a. Executive Directors

The variable remuneration scheme with multi-year metrics, applicable starting in 2022, is determined on the basis of a target bonus that is established for each of them by the Board of Directors, at the proposal of the RC, and a maximum attainment of 120%.

The level of attainment for the annual factor metrics is set solely on the basis of corporate targets.

This part of the variable remuneration based on annual factors includes the upfront payment of the variable remuneration as well as the first two deferred payments.

The corporate targets, both annual and multi-annual, are set for each year by the CaixaBank Board of Directors, at the recommendation of the Remuneration Committee, and their weighting is distributed among objective items based on the Entity's main targets. For 2022, these items were:

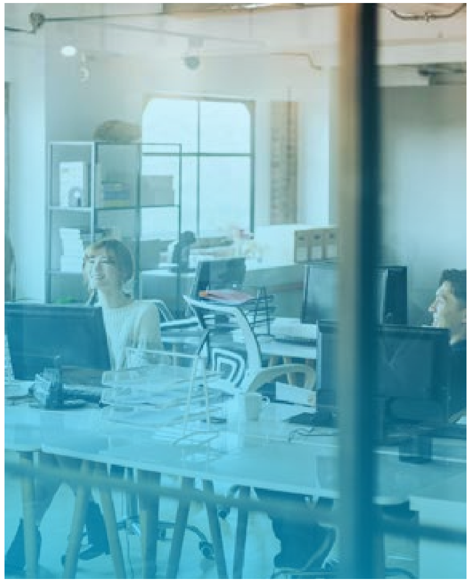
Annual factors:

- ROTE, with a weight of 20%.
- Core Efficiency Ratio, with a weight of 20%.
- Variation in troubled assets, with a weight of 10%.
- Risk Appetite Framework, with a weight of 20%.
- Sustainability, with a weight of 10%.
- Conduct and compliance, with a weight of 10%.
- Quality, with a weight of 10%.

Multi-year factors:

- CET1, with a weight of 25%.
- TSR, with a weight of 25%.
- Multi-year ROTE, with a weight of 25%.
- Sustainability, with a weight of 25%.

The proposed composition and weighting of these corporate targets is established in accordance with the LOSS and its implementing regulations, and may vary among Executive Directors.



b. Members of CaixaBank's Management Committee

As with the Executive Directors, the variable remuneration scheme with multi-year metrics, applicable starting in 2022, is determined on the basis of a target bonus that is established for each of them by the Board of Directors, at the proposal of the RC, and a maximum attainment of 120%.

The level of attainment for the multi-year metrics is set in accordance with the following parameters, which are measured:

- 45 % based on individual targets
- 55 % based on corporate targets.

The 55% corresponding to corporate targets must be set each year by CaixaBank's Board of Directors, at the proposal of the RC. This is weighted across various concepts for which targets can be set, based on the Bank's main objectives. For 2022, these items were:

- ROTE, with a weight of 10 %.
- Core Efficiency Ratio, with a weight of 10%.
- Variation in troubled assets, with a weight of 5%.
- Risk Appetite Framework, with a weight of 15%.
- Sustainability, with a weight of 5%.
  - Conduct and compliance, with a weight of 5%.
  - Quality, with a weight of 5%.

The part of variable remuneration based on individual targets (45%) has a minimum achievement level for collection of 60%, and a maximum of 120%. It is distributed across various targets related to CaixaBank's strategy.

The final valuation carried out by the RC may vary by +/-25% in relation to the objective assessment of the individual targets, providing that it remains below the limit of 120%. This flexibility allows for the qualitative assessment of the performance of the Management Committee member, and consideration of any exceptional targets that may have arisen during the year that were not considered at the outset.

As for the multi-year targets, they shall be set each year by CaixaBank's Board of Directors, at the proposal of the RC. This is weighted across various aspects for which targets can be set. For 2022, these items are the same as those set for the Executive Directors.

The proposed composition and weighting of these corporate targets must be established in accordance with the stipulations of the LOSS and its implementing regulations, and may vary among the members of the CaixaBank Management Committee.

c. Other categories

For professionals in other categories of the Identified Staff, the variable remuneration system depends on their role, with a risk adjustment reflecting the area to which they belong or position they hold.

Therefore, all members of the Identified Staff are assigned a variable remuneration programme or specific bonuses.

Each of the Entity's business areas has a specific bonus programme with its own structure and measurement criteria, based on the targets and terms and conditions that determine the variable remuneration assigned to the Identified Staff in that area. The main areas in which these programmes are applied are: Commercial Banking, Private Banking, Business Banking, Transactional Banking, Finance, Corporate & Institutional Banking and International Banking.

The remuneration model applied in Central and Regional Services is known as the "Targets Programme" and encompasses all members of the Identified Staff who work in business control and support areas. The targets in these areas are set through an agreement between each employee and the employee's supervisor, and are consistent with the targets set for the area.

The maximum percentage of attainment varies between 100% and 150%, depending on the bonus scheme applicable to each professional; and the payment level is determined based on the achievement of individual and corporate targets, in the proportions set out in the corresponding bonus schemes approved by the Management Committee, after review by the Regulatory Compliance function to ensure its alignment with the remuneration policy and to avoid potential conflicts of interest.

The weighting for corporate targets is set for each year, and distributed across measurable concepts, based on the main targets for the area. These concepts may, by way of example, include some or all of the following:

- ROTE
- Efficiency ratio
- Sustainability
- NPAs
- Recurring operating expenses
- Ordinary margin of the DT
- Accounting Impairment of the DT
- Quality
- Conduct and Compliance

In addition, to measure the achievement of the multi-year targets, the corporate targets that are set for each financial year will be taken into account, which may consist of, among others, all or some of those provided as examples:

- CET1
- TSR
- Multi-annual ROTE
- Sustainability - Sustainable financing

The proposed composition and weighting of these corporate targets is established in accordance with the stipulations of the LOSS and its implementing regulations, and may vary between members of the Identified Staff.

Pursuant to the LOSS and the EBA Guidelines, the targets set for employees who perform control functions, on which their bonus-related performance is predicated, are established in accordance with the performance indicators set jointly by the employee and the employee's manager and are unrelated to the results achieved by the business areas they supervise or control.

Risk adjustment indicator

For professionals in the remaining categories of the Identified Staff, the indicators used to adjust for ex-ante risk in the calculation of variable remuneration may vary according to the different categories of Identified Staff, pursuant to the following model.

The risk adjustment is based on the individual metrics or groupings of metrics of CaixaBank's Risk Appetite Framework (hereinafter, RAF). Depending on their area of responsibility or position, each member of the Identified Staff is assigned the individual groupings or metrics over which they have management capacity, in addition to the groupings or metrics that are considered transversal in nature. Full performance of these groupings or metrics determines the value of the Risk Adjustment Indicator (hereinafter, RAI).

The RAF comprises a set of quantitative and qualitative metrics that evaluate all of CaixaBank's risks. Due to their high correlation, some metrics have been grouped for the purposes of the RAI. The metrics or groupings of metrics are as follows:

- Grouping of solvency metrics (high-weighted grouping).
- Grouping of asset quality metrics.
- Grouping of profitability metrics.
- Market risk metric.
- Grouping of interest rate risk metrics.
- Grouping of risk liquidity metrics (high-weighted grouping).
- Concentration metric.
- Longevity risk metric.
- Grouping of operational metrics.
- Conduct metric.
- Reputational risk metric.

The specific groupings or metrics that make up the RAI of each professional must be communicated individually to the interested party together with the Remuneration Policy.

Although the evaluation of the quantitative indicators comprising the RAF may return a numeric result, the RAF summarises the status of the metrics using a color: green, amber or red. For the purposes of the RAI, the colour of RAF metrics will be taken into account. In the case of groupings of metrics, the worst metrics that make up a grouping will be taken as the colour.

2022 Pillar 3 Disclosures

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The resulting RAI for the set of metrics for each professional must have a value of between 0 and 1, based on:

- The impacts indicated in the attached table for each of the variations at the level of RAF groupings and metrics applicable at the close of the given year and the budget approved for that year will be added. The value of the indicator will fluctuate within the range of 0.85-1, according to the following compliance scale:

RAF Adjustment Identified staff		High weighting	Other
Budget	**Close**	**% Adjustment**	**% Adjustment**
🟢	🔴	-6.75%	-4.5%
🟡	🔴	- 4.50%	- 3.0%
🟢	🟡	- 2.25%	-1.5%
🟢	🟢	0.0%	0.0%
🟡	🟡	0.0%	0.0%
🔴	🔴	0.0%	0.0%
🟡	🟢	2.25%	1.5%
🔴	🟡	4.50%	3.0%
🔴	🟢	6.75%	4.5%

In the event that at year-end one of the metrics included in the risk adjustment for each group enters Recovery (black in RAF), the value of the RAI indicator will be 0.

In high-weighted groupings, a bonus adjustment or penalty of x1.5 is applied.

The amount payable to members of this category is calculated using the following formula:

Risk-adjusted bonus = RAI x Bonus target x (% achievement of individual "targets" + % achievement of corporate "targets") x bank correction factor

The amount of the bonus received by each employee in each specific programme is based on performance and the results of the business and the Bank. The initial amount is also adjusted based on a "bonus correction factor," which is determined each year by the Entity's management, pursuant to the applicable regulations. The correction factor basically includes the Entity's overall results, and other aspects of a more qualitative type.

As a general rule, this correction factor is applied equally to all the employees, and may be between 0.85 and 1.15.

Special incentives

Members of the Identified Staff can occasionally be given incentives to achieve certain objectives, usually linked to the marketing and sale of third-party products or other products, taking into account the regulations applicable to retail banking in all cases; the amount of the incentives they are given in a particular financial year, plus any variable remuneration with multi-year metrics they accrue in the same year in the form of a bonus, shall be together considered part of the non-deferred cash portion of their remuneration for the purposes of deferment to be settled starting in the following financial year. The amount of the incentive will be set based on the conditions and parameters established in each particular case.

Variable remuneration payment cycle

Professionals subject to deferred payment

In accordance with article 34.2 of the LOSS, this deferral applies only when the total amount of the variable remuneration accrued by Identified Staff professionals exceeds EUR 50,000 and does not represent more than one third of their total annual compensation.

For the categories of Executive Directors, members of the Management Committee and Persons Responsible for Independent Business Control Functions, the deferral is applied regardless of the total amount of variable compensation accrued.

Operation of the deferral

On the payment date scheduled in the Bonus Programme for each employee, the percentage of variable remuneration accrued for the professional category in question is paid outright (hereinafter, Initial Payment Date).

The percentage of variable remuneration retained is as follows:

- Executive Directors: **60%**
- Management Committee and Persons Responsible for Independent Business Control Functions: **50%**
- Other Identified Staff: **40%**

A 60% deferral will be applied to all of the variable remuneration granted that in total exceeds 50% of the minimum total remuneration amount that the EBA considers to qualify as a high earner for any particular financial year. For the purposes of calculating this figure, the portion of the early termination payments that has to be considered variable remuneration will be divided by the number of years the professional in question was with the company.

Provided that none of the situations giving rise to reduction occur, the retained portion of risk-adjusted variable remuneration for Executive Directors and members of the Management Committee and Persons Responsible for Independent Business Control of CaixaBank included in the identified staff is to be paid in five instalments, in the amounts and on the dates as follows:

- 1/5: 12 months after the Initial Payment Date.
- 1/5: 24 months after the Initial Payment Date.
- 1/5: 36 months after the Initial Payment Date.
- 1/5: 48 months after the Initial Payment Date.
- 1/5: 60 months after the Initial Payment Date.

For these purposes, deferred payments to be received 36, 48 and 60 months from the Initial Payment Date are subject to an additional adjustment through the multi-year metrics described above. This adjustment can only reduce the variable remuneration pending collection, and never increase it.

Provided that none of the situations giving rise to reduction occur, the retained portion of risk-adjusted variable remuneration for other Identified Staff is to be paid in four instalments, in the amounts and on the dates as follows:

- 1/4: 12 months after the Initial Payment Date.
- 1/4: 24 months after the Initial Payment Date.
- 1/4: 36 months after the Initial Payment Date.
- 1/4: 48 months after the Initial Payment Date.

For these purposes, deferred payments to be received 36 and 48 months from the Initial Payment Date are subject to an additional adjustment through the multi-year metrics described above. This adjustment can only reduce the variable remuneration pending collection, and never increase it.

Payment in cash and instruments

50 percent of the payment made on the Initial Payment Date will be satisfied in money, and the other 50 percent will be satisfied in CaixaBank stocks after the applicable taxes are paid (withholdings or payments on account).

30 percent of the payment made on the Initial Payment Date will be satisfied in money, and the other 70 percent will be satisfied in Caixabank stocks after the applicable taxes are paid (withholdings or payments on account).

All shares delivered are subject to a withholding period of one year from delivery. During the retention period, the exercise of the rights conferred by the stocks is vested in the employee, as the holder of the stocks.

During the period of deferral, the entity obliged to pay the remuneration shall own both the instruments and cash whose delivery is deferred.

Pursuant to the principles of labour and contractual law applicable in Spain, and particularly the bilateral nature of contracts and equity in the accrual of reciprocal considerations, the deferred cash accrues interest in favour of the recipient, calculated by applying the corresponding interest rate to the first tranche of the account payable to the employee. Interest will only be paid at the end of each payment date and will apply to the cash amount of the effectively receivable variable remuneration, net of any due reduction.

As far as returns on instruments are concerned, as provided for under EBA Guidelines, the Bank will not pay interest or dividends on deferred instruments either during or after the deferral period.

Annual Conditioned Incentives Plan linked to the 2019-2021 Strategic Plan

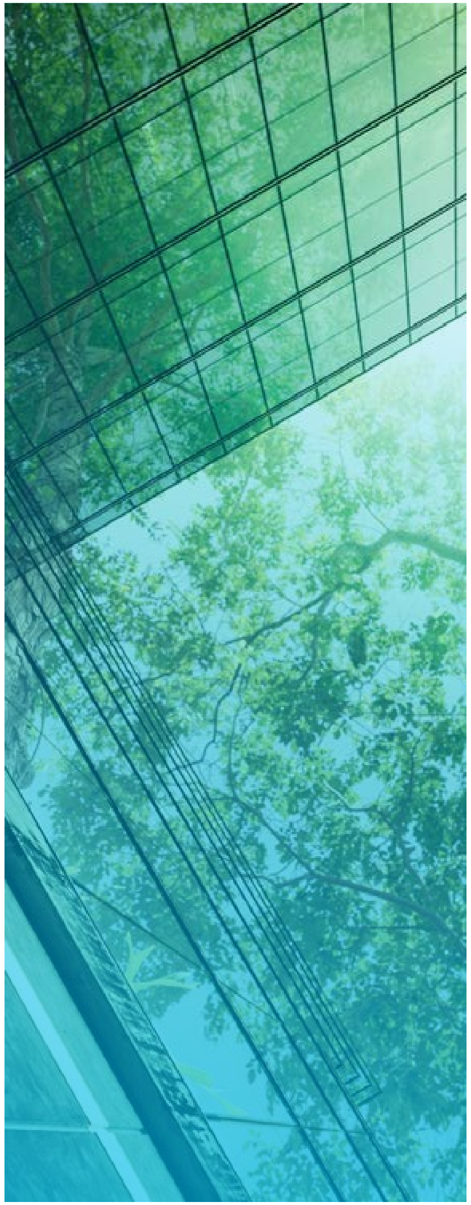
The implementation of an annual conditioned Incentives Plan related to the 2019-2021 Strategic Plan was approved in the General Shareholders' Meeting of 5 April 2019. This plan, after a certain time period has elapsed, will allow for a certain number of ordinary CaixaBank shares to be received, provided that the Company's strategic objectives are met, along with the requirements described herein.

As a measure of responsibility on the part of CaixaBank's Management in view of the exceptional economic and social situation caused by COVID-19, at its meeting on 16 April 2020, the Board of Directors approved the proposal of the Management Committee that there be no allocation of shares corresponding the second cycle of the Annual Conditioned Incentives Plan linked to the 2019-2021 Strategic Plan for the CEO, members of the Management Committee and key employees of CaixaBank and its group companies.

The Plan comprises the free assignment, in 2019, 2020 and 2021, of a number of units to each beneficiary (the “Units”), which are used as a base to establish the number of CaixaBank shares to deliver, where relevant, to each beneficiary of the Plan.

The assignment of Units in itself does not attribute the condition of shareholders in the Company to beneficiaries, given that the Units do not entail the attribution of economic or political rights, or any other kind of right related to the condition of shareholder. By virtue of this Plan, the condition of shareholder will be acquired, where relevant, upon the delivery of shares in the Company.

The rights conferred by the assignment of Units are not transferable, with the exception of any special circumstances established in the Regulations of the Plan.



Duration, objective measurement periods and liquidation dates of the Plan:

The Plan has three cycles, each of three years, with three Unit assignments, each of which will take place in 2019, 2020 and 2021.

The first cycle goes from 1 January 2019 to 31 December 2021; the second cycle goes from 1 January 2020 to 31 December 2022; and the third cycle goes from 1 January 2021 to 31 December 2023.

Each cycle will have two periods for measuring objectives. The first measurement period ("First Measurement Period") corresponds to the first year of each cycle in the Plan, in which certain objectives linked to metrics described later on must be met. The second measurement period ("Second Measurement Period") corresponds to the 3-year duration of each cycle of the Plan, in which certain objectives linked to the metrics described herein must also be met.

Depending on the extent of attainment of targets at the First Measurement Period, and based on the Units assigned at the start of each cycle, the beneficiaries will be granted""a provisional incentive ("Provisional Incentive") in year two of each cycle (the Award Date), equivalent to a certain number of shares in the Company ("Granting of the Provisional Incentive"). The Granting of the Provisional Incentive does not entail CaixaBank shares being delivered at that time.

The final number of shares to be delivered (the "Final Incentive"is determined after each of the Plan's cycles ends and is subject to and dependent on the objectives corresponding to the Second Measurement Period of each of the Plan's cycles being met ("Determination of the Final Incentive."). Under no circumstances can the number of shares to be delivered corresponding with the Final Incentive exceed the number of shares in the Provisional Incentive on the Grant Date.

The shares corresponding to the Final Incentive of each cycle will be delivered by third parties on the third, fourth and fifth anniversary of the Grant Date for members of the Board of Directors who have executive functions and for members of the Management Committee (the "Settlement dates", each one individually the "Settlement date"). "" "" For all other Beneficiaries belonging to the Identified Staff, shares will be delivered in full on a single Settlement Date, on the third anniversary of the Grant Date.

Notwithstanding the above, the formal start date of the Plan was 5 April 2019 (the "Start Date"), except for those beneficiaries who were added to the Plan after this date, who will have a different Start Date specified in the Invitation Letter.

The Plan ends on the last Settlement Date of shares corresponding to the third cycle of the Plan, i.e. in 2027 for members of the Board of Directors with executive functions and members of the Management Committee, and in 2025 for all other Beneficiaries belonging to the Identified Staff (the "End Date"). ""

Reference share value:

The share value used as a reference for assigning the Units in each of the cycles of the Plan, and which in turn is used to determine the number of shares to be delivered, corresponds to the arithmetic average price of the closing CaixaBank share price, rounded to three decimal places, during the trading sessions in January of each year in which a Plan cycle begins (i.e. January 2019, January 2020 and January 2021).

The value of shares corresponding to the Final Incentive that, where relevant, are finally delivered under the scope of the Plan, will correspond with the listed closing CaixaBank share price on the Settlement Dates of each of the Plan's cycles.

Determination of the number of Units to assign:

The number of Units to be assigned to each Beneficiary in each of the Plan's cycles is determined by the Board of Directors, at the suggestion of the Remuneration Committee according to the following formula:

NU = TA / AAP

Where:

NU = the Number of Units to be assigned to each beneficiary, rounded up to the nearest whole number.

TA = Reference Target Amount for the beneficiary, based on their position.

AAP = Arithmetic average price, rounded to three decimal places, of CaixaBank share closing prices in stock market trading sessions in January of each year in which a Plan cycle begins (i.e. January 2019, January 2020 and January 2021).

Determination of the number of shares corresponding to the Provisional Incentive award and of the number of shares corresponding to the Final Incentive.

The total number of shares corresponding to the Granting of the Provisional Incentive on the Grant Dates is determined according to the following formula:

NCS = NU x DIA

Where:

NCS = Number of Company Shares corresponding with the Granting of the Provisional Incentive of each Beneficiary, rounded up to the nearest whole number.

NU = Number of Units assigned to the Beneficiary at the start of each cycle of the Plan.

DIA = Degree of Provisional Incentive Attainment, according to the degree to which the objectives linked to the metrics linked to the Plan during the first year of each cycle are achieved.

The total number of shares corresponding to the Final Incentive to be delivered to each Beneficiary on the Settlement Dates will be determined according to the following formula:

NS = NCS x Ex-Post Adj.

Where:

NS = Number of Shares in the Company corresponding to the Final Incentive to be delivered to each Beneficiary, rounded up to the nearest full number.

Ex-Post Adj. = Ex-post adjustment on the Provisional Incentive of each cycle, according to the fulfilment of objectives corresponding to each cycle of the Plan.

Plan Metrics:

The Degree of Fulfilment of the Provisional Incentive and, therefore, the specific number of CaixaBank shares corresponding to the Granting of the Provisional Incentive for each Beneficiary, on each of the Grant Dates in each cycle of the Plan, depends on the degree of fulfilment of a series of objectives during the First Measurement Period of each of the Plan's cycles, related to the following Company metrics: (i) the evolution of the Core Efficiency Ratio ("CER"), (ii) the evolution of the Return on Tangible Equity ("ROTE"), and (iii) the evolution of the Customer Experience Index ("CEI").

The Degree of Attainment of the Provisional Incentive is determined according to the following formula, with the weightings included therein:

DIA = CCER x 40% + CROTE x 40% + CCEI x 20%

Where:

DIA = Degree of Provisional Incentive Attainment expressed as a percentage rounded to one decimal place.

CCER = Coefficient achieved in relation to the CER objective, according to the scale established for the CER objective in this section.

CROTE = Coefficient achieved in relation to the ROTE objective, according to the scale established for the ROTE objective under this Section.

CCEI = Coefficient achieved in relation to the CEI objective, according to the scale established for the CEI objective under this section.

For the three metrics, CER, ROTE and CEI, a coefficient of between 0% and 120% is established according to the scale of fulfilment of the objectives related to each of said measures. The objectives reached in relation to the three metrics will be determined by the Company itself.

A condition of the Granting of the Provisional Incentive will be that, in each of the Plan's cycles, on the end of the First Measurement Period of each, the ROTE metric exceeds a specific minimum value, which the Board of Directors will establish for each of the Plan's cycles.

The metrics for calculating the Ex-post Adjustment will be: **(i)** the Risk Appetite Framework ("RAF") of Caixa-Bank, **(ii)** the Total Shareholder Return ("TSR"of the Company's shares, and **(iii)** the Global Reputation Index of the CaixaBank Group ("GRI").

The Ex-post Adjustment is calculated according to the objectives reached in relation to each of said metrics upon the end of each cycle of the Plan, in accordance with the formula indicated below, with the weightings included therein:

Ex-Post Adj. = CRAF x 60% + ATSR x 30% + CGRI x 10%

Where:

Ex-Post Adj. = Ex-Post Adjustment to apply to the Provisional Incentive awarded during each of the Plan's cycles, expressed as a percentage, with a maximum potential of 100%.

CRAF = Coefficient achieved in relation to the RAF objective, according to the scale established for the RAF objective in this section.

ATSR = Attainment of TSR versus target TSR, based on the scale established for the TSR target in this section.

CGRI = Coefficient achieved in relation to the GRI objective, according to the scale established for the GRI objective in this section.

To calculate the fulfilment of the objective related to the RAF metric, an aggregate level of the scorecard of the Company's Risk Appetite Framework is used. This scorecard is formed of quantitative metrics that measure the different types of risk, and the Board of Directors establishes areas of appetite (green), tolerance (amber) or non-compliance (red), and determines the scale of fulfilment that establishes penalisation or bonus percentages according to the variation on each metric, between the situation of the RAF item at the start and end of the period.

In relation to the Company's TSR evolution in each of the Plan's cycles, this will be calculated by comparing the same indicator for another eighteen calculable reference banks (nineteen banks in total including CaixaBank). A coefficient between 0 and 1 will be established according to CaixaBank's ranking among the nineteen comparable banks. For anything beneath the median of the comparison group, the coefficient will be 0.

To determine the TSR, and with a view to avoid atypical movements in the indicator, the reference values will take into consideration the average mean price rounded to three decimal places of the shares' closing prices over 31 calendar days, both on the start and end date of the Second Measurement Period on each cycle. As well as 31 December, these 31 days will include the 15 days preceding and following the date in question.

The TSR metric will be calculated at the end of each of the Plan's cycles by a renowned independent expert, at the request of the Company.

The fulfilment of the GRI as an Ex-post Adjustment will be calculated on the basis of the variation of this metric in each of the Plan's cycles. For the first cycle of the Plan, the evolution between the value calculated at the end of 31 December 2018 and that of 31 December 2021 will be measured; for the second cycle, the evolution between 31 December 2019 and 31 December 2022 will be calculated; and for the third cycle, the evolution between 31 December 2020 and 31 December 2023 will be measured. If the variation is negative, i.e. if the reputation indicator goes down, the degree of attainment will be 0%. Otherwise, it will be 100%. The GRI indicator includes indicators related to CaixaBank's reputation risk, which, among other things, measures social, environmental and climate-change-related aspects, whereby any negative impact related to any of these issues would entail an adjustment to the total number of shares of the Final Incentive.

The Ex-post Adjustment could make the number of final shares to deliver lower, but never higher, than the number of shares corresponding to the Provisional Incentive on each of the Grant Dates.

As well as the foregoing, if, on the end date of each of the Plan's cycles, the CaixaBank TSR ranks between sixteen and eighteen (both inclusive) out of the eighteen banks comparable to the Company, the Final Incentive that may have resulted from the application of Ex-post Adjustments referred to in this section would be reduced by 50%.

Exceptionally, and only to determine the shares corresponding to the Granting of the Provisional Incentive on the Grant Date of the third cycle of the Plan, an additional multiplying coefficient will be included, which can be up to 1.6, and which will be applied to the DIA, and which will depend on the evolution of the CaixaBank TSR indicator in comparison to the same indicator for the seventeen comparable banks during the first cycle of the Plan. Nevertheless, if CaixaBank ranks below the median among the aforementioned seventeen banks at the end of the first cycle of the Plan, no additional multiplying factor on the DIA will be applied.

Requirements for obtaining shares:

The requirements for the beneficiary to receive shares derived from each of the Plan's cycles are:They must comply with the objectives set for them under the Plan, subject to the terms and conditions set out in this agreement and in the Plan regulations.

- The beneficiary must remain part of the Company until the Settlement Dates corresponding to each of the Plan's cycles, except in special circumstances, such as death, permanent disability, retirement, and others as set out in the Plan regulations. In the event of voluntary resignation or lawful dismissal, the Beneficiary will forfeit their entitlement to shares under the Plan, notwithstanding the provisions of the Plan regulations. The shares will be delivered in all cases on the dates established for Beneficiaries of the Plan, in accordance with the requirements and procedures laid out in the Plan.

The Plan will only be settled and the shares delivered if this is sustainable and justified given CaixaBank's situation and results. The shares under this Plan established for each of the Settlement Dates will not be delivered to the beneficiaries - who will lose any right to receive them - in the event that CaixaBank makes a loss, does not distribute dividends or does not pass the stress tests required by the European Banking Authority at the end of the 2019-2021 Strategic Plan, i.e. at the end of the 2021 fiscal year.

Determination of the Provisional and Final Incentive of the First and Third Cycle of the 2019-2021 Annual Conditioned Incentives Plan

The degree of attainment of the provisional incentive for the first cycle is related to the performance of these indicators in 2019:

Item	%	Target	Result	DIA
Core Efficiency Ratio (CER)	40%	57.7%	57.4%	105.1%
Return on Tangible Equity (ROTE)	40%	7.3%	7.7%	107.3%
Customer Experience Index (CEI)[1]	20%	86.3%	86.3%	100%
Total				**105%**

[1] The CEI challenge was re-scaled during 2019, in accordance with the provisions at the time of its approval. This re-scaling was not applied to Senior Management, meaning, in this case, the Provisional Incentive's Degree of Attainment is 85%.

The result of the ex-post adjustment and the calculation of the final incentive is determined by the result of the following indicators for the period 2019-2021:

Item	%	Target	Result	DIA
RAF	60%	7 amber	5 amber	0%
TSR (Total Share Return)	30%	10th	14th	100%
GRI (Global Reputation Index)	10%	711	740	0%
Adjustment to be applied				**70%**

The degree of attainment of the provisional incentive for the third cycle is related to the performance of these indicators during the 2021 fiscal year:

Item	%	Target	Result	DIA
Core Efficiency Ratio (CER)	40%	56.6%	56%	110.5%
Return on Tangible Equity (ROTE)	40%	6.2%	7.6%	120%
Customer Experience Index (CEI)[1]	20%	84.3%	86.3%	120%
Total				**116.2%**

Multiplier coefficient

For the Awarding of the Provisional Incentive on the Third Cycle Award Date, a multiplier of up to 1.6 was included, to be applied to the GCI, depending on the performance of CaixaBank's TSR indicator compared to the 20 comparable banks over the period 2019-2021.

The scale of attainment for the additional multiplying factor approved by the Board, at the proposal of the Remuneration Committee, was as follows:

Position in the comparison group	Multiplier coefficient
1st to 3rd	1.6
4th to 6th	1.4
7th to 9th	1.2
10th to 18th	1

In this respect, it has been verified that CaixaBank has finished in 14th position, so a multiplier coefficient of 1 will be applied.

With respect to the first cycle of the CAIP, the measurement period of the ex-post adjustment, as detailed previously in this report, has not yet been completed. Therefore, the final incentive has not yet been calculated and no shares have been delivered.

Cases resulting in a reduction and recovery of the variable remuneration (ex-post adjustment of the variable remuneration scheme with multi-year metrics and LTI)

Reduction scenarios:

Pursuant to the LOSS, the persons included in the Identified Staff may see their right to receive variable remuneration fully or partially reduced, including the amounts pending payment, whether cash or share-based payments, in the event of a poor financial performance by CaixaBank as a whole or by one of its divisions or areas, or because of any material exposure generated by said person. In this regard, CaixaBank must compare the assessed performance with the subsequent performance of the variables that helped meet the targets. The scenarios that may give rise to a reduction in the variable remuneration are as follows:

- Significant failures in risk management by CaixaBank, or one of its business units, or in risk control, including the existence of qualifications in the external auditor's report or other circumstances that undermine the financial parameters used in the calculation of variable remuneration.

- An increase in capital requirements for CaixaBank or one of its business units that was not envisaged at the time the exposure was generated.

- Regulatory sanctions or legal rulings relating to issues that may be attributed to the unit or the professional responsible for them.

- Failure to comply with the Bank's internal regulations or codes of conduct, including, in particular:

  - Any serious or very serious regulatory breaches attributable to them.

  - Any serious or very serious breaches of internal regulations.

  - Failure to comply with applicable suitability and behavioural requirements.

  - Regulatory breaches for which they are responsible, irrespective of whether they cause losses that jeopardise the solvency of a business line, and, in general, any involvement in, or responsibility for, behaviour that causes significant losses.

- Any irregular behaviour, whether individual or collective, particularly negative effects resulting from the mis-selling of products and the responsibilities of the persons or bodies that make such decisions.

- Justified disciplinary dismissal or, in the case of commercial contracts, due to just cause at the instigation of the Entity (in which case the reduction will be total).

- Where payment or consolidation of these amounts is not sustainable in light of CaixaBank's overall situation, or where payment is not justified in view of the results of CaixaBank as a whole, the business unit, or the employee in question.

- Any others that might be provided for in the corresponding contracts.

- Any others laid down in applicable legislation or by regulatory authorities in exercise of their powers to issue or interpret regulations, or their executive powers.

- Whenever a requirement or recommendation from the competent authority is in force that restricts CaixaBank's dividend distribution policy, or if it were required by the competent authority in use of the powers attributed to it by the regulations, all by virtue of the provisions of RD 84/2015 and Circular 2/2016.

Cases of recover:

In the event that causes leading to the above-mentioned situations occur before payment of a variable remuneration amount, such that the payment would not have been made, either in part or in full, if the situation had been known about, the person involved must return the part of variable remuneration unduly paid, to the corresponding CaixaBank Group entity. This reimbursement must be made in cash or shares, as applicable.

Scenarios in which the professional concerned has made a major contribution to poor or negative financial results shall be considered particularly serious breaches, as shall cases of fraud or other instances of fraudulent behaviour or gross negligence leading to significant losses.

Employee benefits

Mandatory contributions on a variable basis

In compliance with the provisions of Circular 2/2016, 15% of agreed contributions to complementary social welfare plans for members of CaixaBank's Management Committee are considered the target amount (the remaining 85% being considered a fixed remuneration component).

This amount is determined in accordance with the same principles and procedures established for variable remuneration with multi-year metrics, with eligibility to be determined solely on the basis of individual parameters, and it shall be contributed to a Discretionary Benefits Pension Policy.

The contribution shall be considered deferred variable remuneration for the purposes of Circular 2/2016. Therefore, the discretionary pension benefit scheme shall contain the necessary clauses for it to be explicitly subject to the reduction scenarios set down for variable remuneration. It shall also be included in the sum of variable remuneration for the purposes of limits and other factors that might be established.

If a professional leaves the entity as a result of retirement or before planned for any other reasons, the discretionary pension benefits shall be subject to a five-year withholding period, from the date on which the professional ceases to provide their services to the Entity for whatever reason.

During this withholding period, CaixaBank shall apply the same requirements as set forth in the reduction and recovery clauses for variable remuneration already paid.

Payments for contract termination

Amount of compensation for termination

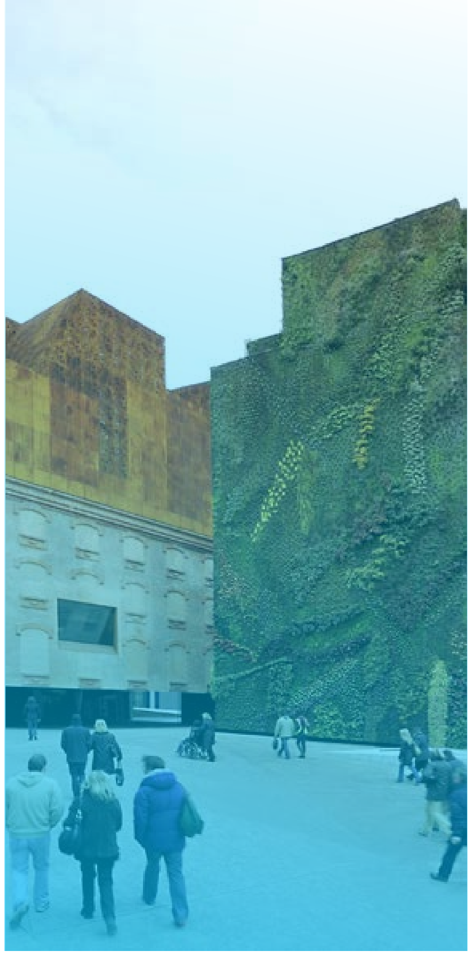
The LOSS states that payments for early termination must be based on the results obtained over time, and must not compensate poor results or improper conduct. Payments for contract termination will be calculated in accordance with the following generic formulas:

a. In general, the obligations regarding compensation for labour separations assumed by the CaixaBank Group companies are governed by the applicable regulations; Thus, in the case of common labour contracts, the Workers' Statute establishes the payment of specific compensation in the scenarios and in the amounts established therein, as a minimum, mandatory and unavailable.

b. For Identified Staff employees with Senior Management roles, in general, and unless the applicable legislation imposes a higher amount (e.g., due to having a previous labour contract suspended), the amount of compensation for redundancy or separation of these employees shall not exceed the annual value of all their fixed remuneration components, without prejudice to any compensation for post-contractual non-competition that might be established.

c. In cases where the Entity and the employee, with a common employment relationship or Senior Management role, reach an agreement in the event of an actual labour conflict or differences in the interpretation of the contract that may otherwise lead to legal proceedings, CaixaBank may agree on compensation that does not exceed that provided for, respectively, in sections a or b above for cases of improper dismissal or termination for reasons attributable to the Entity.

d. The same rule as for calculating the amount shall apply when CaixaBank and the employee agree to the early termination of the contract in situations where, although there are no reasons for dismissal or termination with cause, CaixaBank is interested in relieving the employee or eliminating their position, for justified reasons of a technical, organisational, strategic, individual performance or efficiency nature, and the employee is willing to accept compensation that does not exceed the amount that would be payable in accordance with paragraphs a) and b) above for cases of improper dismissal or termination due to reasons attributable to the Entity; the purpose of this is to have the employee leave the Entity without the need to formally and unilaterally terminate the contract.



Post-contractual non-competition agreements

Post-contractual non-competition agreements may be established in the contracts of the members of the CaixaBank Group's Identified Staff, provided there is a commercial or industrial interest on the part of the Entity. Such agreements generally last a maximum of one year, and may be extended up to two years in justified circumstances. This restriction on competition may also be agreed upon at the time the contractual relationship is terminated.

The compensation for the non-compete obligation shall consist of an amount that, in general, may not exceed the sum of the fixed remuneration components that the professional would have received had they remained with the Entity; the amount of the compensation shall be divided into equal instalments, payable at regular intervals over the non-competition period.

Any breach of the post-contractual non-competition agreement shall give the Entity the right to seek compensation from the professional proportionate to the compensation paid.

Deferral and payment

The amount of payments for early termination that are applicable pursuant to the stipulated terms and that are not exempt from the requirements to calculate the maximum ratio, deferral and payment in instruments, described later, shall be subject to deferral and payment as described for the variable remuneration with multi-year metrics, except for the additional adjustment through the multi-year metrics, which shall not be applicable.

Reduction and recovery assumptions

Payments for early termination must be based on the results secured over time, and must not compensate poor results or undue conduct. The amount of payments for early termination considered to represent variable remuneration under the prevailing regulations shall be subject to the cases of reduction and recovery set down for variable remuneration.

Payments for termination under a collective plan

Members of the Identified Staff with an employment relationship may join any of the disassociation plans covered in a collective plan, regardless of the legal nature of the contract termination and provided they are generally applicable to all CaixaBank employees who meet the requirements established therein. These assumptions shall cover, but not be limited to, those established in the context of efficiency plans, of a material reduction in the activity of the CaixaBank department in which the employee performs his/her duties, or of the acquisition of the business area in which the employee performs his/her duties by other entities, without the possibility of the employee remaining in the acquiring entity.

The terms and conditions of the severance plans (mass redundancies, layoffs or incentivised voluntary redundancy plans) shall normally be agreed with the workers' representatives at the Entity, although they can also be established unilaterally by the Entity. The plans may include, among others, items such as **(i)** monthly payments equivalent to a percentage less than 100% of the fixed remuneration, **(ii)** payment of Social Security contributions up to the estimated retirement date, **(iii)** continuity of contributions to social security systems up to the estimated retirement date, and **(iv)** other benefits in kind of less material importance (e.g., health insurance).

None of these components have variable characteristics, since they are not based on performance or on the variable remuneration elements in force during the term of the contract. Similarly, the payment of the agreed compensation is normally subject to compliance with a non-competition restriction for the duration of its term.

In addition, the following rules shall apply:

- In the case of members of the Identified Staff who are members of the Company's Management Committee or directly report to the Board of Directors or to one of its members, the specific disassociation conditions must be ratified by the Board of Directors, on the basis of a report drawn up beforehand by the RC. Furthermore, the RC may establish the actions necessary to ensure a smooth transition in their functions.

- in the event of individual negotiation with the employee, the compensation will be set using the same rules as those set out in section d above.

Inapplicability of the calculation requirements to the maximum ratio, deferral and payment in instruments

Pursuant to Section 172 of the EBA Guidelines and in the corresponding list of scenarios contained in Section 167 of said EBA Guidelines, CaixaBank shall not apply the calculation requirements for the maximum ratio, deferral and payments in stock set out in the relevant regulation to the following payments and compensations for contract termination:

- Those which are mandatory by law or by court decision, and in particular, but not limited to, those provided for in section a) on Amount of severance compensation.

- Those resulting from the application of the generic formulas defined in sections b, c and d described in the same chapter of Amount of severance payments, Post-contractual non-competition agreements and Severance payments covered in the collective plan.

- Those that are not calculated as per the aforementioned generic formulas when CaixaBank has demonstrated to the competent authority the reasons and the adequacy of their amount.

The exemption of the calculation requirements for the maximum ratio, deferral and payment in instruments shall not apply to the portion of the amount of payments in excess of that resulting from the aforementioned generic formulas.

In any case, the implementation of the above rules is subject to the competent authorities' interpretation of the applicable standards and guidelines. Therefore, they may require adapting in order to comply with such interpretations.

Under no circumstances will the payment for early termination result in a breach by the CaixaBank Group of the variable remuneration limits established by the applicable legislation in relation to fixed remuneration; to the extent necessary, payments for early termination will be reduced to strictly comply with these mandatory limits.

13.4 Quantitative information concerning remuneration of the Identified Staff

In 2022, remuneration paid to the Identified Staff, in adherence to the applicable regulatory provisions concerning remuneration, and according to the Bank's different areas of activity, is detailed below.

For 2022, the information on the fixed remuneration for 2022 set out in this report includes all the fixed remuneration components received by each member of the Identified Staff.

Therefore, this concept includes both fixed monetary remuneration and remuneration in-kind (contributions to pension plans, health insurance, etc.).

The following tables show the cumulative compensation data for the CaixaBank Group, which in turn includes the professionals of the Identified Staff of CaixaBank, BPI, MicroBank, CaixaBank Payments & Consumer and CaixaBank Wealth Management Luxembourg.

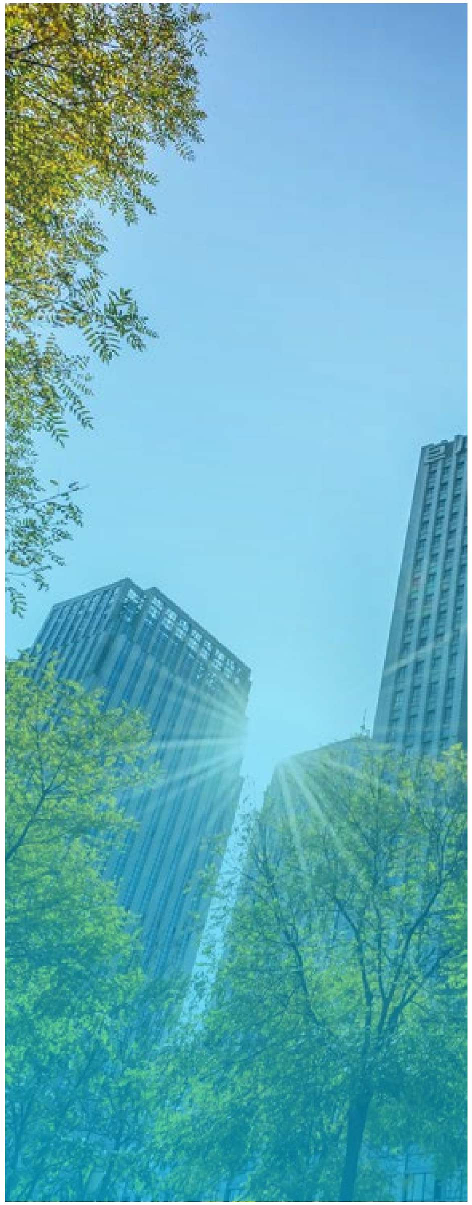


Table 13.1 EU REM 1: Remuneration awarded with respect to 2022

Amounts in thousands of euros

Remuneration		Supervisory function of the management body	Function of the Management Committee	Other members of senior management	Other identified staff
Fixed remuneration	Number of members of the identified staff	13	2	13	284
	Total fixed remuneration	2,446	4,517	9,835	57,315
	Of which: in cash	2,446	4,517	9,835	57,315
	Of which: equivalent shares or ownership interests				
	Of which: other instruments				
	Of which: other instruments				
	Of which: Other modalities				
Variable remuneration	Number of members of the identified staff	13	2	13	284
	Total variable remuneration	—	1,558	4,518	27,807
	Of which: in cash	—	558	1,910	13,581
	Of which: deferred	—	265	891	3,337
	Of which: equivalent shares or ownership interests	—	911	2,382	14,198
	Of which: deferred	—	617	1,445	6,940
	Of which: share-linked instruments or equivalent non-pecuniary instruments				
	Of which: deferred				
	Of which: other instruments	—	89	226	28
	Of which: deferred				
	Of which: Other modalities				
	Of which: deferred				
Total remuneration		**2,446**	**6,075**	**14,353**	**85,122**

Table 13.2 EU REM2: Special payment to staff whose professional activities have a significant impact on the company's risk profile (identified staff)

Amounts in thousands of euros

Special payments	Supervisory function of the management body	Function of the Management Committee	Other members of Senior Management	Other identified staff
Guaranteed variable remuneration awarded				
Guaranteed variable remuneration awarded - Number of members of the identified staff	—	—	—	
Guaranteed variable remuneration awarded - Total amount	—	—	—	
Of which: Guaranteed variable remuneration awarded and paid during the year which is not taken into account in the limitation of premiums	—	—	—	
Severance pay awarded in prior years and paid during the financial year				
Redundancy compensation awarded in prior periods and during the year - Number of members of the identified staff	—	—	—	5
Redundancy compensation awarded in prior periods and paid during the year - Total amount	—	—	—	2,287
Redundancy indemnities awarded during the financial year				
Redundancy indemnities awarded during the financial year - Number of staff members identified	—	—	—	11
Redundancy indemnities awarded during the financial year - Total amount	—	—	—	7,695
Of which: paid during the year	—	—	—	7,190
Of which: deferred	—	—	—	505
Of which: redundancy indemnities paid during the year that are not taken into account in the limitation of premiums	—	—	—	
Of which: highest indemnity granted to a single person	—	—	—	1,359

Table 13.3 EU REM3: Deferred remuneration

Amounts in thousands of euros

Deferred and withheld remuneration	Total amount of deferred remuneration granted in respect of previous profit periods	Of which: that is consolidated in the fiscal year	Of which: that will be consolidated in subsequent years	Amount of the adjustment for results applied in the year to deferred compensation to be consolidated in the year	Amount of the performance adjustment applied in the year to the deferred compensation to be consolidated in future periods	Total amount of the adjustment during the year due to implicit ex-post adjustments (i.e., changes in the value of deferred compensation due to changes in instrument prices)	Total amount of deferred remuneration granted before the financial year and actually paid in the financial year	Total amount of deferred remuneration granted in respect of previous profit periods which has been consolidated but is subject to retention periods
Supervisory function of the management body	—	—	—	—	—	—	—	—
In cash	—	—	—	—	—	—	—	—
Equivalent shares or ownership interests	—	—	—	—	—	—	—	—
Share-linked instruments or equivalent non-pecuniary instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other modalities	—	—	—	—	—	—	—	—
Function of the Management Committee	**2,327**	**745**	**1,582**	—	—	**-5**	**745**	**420**
In cash	864	325	539	—	—	—	325	—
Equivalent shares or ownership interests	1,463	420	1,043	—	—	-5	420	420
Share-linked instruments or equivalent non-pecuniary instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other modalities	—	—	—	—	—	—	—	—
Other members of senior management	**4,545**	**992**	**3,553**	—	—	**85**	**992**	**616**
In cash	1,414	376	1,038	—	—	—	376	—
Equivalent shares or ownership interests	3,131	616	2,515	—	—	85	616	616
Share-linked instruments or equivalent non-pecuniary instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other modalities	—	—	—	—	—	—	—	—
Other identified staff	**21,101**	**8,306**	**12,795**	—	—	**1,195**	**8,306**	**4,688**
In cash	8,846	3,618	5,228	—	—	—	3,618	—
Equivalent shares or ownership interests	12,255	4,688	7,567	—	—	1,195	4,688	4,688
Share-linked instruments or equivalent non-pecuniary instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other modalities	—	—	—	—	—	—	—	—
Total amount	**27,973**	**10,043**	**17,930**	—	—	**1,275**	**10,043**	**5,724**

The total number of shares generated (both delivered and deferred) including 2022, for variable remuneration plans for Executive Directors, Senior Management and other CaixaBank employees that are pending delivery represent 0.15% of the total social capital.

Table 13.4 EU REM4: Remuneration of EUR 1 million or more per year

EUR	Identified staff with high remuneration pursuant to Article 450 (i) of the CRR
From 1 000 000 to less than 1 500 000	9
From 1 500 000 to less than 2 000 000	
From 2 000 000 to less than 2 500 000	1
From 2 500 000 to less than 3 000 000	
From 3 000 000 to less than 3 500 000	1
From 3 500 000 to less than 4 000 000	1

Table 13.5 EU REM5

Information based on remuneration benchmarking reports and Article 450(1)(g) on the disclosure of remuneration.

	Remuneration of the Management Committee			Business Areas						
Amounts in thousands of euros	Supervisory function of the management body	Function of the Management Committee	Management Committee total	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other	Total
Total number of identified staff										**312**
Of which: members of the Management Committee	13	2	15							
Of which: other members of senior management	—	—	—	2	1	—	7	3	34	
Of which: other identified staff	—	—	—	32	94	—	25	69	30	
Total remuneration of identified staff	**2,446**	**6,075**	**8,521**	**17,015**	**37,291**		**15,612**	**16,483**	**13,074**	
Of which: variable remuneration		1,558	1,558	8,340	12,616		4,791	3,780	2,798	
Of which: fixed remuneration	2,446	4,517	6,963	8,675	24,675		10,821	12,703	10,276	

As concerns FY 2022: There are no employees who receive remuneration above €4 million.

A. Annexes

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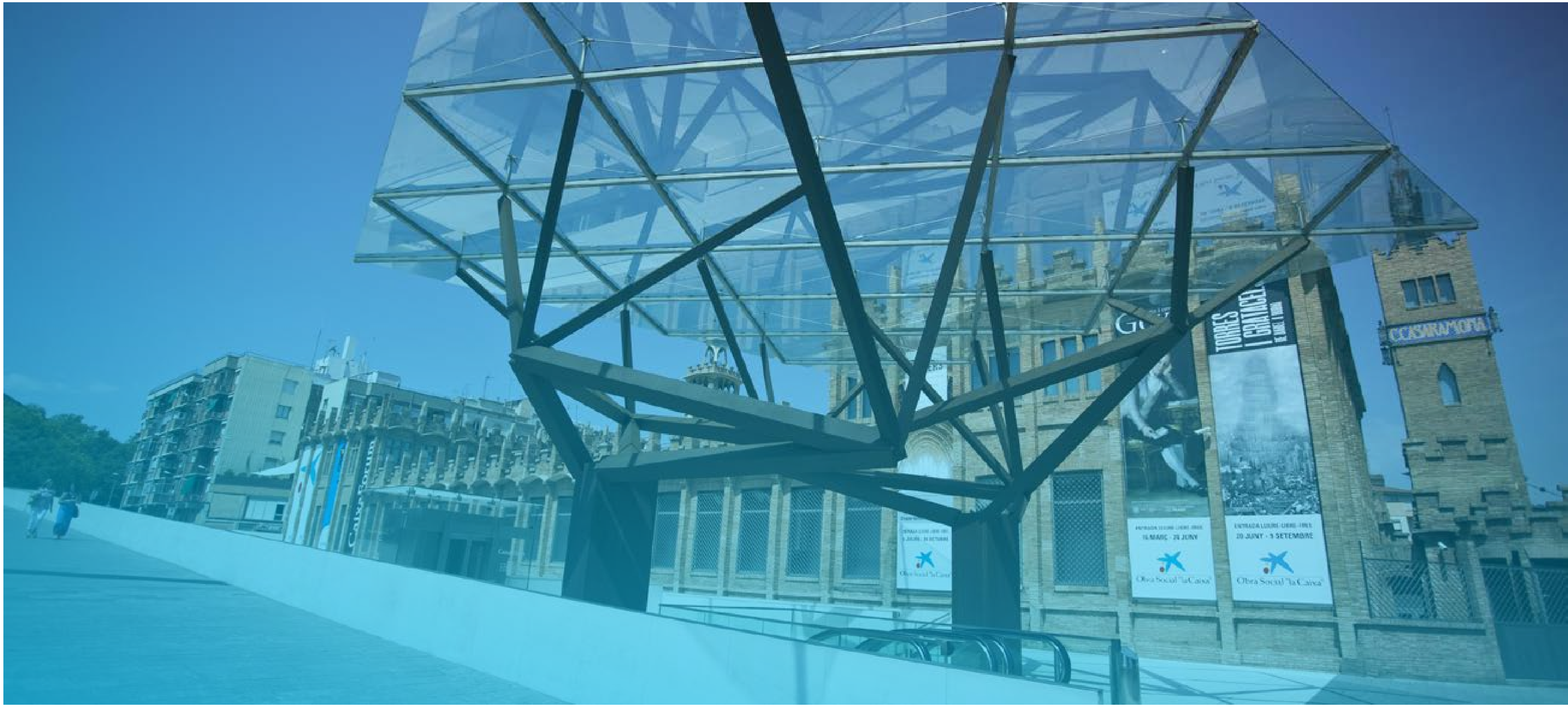


Annex I. EU CC1 – Composition of regulatory own funds

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Common Equity Tier 1: Instruments and reserves			
1	Capital instruments and the corresponding share premium accounts	20,972	26 (1), 27, 28, 29
2	Retained earnings	13,041	26 (1) (c)
3	Other cumulative comprehensive results (and other reserves)	- 2,949	26 (1)
5a	Interim profits verified independently, net of any foreseeable charge or dividend	1,415	26 (2)
6	**Common Equity Tier 1 before regulatory adjustments**	**32,479**	
Common Equity Tier 1: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 45	34, 105
8	Intangible assets (net of the corresponding tax liabilities) (negative amount)	- 3,463	36 (1) (b), 37
9	Transitional adjustments IFRS 9	- 1,901	36 (1) (c), 38
10	Deferred tax assets that rely on future profitability, with the exception of those arising from timing differences (net of the corresponding tax liabilities when the terms of article 38.3 are met) (negative amount)	499	33 (1) (a)
11	Reserves at fair value related to losses or gains on cash flow hedges	—	33 (1) (b)
13	Any increase in equity that results from securitised assets (negative amount)	- 340	
14	Gains or losses on liabilities valued at fair value that result from changes in the own credit standing	-52	36 (1) (f), 42
15	Defined benefit pension fund assets (negative amount)	- 0	
16	Direct and indirect holdings of own Common Equity Tier 1 instruments by an institution (negative amount)	- 0	32 (1)
27a	Other regulatory adjustments.	317	
28	**Total regulatory adjustments for Common Tier 1 capital**	**- 4,985**	
29	**Common Tier 1 capital**	**27,494**	
Additional Tier 1 capital: Instruments			
30	Equity instruments and the corresponding share premium accounts	4,513	51.52
32	of which: classified as liabilities under applicable accounting regulations	4,238	
36	**Additional Tier 1 capital before regulatory adjustments**	**4,513**	

Blank rows are deliberately omitted.

(1) Capital + Share premium, net of treasury shares.

(2) Reserves.

(3) Includes valuation adjustments.

(5a) Profit or loss attributable to the Group, net of dividends (paid and forecast final dividend of the year).

(8) Goodwill and intangible assets, net of impairment losses.

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Additional Tier 1 capital: regulatory adjustments			
37	Direct and indirect holdings of own Additional Tier 1 capital instruments by an institution (negative amount)	-275	52 (1) (b), 56 (a), 57
43	**Total regulatory adjustments for Additional Tier 1 capital**	**-275**	
44	**Additional Tier 1 (AT1)**	**4,238**	
45	**Tier 1 Capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)**	**31,732**	
Tier 2 capital (*Tier2*): instruments and provisions			
46	Equity instruments and the corresponding share premium accounts	4,908	62, 63
50	Credit Risk Adjustments	670	62 (c) and (d)
51	**Tier 2 Capital before regulatory adjustments**	**5,578**	
Tier 2 Capital: regulatory adjustments			
52	**Direct and indirect holdings of own Tier 2 equity instruments by the entity (negative amount)**	**-3**	
57	**Total regulatory adjustments for Tier 2 capital**	**-3**	
58	**Tier 2 capital**	**5,575**	
59	**Total capital (Total capital = Tier 1 capital + Tier 2 capital)**	**37,307**	
60	**Total risk-weighted assets**	**215,103**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (expressed as a percentage of the risk exposure amount)**	**12.8%**	**92 (2) (a)**
62	**Tier 1 capital (expressed as a percentage of the risk exposure amount)**	**14.8%**	**92 (2) (b)**
63	**Total capital (expressed as a percentage of the risk exposure amount)**	**17.3%**	**92 (2) (c)**
64	**General requirements for Tier 1 Ordinary capital of the institution.**	**8.3%**	**CRD 128, 129, 130, 131, 133**
65	**of which: requirement relating to the capital conservation buffer**	**2.5%**	
66	**of which: requirement relating to the countercyclical capital buffer**	**0.0%**	
67a	**of which: buffer for global systemically important institutions (G-SIIs) and for other systemically important institutions (O-SIIs)**	**0.4%**	
68	**Common Tier 1 Capital (expressed as a percentage of the risk exposure amount) available after meeting minimum capital requirements**	**7.4%**	

Blank rows are deliberately omitted.

(52) Amount in treasury shares and pledged balances.

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Amounts below the deduction thresholds (before risk weighting)			
72	Direct and indirect holdings in the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of qualifying short positions)	155	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings of Common Equity Tier 1 capital instruments of financial sector entities where the institution has a significant investment in those entities (amount above threshold of 17.65% and net of qualifying short positions)	1,027	36 (1) (i), 45, 48
75	Deferred tax assets arising from timing differences (amount below threshold of 10%, net of associated deferred tax liabilities, provided the requirements of Article 38.3 are met)	2,259	36 (1) (c), 38, 48
Applicable limits in relation to the inclusion of provisions in Tier 2 capital			
78	Credit risk adjustments included in Tier 2 capital in respect of exposures subject to the internal ratings-based approach (before application of the limit)	1,686	
79	Limit on the inclusion of credit risk adjustments in Tier 2 capital under the internal ratings-based approach.	670	

Annex II. EU KM1 – Key indicators

Amounts in millions of euros		31/12/22	30/09/22	30/06/22	31/03/22	31/12/21
Available equity (amounts)						
1	Common Tier 1 capital	27,494	26,673	26,818	28,707	28,337
2	Tier 1 Capital	31,732	30,910	31,054	33,692	33,322
3	Total capital	37,307	35,614	35,748	38,369	38,514
Amounts of risk weighted exposures						
4	Total amount of risk exposure	215,103	215,499	215,515	214,249	215,651
Capital ratios (expressed as a percentage of risk-weighted exposure amount)						
5	Common Tier 1 capital ratio (%)	12.8%	12.4%	12.4%	13.4%	13.1%
6	Tier 1 capital ratio (%)	14.8%	14.3%	14.4%	15.7%	15.5%
7	Total capital ratio (%)	17.3%	16.5%	16.6%	17.9%	17.9%
Additional own funds requirements to address risks other than excessive leverage risk (expressed as a percentage of the risk-weighted exposure amount)						
EU 7a	Additional requirements of CET1 SREP (%)	1.65%	1.65%	1.65%	1.65%	1.65%
EU 7b	Additional requirements of AT1 SREP (%)	0.93%	0.93%	0.93%	0.93%	0.93%
EU 7c	Additional requirements of T2 SREP (%)	1.24%	1.24%	1.24%	1.24%	1.24%
EU 7d	SREP total equity requirements (%)	9.65%	9.65%	9.65%	9.65%	9.65%
Combined buffer and overall capital requirement (expressed as a percentage of risk-weighted exposure amount)						
8	The capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macroprudential or systemic risk observed in a Member State (%)					
9	Entity-specific countercyclical capital buffer (%)1	0.03%	0.01%	0.01%	0.01%	0.01%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institutions buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)	0.38%	0.38%	0.38%	0.38%	0.25%
11	Combined Buffer Requirement (%)	2.91%	2.89%	2.88%	2.88%	2.76%
EU 11a	Global capital requirements (%)	12.56%	12.54%	12.53%	12.53%	12.41%
12	Common Equity Tier 1 Capital available after meeting total SREP equity requirements (%)	7.35%	6.88%	6.94%	7.97%	7.72%
Leverage ratio						
13	Measurement of total exposure	563,692	645,470	670,347	646,685	631,351
14	Leverage ratio (%)	5.6%	4.8%	4.6%	5.2%	5.3%

[1] *Updated quarterly, depending on the exposures in third countries.*

Amounts in millions of euros		31/12/22	30/09/22	30/06/22	31/03/22	31/12/21
Additional own funds requirements to address excessive leverage risk (expressed as a percentage of the total exposure measure)						
EU 14a	Additional own funds requirements to address excessive leverage risk (%)					
EU 14b	Additional requirements of AT1 leverage ratio (%)					
EU 14c	Additional requirements of T2 leverage ratio (%)	3.0%	3.0%	3.0%	3,0%	3,0%
Leverage ratio buffer and global leverage ratio requirement (as a percentage of the total exposure measure)						
EU 14d	Total SREP leverage ratio requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Leverage ratio buffer requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio[2]						
15	Total high-quality liquid assets (HQLA) (average weighted value)	149,713	161,351	166,572	165,160	150,334
EU 16a	Cash outflows Total weighted value	64,252	63,982	63,550	61,963	57,286
EU 16b	Cash inflows Full weighted value	12,866	12,438	11,881	11,107	10,556
16	Total net cash outflows (adjusted value)	51,386	51,544	51,670	50,856	46,729
17	Liquidity coverage ratio (%)	291%	313%	323%	325%	320%
Net stable funding ratio[3]						
18	Total available stable funding	430,216	457,323	470,157	497,226	503,438
19	Total required stable funding	303,723	314,742	313,477	322,322	327,297
20	Net stable funding ratio (%)	142%	145%	150%	154%	154%

[2] *Average LCR (12-month average)*

[3] *Updated values from previous quarters according to the revised regulatory requirements*

Annex III. IFRS 9-FL template: Comparison of equity and capital and leverage ratios of institutions with and without applying the transitional provisions of IFRS 9 or similar ECL.

Amounts in millions of euros		31/12/22	30/09/22	30/06/22	31/03/22	31/12/21
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	27,494	26,673	26,818	28,707	28,337
2	Common Equity Tier 1 Capital (CET1) if the transitional provisions of IFRS 9 or similar ECL had not been applied	26,912	26,160	26,338	28,242	27,701
3	Tier 1 Capital (T1)	31,732	30,910	31,054	33,692	33,322
4	Tier 1 (T1) capital if the transitional provisions of IFRS 9 or similar ECL had not been applied	31,150	30,397	30,574	33,228	32,686
5	Total capital	37,307	35,614	35,748	38,369	38,514
6	Total capital if the transitional provisions of IFRS 9 or similar ECL had not been applied	36,725	35,101	35,268	37,905	37,878
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	215,103	215,499	215,515	214,249	215,651
8	Total risk-weighted assets if the transitional provisions of IFRS 9 or similar ECL had not been applied	215,645	215,967	215,947	214,664	216,149
Capital ratios						
9	Common Equity Tier 1 (CET1) (expressed as a percentage of the risk exposure amount)	12.8%	12.4%	12.4%	13.4%	13.1%
10	Common Equity Tier 1 Capital (CET1) (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	12.5%	12.1%	12.2%	13.2%	12.8%
11	Tier 1 capital (T1) (expressed as a percentage of the risk exposure amount)	14.8%	14.3%	14.4%	15.7%	15.5%
12	Tier 1 Capital (T1) (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	14.4%	14.1%	14.2%	15.5%	15.1%
13	Total capital (expressed as a percentage of the risk exposure amount)	17.3%	16.5%	16.6%	17.9%	17.9%
14	Total Capital (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	17.0%	16.3%	16.3%	17.7%	17.5%
Leverage ratio						
15	Measurement of total exposure corresponding to leverage ratio	563,692	645,470	670,347	646,685	631,351
16	Leverage ratio	5.6%	4.8%	4.6%	5.2%	5.3%
17	Leverage ratio if the transitional provisions of IFRS 9 or similar ECL had not been applied	5.5%	4.7%	4.6%	5.1%	5.2%

In March 2020, following the ECB recommendations, CaixaBank decided to reverse its initial decision not to implement the IFRS9 regulations. The table shows the impact of the phased IFRS9 on the main ratios. The dynamic component is calculated based on data as of January 1, 2020.

Annex IV. EU CCA Main features of the regulatory instruments of own funds and the eligible liabilities instruments

	Amounts in millions of euros	ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	XS1880365975	XS1808351214	ES0240609133	XS1645495349	XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883
1	Originator	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	Bankia, S.A. (currently CaixaBank, S.A.)	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	Cajasol (currently CaixaBank, S.A.)	Cajasol (currently CaixaBank, S.A.)	"Bankia, S.A. (currently CaixaBank, S.A.)"	CaixaBank, S.A.
2	Unique identifier	ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	XS1880365975	XS1808351214	ES0240609133	XS1645495349	XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883
2a	Public or private placement	Public	Public	Public	Public	Public	Public	Public	Private	Public	Public	Private	Private	Public	Public
3	Legislation applicable to the instrument (regulatory treatment)	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	English law, except when ranking the subordinated loans, the capacity of the issuer and the relevant corporate agreements, which are governed by Spanish law	Spanish legislation	English law, except when ranking the subordinated loans, the capacity of the issuer and the relevant corporate agreements, which are governed by Spanish law	Spanish legislation	Spanish legislation	Spanish legislation	English law, except when ranking the subordinated loans, the capacity of the issuer and the relevant corporate agreements, which are governed by Spanish law	Spanish legislation
3a	Contractual recognition of the depreciation and conversion powers of the resolution authorities	n/a	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes
Regulatory treatment															
4	Current treatment taking into account, where applicable, the transitional rules of the CRR.	Common Equity Tier 1	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	CRR rules after transition.	Common Equity Tier 1	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible on an individual/ (sub) consolidated/individual and (sub) consolidated basis	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated
7	Instrument type (each country will specify the relevant rates).	Ordinary shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans
8	Amount recognized in regulatory capital or eligible liabilities (currency in millions, as of the most recent reporting date).	7,502	998	1,246	747	746	500	995	150	999	995	18	1	1,000	746

	Amounts in millions of euros	ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	XS1880365975	XS1808351214	ES0240609133	XS1645495349	XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883
9	Nominal amount of the instrument	7,502	1,000	1,250	750	750	500	1,000	150	1,000	1,000	18	15	1,000	750
EU-9a	Issue price	n/a	100.00%	100.00%	100.00%	100.00%	100.00%	99.53%	100.00%	99.97%	99.57%	100.00%	100.00%	100.00%	99.86%
EU-9b	Redemption price	n/a	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	n/a	n/a	100.00%	100.00%
10	Accounting classification	Equity	Compound financial instrument	Compound financial instrument	Compound financial instrument	Compound financial instrument	Compound financial instrument	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost
11	Original issue date	n/a	13/06/2017	23/03/2018	09/10/2020	14/09/2021	19/09/2018	17/04/2018	07/07/2017	14/07/2017	18/03/2021	21/12/1990	29/06/1994	15/02/2019	23/11/2022
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Specified maturity	Specified maturity	Specified maturity	Specified maturity	Perpetual	Specified maturity	Specified maturity	Specified maturity
13	Original maturity date	n/a	No maturity	No maturity	No maturity	No maturity	No maturity	4/17/2030	7/7/2042	7/14/2028	6/18/2031	No maturity	6/24/2093	2/15/2029	2/23/2033
14	Issuer purchase option subject to prior approval by supervisory authorities.	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	n/a	Yes	Yes
15	Optional date of exercise of the call option, contingent exercise dates and amount to be reimbursed	n/a	13/6/2024 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	23/3/2026 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	From 09/10/2027 until 9/4/2028 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	From 14/9/2028 until 14/3/2029 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	19/9/2023 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.c and 7.d). Always with the consent of the supervisor and for the entire issue	17/4/2025 (once), at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	7/7/2037 and annually from that date, at the choice of the Issuer. Additionally, due to a tax event or a capital event. Always with the consent of the supervisor and for the entire issue	14/7/2023 (once), at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	From 18 March 2026 (inclusive), ending on 18 June 2026 (inclusive). Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	n/a	n/a	15/02/2024, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	"From (and inclusive) 23 November 2027 and ending on 23 February 2028 (inclusive). Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue"
16	Subsequent exercise dates, if any	n/a	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	n/a	Annually	n/a	Annually	n/a	n/a	n/a	n/a
Coupons/dividends															
17	Fixed or floating dividend or coupon	Dividend	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	n/a	Fixed readjustable	Fixed readjustable
18	Coupon interest rate and any connected index	n/a	6.75% until 14/11/2024 when it updates to 5-year mid-swap + 649.8 bp and then every 5 years thereafter	5.25% until 23/3/2026 when it updates to 5-year mid-swap + 450.4 bp and then every 5 years thereafter	5.875% until 09/04/2028 when it updates to 5-year mid-swap + 634.6 bp and then every 5 years thereafter	3.625% until 14/03/2029 when it updates to 5-year mid-swap + 385.7 bp and then every 5 years thereafter	Quarterly coupon. 6.375% until 19/09/2023; then 5-year mid-swap + 6.224%	2.250% until 23/3/2025 when it updates to 5-year mid-swap + 168 bp	4.000% until 7/7/2037 when it updates to 5-year mid-swap + 272 bp	2.755% until 14/7/2023 when it updates to 5-year mid-swap + 235 bp	1.25% until 18/06/2026 when it updates to 5-year mid-swap + 163 bp	0%	n/a	Annual coupon. 3.75% until 15/02/2024; then 5-year mid-swap + 3.624%	6.250% until 23/3/2028 when it updates to 5-year mid-swap + 355 bp
19	Existence of limitations on dividend payments.	n/a	No	No	No	No	No	No	No	No	No	No	n/a	No	No

Amounts in millions of euros		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	XS1880365975	XS1808351214	ES0240609133	XS1645495349	XS2310118976	AYTS491201	AYTS490629	XS1951220596	ES0213307046
EU 20a	Fully discretionary, partially discretionary or compulsory (in calendar terms)	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	n/a	Mandatory	Mandatory
EU 20b	Fully discretionary, partially discretionary or compulsory (in terms of amount)	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Fully discre-tionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	n/a	Mandatory	Mandatory
21	Existence of an increase in coupon or other reimbursement incentives	n/a	No	No	No	No	No	No	No	No	No	No	n/a	No	No
22	Not cumulative or cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Not cumulative	n/a	n/a	Cumulative
23	Convertible or non-convertible	n/a	Convertible	Convertible	Convertible	Convertible	Convertible	Not Conver-tible	Not Conver-tible	Not Conver-tible	Not Conver-tible	Convertible	n/a	Not Conver-tible	Not Conver-tible
24	If convertible, factor(s) that trigger the conversion	n/a	"This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level"	"This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level"	"This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level"	"This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level"	"This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25	If convertible, totally or partially	n/a	Always fully	Always fully	Always fully	Always fully	Always fully	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
26	If they are convertible, applicable conversion rate	n/a	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €2,803	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €2,583	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €1,209	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €1,795	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €3.21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	If they are convertible, compulsory or optional conversion	n/a	Required	Required	Required	Required	Required	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
28	If are convertible, specify the issuer of the instrument into which they are converted	n/a	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

	Amounts in millions of euros	ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	XS1880365975	XS1808351214	ES0240609133	XS1645495349	XS2310118976	AYTS491201	AYTS490629	XS1951220596	ES0213307046
29	If are convertible, specify the issuer of the instrument into which they are converted	n/a	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	Bankia, S.A. (currently CaixaBank, S.A.)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down features	n/a	No	No	No	No	No	No	No	No	No	No	n/a	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, total or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-34a	Type of subordination (only for eligible liabilities)	n/a	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	n/a	n/a	Contractual	Contractual
EU-34b	Order of priority of the instrument in Common insolvency proceedings	1	2	2	2	2	2	3	3	3	3	3	3	3	3
35	Position in the subordination hierarchy in the settlement (specifying the type of instrument of the next higher rank)	*Pari passu with reserves. There are no instruments subordinated to common shares*	"Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments "	"Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments "	"Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments "	"Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments "	"Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments "	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	n/a	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans
36	Non-compliant transitioned features	No	No	No	No	No	No	No	No	No	No	n/a	n/a	No	No
37	If so, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-37a	Link to the full mandate and the conditions of the instrument (signalling)	n/a	http://cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609004	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609012	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609020	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609038	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Emisiones_CaixaBank/XS1880365975_EN.pdf	http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/ShowSecTranche/?trancheID=139566&refNo=4922	http://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0240609133	http://www.ise.ie/debt_documents/Final%20Terms_e17de6d1-419c-4367-ba57-302c9de7d9df.PDF	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/XS2310118976_ENG.pdf	n/a	n/a	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Emisiones_CaixaBank/XS1951220596_EN.pdf	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/EUO1-2007510370-v1Caixabank_Tier2_Nov_22_Final_Terms_Execution_Version.pdf

Annex V. EU LR1 - Summary of reconciliation of accounting assets and exposures corresponding to the leverage ratio

Amounts in millions of euros		31/12/2022
Summary of reconciliation of accounting assets and exposures corresponding to the leverage ratio		
1	Total assets as per the financial statements published	592,234
2	Adjustment for entities that are consolidated for accounting purposes but are outside the scope of prudential consolidation	(59,093)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of the risk transfer)	—
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	—
5	(Adjustment for fiduciary assets recognised on the balance sheet under the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429a(1)(i) of the CRR)	—
6	Adjustment for conventional purchases and sales of financial assets subject to accounting at the trading date	—
7	Adjustment for operations eligible for cash pooling	1
8	Adjustment for derivative financial instruments	(1,755)
9	Adjustment for securities financing transactions	1,484
10	Adjustment for off-balance-sheet items (i.e., conversion of off-balance sheet exposures to credit equivalents)	41,002
11	(Prudent valuation adjustments and specific and general provisions that have reduced Tier 1 capital)	(45)
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(c) of the CRR)	—
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(j) of the CRR)	—
12	Other adjustments	(10,137)
13	**Measurement of total exposure**	**563,692**

Annex VI. EU-LR2 – LRCom: Common disclosure table of leverage ratio

Amounts in millions of euros		Exposures corresponding to the CRR leverage ratio at 31/12/2022
On-balance-sheet exposures (excluding derivatives and securities financing transactions)		
1	Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	515.237
2	Collateral provided in connection with derivatives, when deducted from the assets in the balance sheet under the applicable accounting framework	6.142
3	(Deductions from assets pending collection due to the margin of variation in cash contributed in derivative transactions)	(10.270)
6	(Amounts of assets deducted to determine Tier 1 capital)	(5.968)
7	**Total balance sheet exposures (excluding derivatives and securities financing transactions)**	**505.142**
Exposures to derivatives		
8	Replacement cost associated with all derivative transactions according to the standard counterparty risk method (i.e., net of the margin of variation in eligible cash)	9.433
9	Amounts of additions for potential future exposure associated with derivative transactions under the standardised method for counterparty credit risk	2.822
10	(CCP component excluded from trading exposures offset by the customer) (standardised approach for counterparty credit risk)	(2)
13	**Total credit derivatives exposures**	**12.252**
Exposures from securities financing transactions (SFTs)		
14	Gross assets from securities financing transactions (without recognition of compensation), after adjustments for accounting sales transactions	12.758
15	(Net amounts of cash payable and cash receivable in gross assets from securities financing transactions)	(8.940)
16	Counterparty credit risk exposure from securities financing transaction assets	1.484
18	**Total exposures to securities financing transactions**	**5.303**

Blank rows are deliberately omitted.

Amounts in millions of euros

		Exposures corresponding to the CRR leverage ratio at 31/12/2022
Others off-balance-sheet exposure		
19	Off-balance-sheet exposures valued at their gross notional amount	162,229
20	(Adjustments from conversion to credit equivalents)	121,233
21	(General provisions deducted to determine Tier 1 capital and specific provisions associated with off-balance-sheet exposures)	0
22	**Off-balance-sheet exposures**	**40,995**
Capital		
23	Tier 1 Capital	31,732
24	**Measurement of total exposure**	**563,692**
Leverage ratio		
25	Leverage ratio (%)	5.6%
EU-25	Leverage ratio (excluding the impact of the exemption from public sector investments and promotional loans) (%)	5.6%
25a	Leverage ratio (excluding the impact of any temporary exemption applicable to central bank reserves) (%)	5.6%
26	Minimum regulatory leverage ratio requirement (%)	3.0%
EU-27a	Overall leverage ratio requirement (%)	3.0%
Choice of transitional provisions and relevant exposures		
EU-27b	Choice of transitional provisions for defining the capital measurement	Transitional

Blank rows are deliberately omitted.

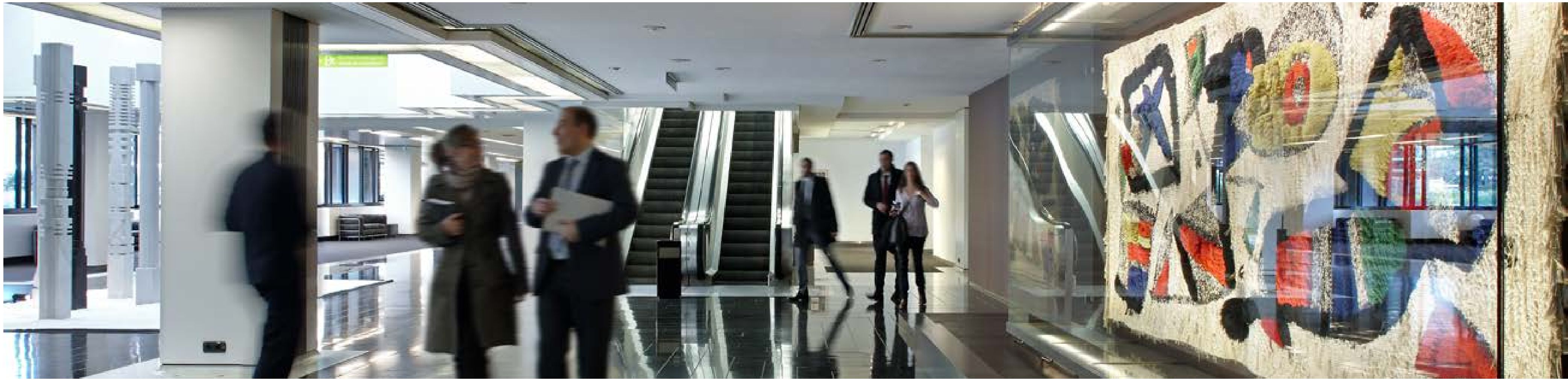
Amounts in millions of euros

		Exposures corresponding to the CRR leverage ratio at 31/12/2022
Disclosure of average securities		
28	Average of daily values of gross securities financing transaction assets after adjustment for sales accounting transactions and net of the amounts of associated cash payables and receivables	4,050
29	Final value of the quarter of gross securities financing transaction assets after adjustment for sales accounting transactions and net of the amounts of associated cash payables and receivables	3,819
30	Measure of total exposure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	563,924
30a	Measure of total exposure (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	563,924
31	Measure of total exposure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	5.6%
31a	Measure of total exposure (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	5.6%

Blank rows are deliberately omitted.

Annex VII. EU LR3 – LRSpl: Breakdown of on-balance sheet exposures (excluding derivatives, securities financing transactions and off-balance sheet exposures)

EU-1	**Total on-balance-sheet exposures (excluding derivatives, securities financing transactions and excluded exposures) of which:**	**511,109**
EU-2	Exposures in the held-for-trading book	419
EU-3	Exposures in the non-trading book, of which:	510,690
EU-4	Covered bonds	0
EU-5	Exposures treated as exposures to sovereign issuers	114,302
EU-6	Exposures to regional administrations, multilateral development banks, international organisations and public sector entities not treated as exposures to sovereign issuers	24,303
EU-7	Institutions	6,331
EU-8	Secured by mortgages on immovable property	153,199
EU-9	Retail exposures	46,282
EU-10	Corporates	111,502
EU-11	Exposure in non-payment situations	6,939
EU-12	Other exposures (e.g., equities, securitizations and assets other than credit obligations)	47,834



Annex VIII. EU LI3 - Companies with differing prudential and accounting consolidation treatment

		Prudential consolidation method					
Name of the institution	Accounting consolidation method	Integral consolidation	Proportional consolidation	Equivalence method	Neither consolidated nor deducted	Deducted	Institution description
Bankia Mediación, Operador de Banca de Seguros Vinculado, S.A.U.	Global integration			X			Insurance agency
CaixaBank Brasil Escritório de Representaçao, Ltda.	Global integration			X			Representative office
Estugest, S.A.	Global integration			X			Administrative activities and services
Gestión y Fundraza Local, S.L.	Global integration			X			Collection management from Local Councils
Grupo Aluminios de Precisión, S.L.U.	Global integration			X			Aluminium smelting in sand moulds
Inversiones Corporativas Digitales, S.L.	Global integration			X			Holding company
Inversiones Inmobiliarias Teguise Resort, S.L.	Global integration			X			Hotels and similar accommodation
Líderes Empresariales Siglo XXI, S.L.	Global integration			X			Private security for goods and people
Puerto Triana, S.A.U.	Global integration			X			Real estate developer specialised in shopping centres
Sercapgu, S.L.	Global integration			X			Holding company
VidaCaixa, S.A. de Seguros y Reaseguros Sociedad Unipersonal	Global integration			X			Direct life insurance, reinsurance and pension fund management

For prudential purposes, all other entities are accounted for using the same method applied in the financial statements. See the CaixaBank Group's 2022 autonomous communities report for the full listing of Group entities.

Annex IX. EU PV1 - Prudent valuation adjustments (PVA)

Amounts in millions of euros

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					AVA at category level – Valuation uncertainty				
AVA at category level		Equity securities	Interest rates	Exchange rate	Credit	Commodities	AVA due to unaccrued credit spreads	AVA due to investment and financing costs	Total at category level after diversification	Of which: Total main focus of the trading portfolio	Of which: Total main focus of the banking portfolio
1	Market price uncertainty	1	44	0	6	—	5	0	28	14	14
2	Not applicable										
3	Closing cost	0	—	—	—	—	1	0	0	0	0
4	Concentrated positions	11	—	—	—	—			11	—	11
5	Early termination	—	—	—	—	—			—	—	—
6	Model risk	0	1	0	—	—	3	—	2	2	0
7	Operational risk	0	2	0	0	—			3	1	1
8	Not applicable										
9	Not applicable										
10	Future administrative costs	—	—	—	—	—			—	—	—
11	Not applicable										
12	**Total additional valuation adjustments**								**45**	**18**	**26**

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Annex X. End-2022 G-SIB Assessment Exercise. V5.2.4

SIZE INDICATOR

Section 2 - Total Exposures	GSIB	Amount in thousand EUR	
a. Derivatives			
(1) Counterparty exposure of derivatives contracts	1,012	9,432,784	2.a.(1)
(2) Capped notional amount of credit derivatives	1,201	0	2.a.(2)
(3) Potential future exposure of derivative contracts	1,018	2,819,664	2.a.(3)
b. Securities financing transactions (SFTs)			
(1) Adjusted gross value of SFTs	1,013	3,818,634	2.b.(1)
(2) Counterparty exposure of SFTs	1,014	1,484,497	2.b.(2)
c. Other assets	1,015	511,109,325	2.c.
d. Gross notional amount of off-balance sheet items			
(1) Items subject to a 0% credit conversion factor (CCF)	1,019	77,426,032	2.d.(1)
(2) Items subject to a 20% CCF	1,022	34,798,288	2.d.(2)
(3) Items subject to a 50% CCF	1,023	47,422,703	2.d.(3)
(4) Items subject to a 100% CCF	1,024	2,581,667	2.d.(4)
e. Regulatory adjustments	1,031	5,967,712	2.e.
f. Total exposures prior to regulatory adjustments (sum of items 2.a.(1) through 2.c, 0.1 times 2.d.(1), 0.2 times 2.d.(2), 0.5 times 2.d.(3), and 2.d.(4))	1,103	569,660,184	2.f.
g. Exposures of insurance subsidiaries not included in 2.f net of intragroup:			
(1) On-balance sheet and off-balance sheet insurance assets	1,701	72,525,949	2.g.(1)
(2) Potential future exposure of derivatives contracts for insurance subsidiaries	1,205	0	2.g.(2)
(3) Investment value in consolidated entities	1,208	3,681,763	2.g.(3)
h. Intragroup exposures with insurance subsidiaries reported in 2.g that are included in 2.f	2,101	6,577,749	2.h.
i. Total exposures indicator, including insurance subsidiaries (sum of items 2.f, 2.g.(1) through 2.g.(2) minus 2.g.(3) through 2.h)	1,117	631,926,621	2.i.

INTERCONNECTEDNESS INDICATORS

Section 3 - Intra-Financial System Assets	GSIB	Amount in thousand EUR	
a. Funds deposited with or lent to other financial institutions	1,216	12,314,979	3.a.
(1) Certificates of deposit	2,102	0	3.a.(1)
b. Unused portion of committed lines extended to other financial institutions	1,217	3,707,670	3.b.
c. Holdings of securities issued by other financial institutions			
(1) Secured debt securities	2,103	3,119,631	3.c.(1)
(2) Senior unsecured debt securities	2,104	3,935,701	3.c.(2)
(3) Subordinated debt securities	2,105	937,783	3.c.(3)
(4) Commercial paper	2,106	0	3.c.(4)
(5) Equity securities	2,107	1,928,618	3.c.(5)
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	2,108	0	3.c.(6)
d. Net positive current exposure of SFTs with other financial institutions	1,219	1,484,497	3.d.
e. OTC derivatives with other financial institutions that have a net positive fair value			
(1) Net positive fair value	2,109	202,127	3.e.(1)
(2) Potential future exposure	2,110	463,809	3.e.(2)
f. Intra-financial system assets indicator, including insurance subsidiaries (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6))	1,215	28,094,816	3.f.

Section 4 - Intra-Financial System Liabilities	GSIB	Amount in thousand EUR	
a. Funds deposited by or borrowed from other financial institutions			
(1) Deposits due to depository institutions	2,111	1,803,840	4.a.(1)
(2) Deposits due to non-depository financial institutions	2,112	6,557,208	4.a.(2)
(3) Loans obtained from other financial institutions	2,113	0	4.a.(3)
b. Unused portion of committed lines obtained from other financial institutions	1,223	21,422	4.b.
c. Net negative current exposure of SFTs with other financial institutions	1,224	514,803	4.c.
d. OTC derivatives with other financial institutions that have a net negative fair value			
(1) Net negative fair value	2,114	260,889	4.d.(1)
(2) Potential future exposure	2,115	889,986	4.d.(2)
e. Intra-financial system liabilities indicator, including insurance subsidiaries (sum of items 4.a.(1) through 4.d.(2))	1,221	10,048,148	4.e.

INTERCONNECTEDNESS INDICATORS

Section 5 - Securities Outstanding	GSIB	Amount in thousand EUR	
a. Secured debt securities	2,116	23,694,803	5.a.
b. Senior unsecured debt securities	2,117	23,235,640	5.b.
c. Subordinated debt securities	2,118	9,281,575	5.c.
d. Commercial paper	2,119	327,576	5.d.
e. Certificates of deposit	2,120	0	5.e.
f. Common equity	2,121	27,519,640	5.f.
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	2,122	0	5.g.
h. Securities outstanding indicator, including the securities issued by insurance subsidiaries (sum of items 5.a through 5.g)	1,226	84,059,233	5.h.

SUBSTITUTABILITY/FINANCIAL INSTITUTION INFRASTRUCTURE INDICATORS

Section 6 - Payments made in the reporting year (excluding intragroup payments)	GSIB	Amount in thousand EUR	
a. Australian dollars (AUD)	1,061	10,581,305	6.a.
b. Canadian dollars (CAD)	1,063	45,504,740	6.b.
c. Swiss francs (CHF)	1,064	26,858,898	6.c.
d. Chinese yuan (CNY)	1,065	7,597,368	6.d.
e. Euros (EUR)	1,066	1,992,201,016	6.e.
f. British pounds (GBP)	1,067	176,918,090	6.f.
g. Hong Kong dollars (HKD)	1,068	2,151,410	6.g.
h. Indian rupee (INR)	1,069	5,727	6.h.
i. Japanese yen (JPY)	1,070	29,732,821	6.i.
j. New Zealand dollars (NZD)	1,109	1,042,222	6.j.
k. Swedish krona (SEK)	1,071	2,924,682	6.k.
l. United States dollars (USD)	1,072	1,298,417,083	6.l.
m. Payments activity indicator (sum of items 6.a through 6.l)	1,073	3,593,935,364	6.m.
Section 7 - Assets Under Custody	**GSIB**	**Amount in thousand EUR**	
a. Assets under custody indicator	**1,074**	**179,202,480**	**7.a.**
Section 8 - Underwritten Transactions in Debt and Equity Markets	**GSIB**	**Amount in thousand EUR**	
a. Equity underwriting activity	1,075	4,968	8.a.
b. Debt underwriting activity	1,076	204,000	8.b.
c. Underwriting activity indicator (sum of items 8.a and 8.b)	1,077	208,968	8.c.

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SUBSTITUTABILITY/FINANCIAL INSTITUTION INFRASTRUCTURE INDICATORS

Section 9 - Trading Volume	GSIB	Amount in thousand EUR	
a. Trading volume of securities issued by other public sector entities, excluding intragroup transactions	2,123	35,585,039	9.a.
b. Trading volume of other fixed income securities, excluding intragroup transactions	2,124	34,236,129	9.b.
c. Trading volume fixed income sub-indicator (sum of items 9.a and 9.b)	2,125	69,821,168	9.c.
d. Trading volume of listed equities, excluding intragroup transactions	2,126	14,360,117	9.d.
e. Trading volume of all other securities, excluding intragroup transactions	2,127	2,527,801	9.e.
f. Trading volume equities and other securities sub-indicator (sum of items 9.d and 9.e)	2,128	16,887,917	9.f.

COMPLEXITY INDICATORS

Section 10 - Notional Amount of Over-the-Counter (OTC) Derivatives	GSIB	Amount in thousand EUR	
a. OTC derivatives cleared through a central counterparty	2,129	638,049,812	10.a.
b. OTC derivatives settled bilaterally	1,905	278,151,780	10.b.
c. Notional amount of over-the-counter (OTC) derivatives indicator, including insurance subsidiaries (sum of items 10.a and 10.b)	1,227	916,201,592	10.c.
Section 11 - Trading and Available-for-Sale Securities	**GSIB**	**Amount in thousand EUR**	
a. Held-for-trading securities (HFT)	1,081	551,576	11.a.
b. Available-for-sale securities (AFS)	1,082	12,942,406	11.b.
c. Trading and AFS securities that meet the definition of Level 1 assets	1,083	10,363,755	11.c.
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1,084	639,354	11.d.
e. Trading and AFS securities indicator (sum of items 11.a and 11.b, minus the sum of 11.c and 11.d)	1,085	2,490,872	11.e.
Section 12 - Level 3 Assets	**GSIB**	**Amount in thousand EUR**	
a. Level 3 assets indicator, including insurance subsidiaries	1,229	1,170,902	12.a

CROSS-JURISDICTIONAL ACTIVITY INDICATORS

Section 13 - Cross-Jurisdictional Claims	GSIB	Amount in thousand EUR	
a. Total foreign claims on an ultimate risk basis	1,087	105,536,190	13.a.
b. Foreign derivative claims on an ultimate risk basis	1,146	4,275,273	13.b.
c. Cross-jurisdictional claims indicator (sum of items 13.a and 13.b)	2,130	109,811,463	13.c.
Section 14 - Cross-Jurisdictional Liabilities	**GSIB**	**Amount in thousand EUR**	
a. Foreign liabilities on an immediate risk basis, excluding derivatives and including local liabilities in local currency	2,131	45,758,444	14.a.
b. Foreign derivative liabilities on an immediate risk basis	1,149	6,805,135	14.b.
c. Cross-jurisdictional liabilities indicator (sum of items 14.a and 14.b)	1,148	52,563,579	14.c.

Annex XI. - Index of regulatory requirements tables

GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) No 575/2013

Table ID	Table Name	P3D 2022 section	Table Number
ANNEX I.	DISCLOSURE OF KEY INDICATORS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS		
ANNEX II.	DISCLOSURE OF KEY INDICATORS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS (INSTRUCTIONS)		
OV1	EU OV1 - General vision of RWAs	4.3.2	4.10
KM1	EU KM1 – Key indicators	Annexes	II
INS1	EU INS1 - Shareholdings in insurance companies not deducted	4.3.2	4.8
OVC	EU OVC - Information on the process to evaluate internal capital adequacy	4.4	
ANNEX III.	DISCLOSURE OF RISK MANAGEMENT OBJECTIVES AND POLICIES		
ANNEX IV.	DISCLOSURE OF RISK MANAGEMENT OBJECTIVES AND POLICIES (INSTRUCTIONS)		
OVA	EU OVA - Institutional risk management method	3	
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ANNEX V	INFORMATION ON THE SCOPE OF APPLICATION		
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LI1	EU LI1 - Differences between the areas of accounting and prudential consolidation and the correspondence of the categories of financial statements with the risk categories in the prudential regulation	2.5	2.2
LI2	EU LI2 - Main sources of discrepancies between the amounts of exposures for regulatory purposes and the accounting values in the financial statements	2.5	2.3
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LIA	Explanations for discrepancies between accounting and regulatory exposure amounts	2.5	
LIB	EU LIB - Other qualitative information on the scope of application	2	
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ANNEX VII	INFORMATION ON OWN RESOURCES DISCLOSURES		
ANNEX VIII	INFORMATION ON OWN RESOURCES DISCLOSURES (INSTRUCTIONS)		
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ANNEX VII	INFORMATION ON OWN RESOURCES DISCLOSURES		
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CCyB1	EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	4.2.3	4.3
CCyB2	EU CCyB2 - Specific countercyclical capital buffer ratio of each institution	4.2.3	4.4
ANNEX XI	INFORMATION ON LEVERAGE RATIO		

GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) No 575/2013

Table ID	Table Name	P3D 2022 section	Table Number
ANNEX XII	INFORMATION ON THE LEVERAGE RATIO (INSTRUCTIONS)		
LR1	EU LR1 - Summary of reconciliation of accounting assets and exposures corresponding to the leverage ratio	Annexes	S
LR2	EU LR2 - Common disclosure table of leverage ratio	Annexes	VI
LR3	EU LR3 - Breakdown of on-balance sheet exposures (excluding derivatives, securities financing transactions and off-balance sheet exposures)	Annexes	VII
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ANNEX XIV	INFORMATION ON LIQUIDITY REQUIREMENTS (INSTRUCTIONS)		
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LIQ1	EU LIQ1 - Liquidity Coverage Ratio (LCR)	10.2	10.3
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CR1-A	EU CR1-A - Maturity of exposures	7.1.1	7,6
CR2	EU CR2 - Changes in the stock of non-performing loans and advances	7.1.1	7.7
CR2-A	EU CR2-A - Changes in the volume of non-performing loans and advances and related net cumulative recoveries	N/A NPL ratio < 5%	
CQ1	EU CQ1 - Credit quality of forborne exposures	7.1.1	7.13
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CQ6	EU CQ6 - Assessment of guarantees - loans and advances	N/A NPL ratio < 5%	
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ANNEX XVII	DISCLOSURES ON THE USE OF CREDIT RISK MITIGATION TECHNIQUES (INSTRUCTIONS)		
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CR3	EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	7.1.1	7.5

GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) No 575/2013

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ANNEX XX	INFORMATION ON THE USE OF THE STANDARDISED APPROACH (INSTRUCTIONS)		
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CR4	EU CR4 - Standardised approach - Credit risk exposure and CRM effect	7.1.2	7.21
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ANNEX XXI	INFORMATION ON THE USE OF THE IRB APPROACH TO CREDIT RISK		
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CR10	EU CR10 - Specialised lending and equity exposures under the simple risk-weighted approach	7.4.3	7.77
ANNEX XXV	DISCLOSURE OF QUALITATIVE INFORMATION ON COUNTERPARTY RISK		
ANNEX XXVI	DISCLOSURE OF QUALITATIVE INFORMATION ON COUNTERPARTY RISK (INSTRUCTIONS)		
CCRA	EU CCRA - Disclosure of qualitative information on counterparty risk	7.2.1	
CCR1	EU CCR1 - Analysis of counterparty risk exposure by approach	7.2.1	7.57
CCR2	EU CCR2 - Transactions subject to own funds requirements for CVA risk	7.2.3	7.64
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CCR4	EU CCR4 - IRB approach - CCR exposures by exposure category and PD scale	7.2.3	7.61
CCR5	EU CCR5 - Composition of collateral for CCR exposures	7.2.3	7.62
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ANNEX XXVII	DISCLOSURE OF INFORMATION RELATED TO SECURITISATION EXPOSURES		

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SEC1	EU SEC1 - Securitisation exposures in the non-trading book	7.3.3	7.70
SEC2	EU SEC2 - Securitisation exposures in the trading book	N/A without operations	
SEC3	EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	7.3.2	7.67
SEC4	EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	7.3.2	7.68
SEC5	EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	7.3.3	7.71
ANNEX XXIX	DISCLOSURE OF INFORMATION ON THE STANDARDISED APPROACH AND INTERNAL MARKET RISK APPROACH		
ANNEX XXX	DISCLOSURE OF INFORMATION ON THE STANDARDISED APPROACH AND INTERNAL MARKET RISK APPROACH (INSTRUCTIONS)		
MRA	EU MRA - Qualitative disclosure requirements relating to market risk	11.1	
MR1	EU MR1 - Market risk under the standardised approach	11.2	11.1
MRB	EU MRB - Qualitative disclosure requirements for institutions that use internal models for market risk	11.3	
MR2-A	EU MR2-A - Market risk under the internal model approach (IMA)	11.3	11.3
MR2-B	EU MR2-B - Statement of RWA flows of market risk exposures under the IMA approach	11.3	11.4
MR3	EU MR3 - Values under the IMA assessment methodology for held-for-trading books	11.3	11.2
MR4	EU MR4 - Comparison of VaR estimates with profit and loss	11.3	11.5
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ORA	EU ORA - Qualitative information on operational risk	12.1 and 12.4	
OR1	EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts.	12.2	12.1
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REMA	EU REMA - Remuneration policy	13.1	
REM1	EU REM1 - Remuneration awarded in respect of the financial year	13.4	13.1
REM2	EU REM2 - Special payment to staff whose professional activities have a significant impact on the institution's risk profile (identified staff)	13.4	13.2
REM3	EU REM3 - Deferred remuneration	13.4	13.3
REM4	EU REM4 - Remuneration of EUR 1 million or more per year	13.4	13.4
REM5	EU REM5 - Special payment to staff whose professional activities have a significant impact on the institution's risk profile (identified staff)	13.4	13.5
ANNEX XXXV	INFORMATION ON UNENCUMBERED AND ENCUMBERED ASSETS		

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GUIDELINES ON DISCLOSURE REQUIREMENTS UNDER PART EIGHT OF REGULATION (EU) No 575/2013

Table ID	Table Name	P3D 2022 section	Table Number
ANNEX XXXVI	INFORMATION ON UNENCUMBERED AND ENCUMBERED ASSETS (INSTRUCTIONS)		
AE1	EU AE1 Encumbered and unencumbered assets	10.2	10.6
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AE3	EU AE3 Sources of encumbrance	10.2	10.11
AE4	Attached descriptive information	10.2	

IMPLEMENTING TECHNICAL STANDARDS FOR THE REPORTING OF INTEREST RATE RISK EXPOSURES OF POSITIONS NOT RECORDED IN THE TRADING BOOK

Table ID	Table Name	P3D 2022 section	Table Number
IRRBB1	EU IRRBB1 - Interest rate risk of non-trading book activities	9.1	9.1
IRRBBA	Qualitative information on IRRBB	9.1	

GUIDANCE ON DISCLOSURE OF ARTICLE 473A OF REGULATION (EU) 575/2013 ON THE APPLICABLE TRANSITIONAL PERIOD TO MITIGATE THE IMPACT OF IFRS 9 ON OWN FUNDS - EBA/GL/2018/01

Table ID	Table Name	P3D 2022 section	Table Number
IFRS 9-FL template	IFRS 9-FL template: Comparison of equity and capital and leverage ratios of institutions with and without applying the transitional provisions of IFRS 9 or similar ECL.	Annexes	III

GUIDELINES ON INFORMATION AND DISSEMINATION OF COVID-19 MEASURES - EBA/GL/2018/10

Table ID	Table Name	P3D 2022 section	Table Number
Template 1	Template 1: Information on loans and advances subject to legislative and non-legislative moratoria	7.1.1	7.16
Template 2	Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	7.1.1	7.17
Template 3	Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	7.1.1	7.18

IMPLEMENTING TECHNICAL STANDARDS FOR DISCLOSING INFORMATION ON ESG RISKS AS PER ARTICLE 449a OF CRRI-EBA/ITS/2022/01

Table ID	Table Name	P3D 2022 section	Table Number
Template 1	Quality of exposures by sector, emissions and maturity	7.1.4	7.50
Template 2	Mortgage-backed loans	7.1.4	7.51
Template 3	Alignment metrics	7.1.4	7.52
Template 4	"Top 20" carbon-intensive companies	7.1.4	7.53
Template 5	Exposures subject to physical risk of climate change	7.1.4	7.54
Templates 6, 7 and 8	Details of the numerator and denominator of the Green Asset Ratio calculation	Not published until late 2023	
Template 9	BTAR	Not published until June 2024	
Template 10	Other mitigation measures	7.1.4	7.55

Annex XII. Regulation (EU) No. 575/2013 Part Eight Map

Article CRR		P3D 2022
Article 431. Scope of application of disclosure requirements		
431.1	Requirements for publishing Pillar 3 disclosures.	Pillar 3 Disclosures. Published in: https://www.caixabank.com/es/accionistas-inversores/informacion-economico-financiera/otra-informacion-financiera.html
431.2	The authorisation by competent authorities of the tools and methodologies referred to in Title III shall be subject to disclosure by the institutions in the manner set out therein.	Section 7.1.3
431.3	Institutions will adopt a formal policy regarding the frequency of disclosure, its verification, scope and appropriateness.	Concise Declaration, Section 1
431.4	Institutions will also have a policy to assess whether the data disclosed by them convey to market participants a complete picture of their risk profile.	
431.5	Institutions must explain their rating decisions to SMEs and other loan applicants, if requested, by providing a written explanation when requested. The administrative costs of the explanation must be provided to the loan amount.	Section 7.1.3
Article 432. Non-significant, reserved or confidential information		
432.1	Institutions may omit information considered not material under certain conditions.	Section 1
432.2	Institutions may omit information considered sensitive or confidential under certain conditions.	Section 1
432.3	When section 2 of article 432 applies, the institution shall record it in its information breakdowns and must publish general information on the aspect to which the disclosure requirement relates	Section 1
Article 433. Frequency and scope of disclosure of information		
433	Institutions will publish the information required under Titles II and III, as set out in Articles 433a, 433b, 433c.	Section 1
Article 433a Disclosure of information by large institutions		
433a	Large institutions will disclose the information presented below with the frequency indicated	Section 1
Article 433 (3). Disclosure of information by small and non-complex institutions		
433(3)	"Small and non-complex institutions will disclose the information presented below at the frequency indicated"	N/A
Article 433c. Disclosure of information by other institutions		
433c	Institutions that are not subject to Articles 433a or 433b shall disclose the information set out below as frequently as indicated below	N/A
Article 434. Means of communication		
434.1	Institutions will disclose all the information required under Titles II and III in an electronic format and in a single medium or place	Section 1
434.2	Disclosure of equivalent data by institutions under other requirements (e.g. accounting or public listing) may be considered as being made in compliance with this part	Section 1
Article 434a Uniform Disclosure Formats		
434a	The EBA shall develop draft implementing technical standards to specify the uniform formats for the disclosure of information and the corresponding instructions according to which the information required under Titles II and III shall be made public.	N/A

Article CRR		P3D 2022
Article 435. Risk policies and objectives		
435.1	Institutions will disclose information on each risk category:	
435.1.a	Strategies and processes for managing these risks.	Sections 7.1.1, 7.2.1, 7.3.1 , 7.4.1, 6, 7.1, 8.1, 8.4, 10.1, 11.1, 12
435.1.b	Structure and organisation of the relevant risk management function.	Sections 3, 7.1.1, 7.2.1, 7.3.1 , 7.4.1, 6, 7.1, 8.1, 8.4, 10.1, 11.1, 12
435.1.c	Information transmission and risk measurement systems.	Sections 3, 7.1.1, 7.2.1, 7.3.1 , 7.4.1, 6, 7.1, 8.1, 8.4, 10.1, 11.1, 12
435.1.d	Risk coverage and reduction - policies, strategies and processes.	Sections 7.1.1, 7.2.1, 7.3.1 , 7.4.1, 6, 7.1, 8.1, 8.4, 10.1, 11.1, 12
435.1.e	Statement approved by the management body on the adequacy of the institution's risk management mechanisms.	Section 3
435.1.f	Brief risk statement approved by the management body.	Concise Statement
435.2	Information on the system of corporate governance, including information about the composition of the board and its recruitment, and risk committees.	
435.2.a	Members of the board who also hold a senior management position in the entity.	Section 3.1.1
435.2.b	The selection policy of the members of the management body and their knowledge, skills and experience.	Section 3.1.1
435.2.c	Diversity policy, its objectives and degree of implementation.	Section 3.1.1
435.2.d	If a risk committee has been set up specifically to deal with this issue and the number of times it has met.	Section 3.1.1
435.2.e	The description of the flow of risk information to the management body.	Sections 3.1.1, 3.1.2, 3.1.3, 3.4.2
Article 436. Scope of requirements		
436	Institutions shall publish the following information regarding the scope of application of the requirements of this Regulation in accordance with Directive 36/2013/EU:	
436.a	The name of the institution to which the requirements of this Regulation apply.	Section 2.2
436.b	A summary of the differences in the consolidation base for accounting and prudential purposes, with a brief description of the institutions included, explaining whether they are: i) fully consolidated, ii) proportionally consolidated, iii) deducted from equity, iv) neither consolidated nor deducted.	Annex V, VI
436.c	A breakdown of the assets and liabilities of the consolidated financial statements prepared in accordance with the regulatory consolidation requirements under Part One, Title II, Sections 2 and 3, by type of risk	Section 2.3
436.d	A reconciliation in which the main sources of differences between the book value amounts of the financial statements are presented in accordance with the scope of regulatory consolidation defined in Part One, Title II, Sections 2 and 3, and the amount of the exposure used for regulatory purposes; This reconciliation may be complemented by qualitative information on these sources of differences	N/A; Section 2.3
436.e	Breakdown of the amounts of the components of an institution's prudent valuation adjustment, by type of risk, and the total of the components corresponding to the positions of the trading and investment portfolios presented separately	N/A; Section 2.3
436.f	Impediments to the rapid transfer of equity between the parent company and its subsidiaries.	
436.g	The total amount for which real equity is lower than the amount required for all subsidiaries not included in the consolidation.	
436.h	If applicable, the circumstances justifying the use of the provisions in: a) Prudential requirements; or b) Individual liquidity requirements.	

Article CRR		P3D 2022
Article 437. Shareholders' equity		
437.1	Institutions will publish the following information regarding their own funds:	
437.1.a	A complete reconciliation of the elements of Common Equity Tier 1 capital, additional Tier 1 capital elements, Tier 2 capital elements, and the filters and deductions applied in accordance with Articles 32 to 35. 36. 56. 66 and 79 with the institution's own funds and balance sheet in the entity's audited financial statements.	Section 4.3.1, Annex I
437.1.b	A description of the main features of Common Equity Tier 1 and Additional Tier 1 capital instruments and Tier 2 capital instruments issued by the institution.	Section, Annex IV
437.1.c	All terms and conditions of all instruments of Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital.	Section 4.3.1, Annex IV
437.1.d	Indication, separately, of the nature and amount of:	
437.1.d.i	Each prudential filter applied in accordance with articles 32 to 35.	Annex I
437.1.d.ii	Each deduction made in accordance with articles 36, 56 and 66.	Annex I
437.1.d.iii	Items not deducted in accordance with articles 47, 51, 56, 66 and 79.	Annex I
437.1.e	A description of all the restrictions applied to the calculation of own funds, in accordance with this Regulation, and the prudential instruments, filters and deductions to which these restrictions apply.	Section 4.3.1, Annex I
437.1.f	A full explanation of the basis of calculation of those capital ratios calculated on the basis of own funds items determined on a basis other than that laid down in this Regulation.	Annex I
Article 437a Disclosure of information on own funds and eligible liabilities		
437a	Institutions subject to Article 92a or 92b shall disclose the following information on their own funds and eligible liabilities: a) the composition of both, their maturities and their main characteristics; b) the classification of the eligible liabilities in the creditor hierarchy; (c) the total amount of each issue of eligible liability instruments referred to in Article 72(3) and the amount of such issues included in the eligible liability items within the limits specified in Article 72(3), sections 3 and 4; (d) the total amount of excluded liabilities referred to in Article 72a(2).	
Article 438. Capital requirements		
438	Institutions shall disclose the following information on their compliance with Article 92 of this Regulation and the requirements established in Article 73 and Article 104. section 1 a) of Directive 2013/36/EU:	
438.a	A summary of the method used to assess the adequacy of internal capital, to cover current and future activities.	Sections 4.1, 4.2.1, 4.5
438.b	At the request of the relevant competent authority, the outcome of the Internal Capital Adequacy Assessment Process (ICAAP).	Sections 4.2.1, 4.2.2
438.c	At the request of the relevant competent authority, the result of the internal process of assessing the adequacy of the institution's capital;	Section 7.1.2
438.d	The total risk-weighted exposure amount and the corresponding total own funds requirement, determined in accordance with Article 92, broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts resulting from applying minimum capital levels and not deducting own funds items;	Sections 7.1.2, 7.2.2, 4.2.3
438.e	On- and off-balance sheet exposures, risk-weighted exposure amounts and the associated expected loss amounts for each of the specialised lending categories referred to in Table 1 of Article 153, section 5, and the on- and off-balance sheet exposures and the risk-weighted exposure amounts for the equity exposure categories set out in Article 155, section 2;	Section 7.4
438.f	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance portfolio holding company which institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	Section 12.2

Article CRR		P3D 2022
438.g	The additional own funds requirements and the capital adequacy ratio of the financial conglomerate, calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive when methods 1 or 2 established in that Annex are applied	
438.h	The changes in risk-weighted exposure amounts in the current disclosure period compared to the immediately preceding disclosure period, resulting from the use of internal models, and a summary of the main factors that explain those changes.	Sections 7.1.2, 11.3
Article 439. Counterparty credit risk exposure		
439	Institutions shall publicly disclose the following information on the counterparty credit risk of the institution referred to in Part Three, Title II, Chapter 6.	
439.a	Analysis of the methodology used to assign internal credit and capital limits to counterparty risk exposures.	Section 7.2.1
439.b	Analysis of policies for securing collateral and establishing credit reserves.	Section 7.2.1
439.c	Analysis of policies regarding exposure to wrong way risk.	Section 7.2.1
439.d	Analysis of the effects of the amount of collateral the institution would have to provide in the event of a deterioration in its credit rating.	Section 7.2.1
439.e	The amount of segregated and non-segregated collateral received and provided, by type of collateral, distinguishing also between collateral used for securities financing transactions and derivative transactions	Section 7.2.3
439.f	For derivative transactions, the exposure values before and after the effect of credit risk mitigation, determined in accordance with the methods set out in Part Three, Title II, Chapter 6, Sections 3 to 6, regardless of which method is applicable, and the associated exposure amounts, broken down by applicable method;	Section 7.2.2
439.g	For securities financing transactions, the exposure values before and after the effect of credit risk mitigation, determined in accordance with the methods set out in Part Three, Title II, Chapters 4 and 6, irrespective of the method used, and the associated exposure risk amounts, broken down by applicable method	Section 7.2.3
439.h	The exposure values after the effects of credit risk mitigation and the associated risk exposures corresponding to the credit valuation adjustment risk capital charge, separately for each method as set out in Part Three, Title VI;	Section 7.2.3
439.i	The value of the exposure to a central counterparty and the associated exposures that fall within the scope of Part Three, Title II, Chapter 6, Section 9, separately for eligible and non-eligible central counterparties and broken down by type of exposure	N/A
439.j	The notional amounts and fair value of credit derivative transactions; transactions in credit derivatives shall be broken down by type of product; within each product type, transactions in credit derivatives shall also be broken down by credit protection bought and sold	
439. K	The estimate of alpha where the institution has received permission from the competent authorities to use its own estimate of alpha in accordance with Article 284, section 9	
439.l	Separately, the information to be disclosed as referred to in Article 444(e) and Article 452(g)	
439.m	For institutions using the methods set out in Sections 4 and 5 of Chapter 6 of Title II of Part Three, Title II, the volume of their on- and off-balance-sheet derivative transactions, calculated in accordance with Article 273a(1) or (2), as appropriate.	
Article 440. Capital buffers		
440	Institutions shall make public the following information in relation to their compliance with the requirement to hold a countercyclical capital buffer in accordance with Chapter 4 of Title VII of Directive 36/2013/EU	
440.a	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer.	Section 4.3.2
440.b	The size of their specific countercyclical capital buffer.	Section 4.3.2

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Article CRR		P3D 2022
Article 441. Indicators of Global Systemic Importance		
441	Disclosure of indicators of systemic importance	Section 4.2.2
Article 442. Credit risk adjustments		
442	Institutions shall disclose the following information on the institution's exposure to credit risk and dilution risk:	
442.a	The scope of application and definitions of impaired exposures “in arrears” and “” that use for accounting purposes, as well as differences, if any, between the definitions of “in arrears” and “non-payment” for accounting and regulatory purposes	Section 7.1.3
442.b	A description of the approaches and methods adopted for determining general and specific credit risk adjustments	Section 7.1.3
442.c	Information on the amount and quality of non-defaulted, defaulted and restructured or refinanced exposures for loans, debt securities and off-balance sheet exposures, including related accumulated impairment, provisions and negative fair value changes due to credit risk, and amounts of collateral and financial guarantees received	Section 7.1.3
442.d	An analysis by age of the exposures in arrears in accounting	Section 7.1.3
442.e	Gross carrying amounts of defaulted and non-defaulted exposures, the cumulative amount of adjustments for general and specific credit risk, the cumulative amount of write-offs made in relation to those exposures and the net carrying amounts and their distribution by geographical area and by type of sector and by credit, debt and off-balance sheet exposures	Section 7.1.3
442.f	Any change in the gross amount of defaulted on- and off-balance sheet exposures, including, as a minimum, information on the opening and closing balances of such exposures, the gross amount of any such exposures that have been reversed or written off	Section 7.1.3
442.g	Breakdown of loans and debt securities by residual maturity	Section 7.1.3
Article 443. Disclosure of information on encumbered and unencumbered assets		
443	Institutions shall disclose information in relation to their encumbered and unencumbered assets. For these purposes they shall use the carrying amount for each exposure category, broken down by asset quality and total carrying value with and without charges. Disclosures on encumbered and unencumbered assets shall not disclose central banks' emergency liquidity provision.	Section 10.2
Article 444. Disclosure of information on the use of the standard method		
444	For institutions calculating risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2, the following information shall be disclosed for each of the exposure categories set out in Article 112	
444.a	Names of designated ECAIs and export credit agencies and the reasons for any changes.	Section 7.1.2
444.b	The categories of exposure for which each ECAI or export credit agency is used.	Section 7.1.2
444.c	Description of the process used to transfer the credit assessments of issues and issuers to items outside the trading book.	N/A
444.d	Association of the external credit rating of each ECAI or designated export credit agency with the credit quality steps prescribed in the Regulation.	Section 7.1.2
444.e	Pre- and post-credit risk mitigation exposure values associated with each credit quality step prescribed in the Regulation.	Section 7.1.3
Article 445. Disclosure of information on market risk exposures		
445	Disclosure of position risk, large exposures in excess of specified limits, foreign exchange risk, settlement risk and commodity risk.	Section 11.2

Article CRR		P3D 2022
Article 446. Disclosure of information on operational risk management		
446	Institutions shall disclose the following information regarding their operational risk management	Section 12.3
446.a	The methods for assessing own funds requirements for operational risk used by the credit institution	
446.b	Description of the method referred to in Article 312, section 2, including a description of the relevant external and internal factors considered in the entity's advanced measurement approach	
446.c	In the case of partial use, the scope and coverage of the different methods used	
Article 447. Equity exposures not in the trading book		
447	Institutions shall disclose, in tabular form, the following key indicators:	
447.a	The composition of its own funds and its own funds requirements calculated in accordance with Article 92	Section 7.2.3
447.b	The total amount of the risk exposure calculated in accordance with Article 92, section 3	Section 7.2.3
447.c	Where applicable, the amount and composition of the additional own funds that institutions are required to hold in accordance with Article 104, section 1 a) of Directive 2013/36/EU	Section 7.2.3
447.d	The combined buffer requirements that institutions are required to maintain in accordance with Chapter 4 of Title VII of Directive 2013/36/EU	Section 7.2.3
447.e	Its leverage ratio and the total leverage ratio exposure measure calculated in accordance with Article 429	Section 7.2.3
447.f	Information regarding its liquidity coverage ratio	
447.g	Information regarding its net stable funding requirement	
447.h	Its ratios of own funds and eligible liabilities and their components, numerator and denominator, calculated in accordance with Articles 92a and 92b, broken down for each resolution group where appropriate.	
Article 448. Disclosure of information on interest rate risk exposures in relation to positions not held in the trading book		
448.1	From 28 June 2021, institutions shall disclose the following quantitative and qualitative information about the risks arising from potential changes in interest rates that have an impact on both the economic value of equity and the net interest income from their non-trading book activities as referred to in Articles 84 and 98, section 5 of Directive 2013/36/EU	
448.1.a	"Changes in the economic value of equity calculated in accordance with the six supervisory disturbance scenarios referred to in Article 98, section 5 of Directive 2013/36/EU during the previous and current disclosure periods"	Section 9.1
448.1.b	Changes in net interest income calculated in accordance with the two supervisory disturbance scenarios referred to in Article 98, section 5 of Directive 2013/36/EU during the previous and current disclosure periods	Section 9.1
448.1.c	A description of the key modelling and parametric assumptions, other than those referred to in Article 98a(5)(b) and (c) of Directive 2013/36/EU, used to calculate the changes in the economic value of equity and net interest income as required in points (a) and (b) of this section	
448.1.d	An explanation of the materiality of the risk measures disclosed under points (a) and (b) of this section, and of any significant changes in those measures since the previous disclosure reference date	
448.1.e	A description of how institutions define, measure, mitigate and monitor the interest rate risks of their non-trading book activities for the purposes of the review mandated by the competent authorities in accordance with Article 84 of Directive 2013/36/EU, in particular	
448.1.e.i	A description of the specific risk measures used by institutions to assess changes in the economic value of their equity and net interest income	
448.1.e.ii	A description of the key modelling and parametric assumptions used in the entities' internal measurement systems that may differ from the common modelling and parametric assumptions	

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448,1. e.iii	A description of the interest rate shock assumptions that institutions use to estimate interest rate risk	
448.1.e.iv	The recognition of the effect of hedges against these interest rate risks, including internal hedges that meet the requirements of Article 106, section 3	
448.1.e.v	A summary of the frequency of the interest rate risk assessment	
448.1.f	A description of the global management strategies and reduction of these risks	
448.1.g	The average and longest period of maturity for the review of interest assigned to deposits without maturity.	
448.2	Notwithstanding section 1 of this Article, the requirements set out in points (c) and (e)(i) to (iv) of this Article shall not apply to institutions applying the standardised or simplified standardised approach referred to in Article 84, section 1 of Directive 2013/36/EU.	
Article 449. Disclosure of information on exposures to securitisation positions		
449	Institutions calculating risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 5, or own funds requirements in accordance with Articles 337 or 338 shall disclose the following information, separately, if applicable, for the trading book and the non-trading book	
449.a	A description of securitisation and re-securitisation activities, including investment and risk management objectives within those activities, their role in securitisation and re-securitisation transactions, whether they use simple, transparent and standardised (STS) securitisation as defined in Article 242(10), and the extent to which they use securitisation transactions to transfer credit risk of the securitised exposures to third parties, together with, if applicable, a separate description of their risk transfer policy for synthetic securitisation “”	Section 7.1.3.1
449.b	The type of risks to which they are exposed in their securitisation and re-securitisation activities by seniority level of the relevant securitisation positions, distinguishing between STS and non-STS positions, and: i) risk retained on transactions originated by the institution itself, ii) risk assumed in relation to transactions originated by third parties	Section 7.1.3.1
449.c	The methods for the calculation of risk-weighted exposure amounts that institutions apply to their securitisation activities, specifying the types of securitisation positions to which each method is applied and distinguishing between STS and non-STS positions	Sections 7.1.3.1, 7.1.3.3
449.d	A list of specialised securitisation vehicles belonging to any of the following categories, with a description of their types of exposures to such vehicles, including derivative contracts: i) specialised securitisation vehicles that acquire exposures originated by institutions, (ii) specialised securitization vehicles sponsored by institutions, (iii) specialised securitisation vehicles and other legal entities to which the entities provide securitisation-related services, such as advisory, asset servicing or management services, (iv) specialised securitisation vehicles included in the scope of regulatory consolidation of the institutions	Section 7.1.3.1
449.e	A list of all legal entities in relation to which the institutions have disclosed the provision of support in accordance with Part Three, Title II, Chapter 5	Section 7.1.3.1
449.f	A list of the legal entities associated with the institutions and investing in securitisations originated by them or in securitisation positions issued by specialised securitisation vehicles sponsored by them	Section 7.1.3.1
449.g	A summary of its accounting policies with respect to securitisation activity, distinguishing, where applicable, between securitisation and re-securitisation positions	Section 7.1.3.1
449.h	The names of the external credit rating agencies used for the securitisations and the types of exposures for which each agency is used	Section 7.1.3.1
449.i	Where applicable, a description of the internal assessment approach, specifying the structure of the internal assessment process and the relationship between the internal assessment and the external ratings of the relevant agency identified in accordance with point (h), the oversight mechanisms of the internal assessment process, with reference to the independence, accountability and review of the internal assessment process, the types of exposures to which the internal assessment process applies and the stress factors used to determine credit enhancement levels	Section 7.1.3.1
449.j	Separately for the trading book and the non-trading book, the carrying value of securitisation exposures, with information on whether institutions have transferred a significant portion of the credit risk	Section 7.1.3.1

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449.k	For non-trading book activities, the following information: i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the corresponding risk-weighted assets and capital requirements by regulatory approach, ii) the aggregate amount of securitisation positions where institutions act as investor and the corresponding risk-weighted assets and capital requirements by regulatory approach	Sections 7.1.3.1, 7.1.3.2
449.l	For exposures that the institution has securitised, the number of defaulted exposures and the number of specific credit risk adjustments made by the institution during the current period, in both cases broken down by exposure type.	Section 7.1.3.2
Article 449 a. Disclosure of information on environmental, social and governance risks (ESG risks)		
449 a	From 28 June 2022, large institutions that have issued securities admitted to trading on a regulated market in a Member State shall disclose information on ESG risks, including physical and transitional risks.	**Sections 3.4, 7.1.4**
Article 450. Disclosure of information on remuneration policy		
450	Disclosure of identified staff remuneration	
450.1.a	**a)** Information on the decision-making process followed to establish the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where appropriate, information on the composition and mandate of a remuneration committee, the external consultant whose services were used to establish the remuneration policy, and the role played by the relevant stakeholders	Section 13.1
450.1.b	Information on the connection between remuneration and results.	Sections 13.3, 13.4
450.1.c	The main features of the design of the remuneration scheme, specifying information on the criteria applied in the assessment of performance and their adjustment for risk, the deferral policy and the vesting criteria.	Section 13.3
450.1.d	Ratios between fixed and variable remuneration established in accordance with Article 94, section 1(g) of Directive 36/2013/EU.	Section 13.3
450.1.e	Information on the performance criteria on the basis of which entitlement to shares, options or variable components of remuneration is based.	Section 13.3
450.1.f	The main parameters and rationale for possible variable remuneration schemes and other non-monetary benefits.	Section 13.3
450.1.g	Aggregated quantitative information on remuneration, broken down by area of activity.	Section 13.4
450.1.h	Aggregated quantitative information on remuneration, broken down by senior management and employees whose activities have a material impact on the institution's risk profile, with an indication of:	Section 13.4
450.1.h.i	The amounts of remuneration for the financial year, divided into fixed and variable remuneration, and the number of beneficiaries.	Section 13.4
450.1.h.ii	Amounts and form of variable remuneration, divided into cash benefits, shares, share-linked and other instruments.	Section 13.4
450.1.h.iii	The amounts of deferred remuneration outstanding, broken down by attributed and non-attributed shares.	Section 13.4
450.1.h.iv	Amounts of deferred remuneration granted during the financial year, paid out and reduced by profit and loss adjustments.	Section 13.4
450.1.h.v	New hire and severance payments made during the financial year, and the number of recipients of such payments.	Section 13.4
450.1.h.vi	The amounts of severance payments granted during the financial year, the number of beneficiaries and the maximum amount of such payments paid to any one person.	Section 13.4
450,1. h.vii	The amounts of severance payments granted during the period, broken down into prepaid and deferred, the number of recipients of such payments and the highest payment granted to an individual	

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450.1.i	The number of persons receiving remuneration of EUR 1 million or more per financial year, broken down by steps of EUR 500 000 for remuneration between EUR 1 million and EUR 5 million, and broken down by steps of EUR 1 million for remuneration of EUR 5 million or more.	Section 13.4
450.1.j	At the request of the Member State or the competent authority, the total remuneration of each member of the management body or of senior management.	N/A
450.2	For institutions which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities, the quantitative information referred to in this Article shall also be made publicly available in respect of the members of the institution's management body. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size and internal organisation and to the nature, scope and complexity of their activities and without prejudice to Directive 95/46/EC.	Section 13
Article 451. Disclosure of information on leverage ratio		
451.1	Information on its leverage ratio, calculated in accordance with Article 429, and its management of the risk of excessive leverage	Section 4.3.4, Annex IV
451.1.a	the leverage ratio and the way in which the institution applies	Section 4.3.4, Annex IV
451.1.b	a breakdown of the measurement of total exposure, as well as a reconciliation between that measure and the relevant information disclosed in the published financial statements	Section 4.2.4, Annex IV
451.1.c	Where applicable, the amount of exposures and the adjusted leverage ratio	N/A
451.1.d	A description of the procedures applied to manage excessive leverage risk	Section 4.3.4, Annex IV
451.1.e	A description of the factors that have impacted the leverage ratio during the period covered by the reported leverage ratio.	Section 4.3.4, Annex IV
451.2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without adjustment for the total exposure measure determined in accordance with Article 429a(1)(d).	
451.3	Large institutions shall disclose information on the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) on the basis of averages to be calculated in accordance with the implementing act referred to in Article 430(7).	
Article 451a Scope of application of disclosure requirements		
451a(1)	Institutions subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	
451a 2	Institutions shall disclose the following information in relation to their liquidity coverage ratio calculated in accordance with the delegated act referred to in Article 460(1)	
451a 2.a	The average or averages, as applicable, of its liquidity coverage ratio	
451a 2.b	The average or averages, as applicable, of total liquid assets, once the cuts have been applied	
451a(2) c	the averages of its liquidity outflows, liquidity inflows and net liquidity outflows	
451a 3	Institutions shall disclose information in relation to their net stable funding ratio.	
451a 4	Institutions shall disclose information on the arrangements, systems, procedures and strategies in place for the identification, measurement, management and monitoring of their liquidity risk in accordance with Article 86 of Directive 2013/36/EU.	

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Article 452. Disclosure of information on the application of the IRB approach to credit risk		
452	Institutions calculating risk-weighted exposure amounts under the IRB Approach shall disclose the following information:	
452.a	Authorisation of the competent authority of the approved method or transition.	Section 7.1.3
452.b	"for each exposure category referred to in Article 147, the percentage of the total exposure value of each exposure category subject to the Standardised Approach set out in Chapter 2 of Title II of Part Three or the IRB Approach set out in Chapter 3 of Title II of Part Three and the part of each exposure category subject to an implementation plan; where they have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, institutions shall disclose the information set out in this point separately for the exposure categories subject to that permission"	
452.c	The control mechanisms applicable to the rating systems at the different stages of development, checks and modifications of the models, including information on	Section 7.1.3
452.c.i	the relationship between the risk management function and the internal audit function	Section 7.1.3
452.c.ii	the review of the rating system	Section 7.1.3
452. c.iii	the procedure for ensuring the independence of staff responsible for the review of the templates from staff responsible for their development	Section 7.1.3
452.c.iv	the procedure to guarantee the accountability of staff responsible for drawing up and reviewing the models	Section 7.1.3

Article CRR		P3D 2022
452.d	the role of staff involved in the development, approval and subsequent changes of credit risk models	Section 7.1.3
452.e	the scope and main content of the reports related to credit risk models	Section 7.1.3
542.f.	"a description of the internal rating process by exposure category, including the number of key models used for each portfolio and a brief explanation of the main differences between models within the same portfolio, covering:"	Section 7.1.3
542.f.i	"the definitions, methods and data used for the estimation and validation of the probability of default, including information on how the probability of default is estimated for low default portfolios, whether there are regulatory thresholds, and the factors causing observed differences between the probability of default and the actual default rates for at least the last three periods"	
542.f.ii	"where relevant, the definitions, methods and data used for the estimation and validation of LGD, such as the methods for the calculation of the expected LGD decline, how the estimate is made for low default portfolios, and the time elapsed between a default and the closure of the exposure"	
542.f.iii	where appropriate, the definitions, methods and data used for the estimation and validation of the conversion factors, including the assumptions used in deriving these variables	
452.g	as appropriate, the following information in relation to each exposure category referred to in Article 147	Section 7.1.3
542.g.i	gross exposure within the balance sheet	
542.g.ii	the off-balance sheet exposure values before application of the relevant conversion factor	
542.g.iii	exposure after application of the relevant conversion factor and credit risk mitigation	
542.g.iv	"any model, parameter or data relevant to the understanding of risk weights and amounts of risk exposures disclosed for a sufficient number of obligor grades (including default) to allow meaningful differentiation of credit risk"	
542.g.v	"separately for those exposure categories for which institutions have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which institutions do not use such estimates, the values referred to in points (i) to (iv) subject to such permission"	
452.h	"the estimates of the institutions of the probability of non-payment compared to the actual default rate for each exposure category for a longer period, indicating separately the probability of default, the external rating equivalent, the weighted average and the arithmetic mean of the probability of non-payment, the number of debtors at the end of the previous year and the year in question, the number of debtors in default, including those of the new period, and the annual average historical default rate"	Section 7.1.3

Article CRR		P3D 2022
Article 453. Disclosure of information on the use of credit risk mitigation techniques		
453	Institutions applying credit risk mitigation techniques shall disclose the following information:	
453.a	Clearing of on-balance sheet and off-balance sheet items.	Section 7.1.1
453.b	The policies and processes used in the valuation and management of collateral.	Sections 7.1.1, 7.1.1.3
453.c	A description of the main types of collateral accepted by the institution.	Section 7.1.1
453.d	The main types of credit derivative guarantors and counterparties and their creditworthiness.	Sections 7.2.1, 7.2.3
453.e	Information on concentrations of market or credit risk within the applied credit reduction.	Section 7.1.3
453.f	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the Internal Ratings Based (IRB) Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; The information referred to in this point shall be disclosed separately for loans and debt securities and shall include a breakdown of defaulted exposures	Section 7.1.2
453.g	The relevant conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	Sections 7.1.2, 7.1.3
453.h	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance sheet exposure values by exposure category before and after the application of the conversion factors and any associated credit risk mitigation measures	
453.i	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio of that amount to the exposure value after applying the relevant conversion factor and the credit risk mitigation associated with the exposure; The information referred to in this point shall be disclosed separately for each exposure category	
453.j	For institutions calculating risk-weighted exposure amounts under the Internal Ratings Based Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where they have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, institutions shall disclose the information set out in this point separately for the exposure categories subject to that permission	

Article CRR		P3D 2022
Article 454. Disclosure of information on the application of advanced calculation methods to operational risk		
454	Description of the use of insurance and other risk transfer mechanisms to mitigate operational risk.	N/A
Article 455. Application of internal models to market risk		
455	Institutions calculating their own funds requirements in accordance with Article 363 shall make public the following information:	
455.a	For each of the sub-portfolios covered:	Section 11.1
455.a.i	Characteristics of the models used.	Section 11.1
455.a.ii	Description of the processes followed to measure the increase in default and migration risk	Sections 11.1, 11.3
455.a.iii	A description of the stress tests applied to the sub-portfolio.	Section 11.1
455.a.iv	Methods used to back-test and validate internal models	Section 11.3
455.b	The scope of the competent authority's authorisation.	Section 11.3
455.c	Description of the policies and processes for determining the classification of the trading book, and compliance with prudential criteria.	Section 11.3
455.d	Maximum, minimum and average Value at Risk (VaR), Stressed Value at Risk (SVaR), and risk figures applicable to incremental default risks	Section 11.3
455.d.i	At the daily value at risk during the reporting period and at the end of this period.	Section 11.3
455.d.ii	At the stressed value at risk during the reporting period and at the end of this period.	Section 11.3
455.d.iii	At the risk figures applicable to the incremental default and migration risks and at the specific risk of the correlation trading portfolio during the reporting period and at the end of this period.	Section 11.3
455.e	Elements for calculating own funds requirements.	Section 11.3
455.f	The weighted average liquidity horizon for each sub-portfolio covered by internal models.	Section 11.3
455.g	Comparison of the daily risk value at the close of the day with the variations of one day of the portfolio value at the end of the next business day.	Section 11.3

Annex XIII. Acronyms

Acronym	Description	
ALCO	Assets and Liabilities Committee	(Asset and Liability Committee)
AMA	Advanced Measurement Approach for calculating operational risk capital	(Advanced Measurement Approach)
RWA	Risk-Weighted Assets	(Risk Wheighted Assets, RWA)
GRNTR	Additional Valuation Adjustments	(Additional Valuation Adjustments)
AT1	Additional Tier 1 capital	
BCBS	Basel Committee on Banking Supervision	(Basel Committee on Banking Supervision)
ECB	European Central Bank	(European Central Bank, ECB)
BoS	Bank of Spain	
BEICF	Business Environment and Internal Control Factors	(Business Environment and Internal Control Factors)
BIS	Bank for International Settlements	(Bank of International Settlements)
BRRD	The Bank Recovery and Resolution Directive, EU Directive 2014/59, establishing the framework for the restructuring and resolution of credit institutions.	(Bank Recovery and Resolution Directive)
CBR	Combined Buffer Requirement	(Combined Buffer Requirement)
CCF	Credit Conversion Factor	(Credit Conversion Factor)
CDS	Credit Default Swap	(Credit Default Swap)
CEBS	Committee of European Banking Supervisors	(Committee of European Banking Supervisors)
CET1	Common Equity Tier 1	(Common Equity Tier 1)
GRC	Global Risk Committee	
CIRBE	The Bank of Spain Risk Information Centre	
CNMV	Comisión Nacional del Mercado de Valores (Spanish securities market regulator)	
COREP	The COmmon REPorting framework for prudential reporting by financial institutions in the European Economic Area	(Common Reporting)
CPC	Permanent Lending Committee	
CPRR	Recovery and Resolution Plan Committee	
CRCR	Corporate Responsibility and Reputation Committee	
ASG criterion	Environmental, Social and Corporate Governance Criteria	
CRM	Credit Risk Mitigators	(Credit Risk Mitigators)
CRR	The Capital Requirements Regulation, Regulation 575/2013, of the Parliament and the Council, on prudential requirements for credit institutions and investment firms	(Capital Requirements Regulation)
CVA	Credit Valuation Adjustment	(Credit Valuation Adjustment)
DG	General Management	
CRD IV	The Capital Requirements Directive, EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.	Acronym
EAD	Exposure At Default, following deduction of CCFs and CRMs	(Exposure At Default)
EBA	European Banking Authority	(European Banking Authority)
CCP	Central Counterparty	
EMIR	European Market Infrastructure Regulation, EU Regulation Nº 648/2012, on OTC derivatives, central counterparties and trade repositories	(European Market Infrastructure Regualtion)

Acronym	Description	
G-SIBs	Globally Systematically Important Banks	
FVA	Funding Value Adjustment	
DGF	Deposit Guarantee Fund	
FINREP	FINancial REPorting framework for financial institutions in the European Economic Area	(Financial Reporting)
FSB	Financial Stability Board	(Financial Stability Board)
FROB	Fund for Orderly Bank Restructuring	
SRF	Single Resolution Fund	
HQLA	High-Quality Liquid Assets: as established in the European Commission Delegated Regulation of 10 October 2014	(High Quality Liquid Assets)
ICAAP	Internal Capital Adequacy Assessment Process	(Internal Capital Adequacy Assessment Process)
CMI	Corporate Management Information	(Corporate Management Information)
ILAAP	Internal Liquidity Adequacy Assessment Process	(Internal Liquidity Adequacy Assessment Process)
IRB	Internal Ratings-Based approach	(Internal Rating Based)
IBA	Models based on internal rating	(Internal Rating Based Approach)
IRC	Incremental Default and Migration Risk	(Incremental Risk Charge)
P3D	Pillar 3 Disclosures	
IRRBB	Interest Rate Risk in the Banking Book	(Interest Rate Risk in the Banking Book)
ISDA	International Swaps and Derivatives Association	(International Swaps and Derivatives Association)
KPI	Key Performance Indicator	(Key Performing Indicators)
KRI	Key Risk Indicator	(Key Risk Indicators)
LCR	Liquidity Coverage Ratio	(Liquidity Coverage Ratio)
LGD DT	Loss Given Default Downturn	(Loss Given Default Downturn)
LGL	Loss given loss	(Loss Given Loss)
LTD	Loan-To-Deposits ratio	(Loan-to-deposits)
LT/FL	Transformation parameter model	(Life-time/Forward-looking)

Acronym	Description	
LTV	Loan-To-Value ratio	(Loan-to-value)
EAM	Early Alerts Model	
MDA	Maximum distributable amount	
MREL	Minimum Requirement for own funds and Eligible Liabilities	(Minimum Requeriment of Elegible Liabilities)
MIFID	Markets in Financial Instruments Directive	(Markets in Financial Instruments Directive)
SRM	Single Resolution Mechanism	
SSM	Single Supervisory Mechanism	
IAS	International Accounting Standard	
IFRS	International Financial Reporting Standard	
NPL	Non-performing loans	(Non-Performing Loans)
NSFR	Net Stable Funding Ratio	(Net Stable Funding Ratio)
OCI	Other Comprehensive Income	
ODF	Observed Default Frequency	(Observed Default Frequency)
O-SII	Other Systemically Important Institution	
TO	Takeover Bid	
ORMF	Operational Risk Management Framework	(Operational Risk Management Framework)
ORMS	Operational Risk Measurement System	(Operational Risk Measurement System)
ORX	Operational Riskdata eXchange	(Operational Riskdata Exchange)
OTC	Over-The-Counter trades	(Over-The-Counter)
(PD	Probability of Default	(Probability of Default)
EL	Expected loss	(Expected Loss)
PFE	Potential Future Exposure	(Potential Future Exposure)
AML/CFT	Prevention of money laundering and the financing of terrorism.	
BPS	Basis Points	
PNR	Probability of No Remedy	
PSD2	Payment services regulations included in Royal Decree-Law 19/2018, of 23 November	
RAF	Risk Appetite Framework	(Risk Appettite Framework)
RAR	Risk-Adjusted Return	
RBA	Ratings-Based Approach	(Rating Based Approach)
RDA	Risk Data Aggregation	(Risk Data Agregation)
CIR	Cost-to-income ratio	
ROE	Return On Equity	(Return On Equity)
ROTE	Return On Tangible Equity	(Return On Tangible Equity)

Acronym	Description	
OF	Own Funds	
ICFR	Internal Control over Financial Reporting	
SFT	Securities financing operations	(Securities Financing Transactions)
SICR	Transactions with Significant Increase in Credit Risk	(Significant Increase in Credit Risk)
SN	Single Names	
SNP	Senior Non-Preferred Debt	
SREP	Supervisory Review and Evaluation Process	(Supervisory Review and Evaluation Process)
SSPE	Securitisation Special Purpose Entity	(Securitisation Special Purpose Entity)
Additional TIER 1	Additional Tier 1 capital	(Additional Tier 1 Capital)
TIER2 (T2)	Tier 2 capital	
TRIM	Targeted Review of Internal Models	
TLTRO	Targeted Longer-Term Refinancing Operation	(Targeted Long-Term Refinancing Operation)
TSR	Total Shareholder Return	(Total Shareholder Return)
EU	European Union	
AMLU	The Anti-Money Laundering and counter terrorist financing Unit	
VaR	Value at Risk	(Value-at-Risk)