Financial statements

CaixaBank, S.A. 2023

Financial Statements and Management Report that the Board of Directors, at a meeting held on 15 February 2024, agreed to submit to the Annual General Meeting.

Translation of financial statements originally issued and prepared in Spanish. This English version is a translation of the original in Spanish for information purposes only. In the event of a discrepancy, the original Spanish-language version prevails.

CaixaBank, S.A.

Auditor´s report
Annual accounts at December 31, 2023
Management report

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

Independent auditor's report on the annual accounts

To the shareholders of CaixaBank, S.A.

Report on the annual accounts

Opinion

We have audited the annual accounts of CaixaBank, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, total statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

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

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

Key audit matters

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

PricewaterhouseCoopers Auditores, S.L., Pº de la Alameda, 35 Bis, 46023 Valencia, España
Tel.: +34 963 036 900 / +34 902 021 111, Fax: +34 963 036 901, www.pwc.es

R. M. Madrid, Hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
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Key audit matters	How our audit addressed the key audit matters
Estimating impairment due to credit risk on “Financial assets at amortised cost - Customer loans and advances” - and “Foreclosed property assets”	
Estimating impairment due to credit risk on “Customer loans and advances” and “foreclosed property assets” is based on internal expected loss calculation models which entail significant complexity. This estimate is one of the most significant and complex in preparing the accompanying consolidated financial statements and requires significant management judgement and so has been considered a key audit matter. Management’s main judgements and assumptions concern the following: • The criteria for identifying and staging impaired assets or assets with a significant increase in risk. • Construction of the parameters for the internal probability of default (PD) models and loss given default (LGD) models. • The use of assumptions with a significant effect on the established credit risk provisions, such as the macroeconomic scenarios considered, along with the probability of occurrence, specifically, the adjustment to the internal provision models related to risk affecting “Financial assets at amortised cost - Customer loans and advances” (Post Model Adjustments – PMA). • The main assumptions employed in determining the expected loss and the recoverable value in the risks assessed on an individual basis.	We gained, with the collaboration of our internal credit risk experts, an understanding of management’s process for estimating impairment of financial assets at amortised cost – “Customer loans and advances”- with respect to both provisions estimated collectively and provisions estimated individually. With respect to the internal control system, we gained an understanding of the process for estimating impairment due to credit risk and performed tests on the appropriateness of controls in the different process phases and paid special attention to the determination and approval, considering the defined governance internal process, of the adjustments to the models (PMA) in order to adapt them with updated hypothesis not yet considered by the models. The regular evaluation of credit risk monitoring alerts was also analysed, as well as the effective completion of the regular review of borrower files in order to monitor their classification and where warranted, recognise impairment. In addition, we carried out the following tests of details: • Analysing the methodology and verifying the main internal models concerning: i) calculation and segmentation methods; ii) criteria for staging loans and discounts ; iii) methodology for estimating expected loss parameters (probability of default and realisable value of guarantees); iv) data used and main estimates employed, particularly, those relating to macroeconomic scenarios and their assumptions; and v) internal model recalibration and backtesting.

Key audit matters	How our audit addressed the key audit matters
• The realisable value of the real property guarantees associated with "Financial assets at amortised cost - Customer loans and advances" granted based on the value provided by different valuation companies or through the use of statistical methodologies in cases of reduced exposure and risk. Estimating impairment of "Foreclosed property assets" and which through dation in payment, purchase or the courts are adjudicated to the Entity is also based on internal calculation models and following the same criteria as those used for mortgage guarantees associated with lending transactions. See Notes 2, 3.4.1, 13, 18, 19, 38.2 and 38.3 to the accompanying financial statements concerning credit risk and foreclosed property assets and Notes 34 and 37 to the accompanying financial statements concerning the profit or loss generated during the year.	• Analysing the functioning of the "calculation engine" for the internal provision estimation models, re-performing the calculation of the estimates of impairment due to credit risk for certain loan portfolios and verifying the results with those obtained by the Entity management. Additionally, we verified the reasonableness of the hypothesis applied and the calculations performed when estimating the internal post model adjustments (PMA). • Verifying the appropriate functioning of the "calculation engine" of internal models for estimating impairment of foreclosed property assets, re-performing the calculation of those provisions and verifying results with those obtained by Entity management. • Obtaining a sample of individual case files in order to assess their appropriate classification, the application of the loss estimation methodology and the recognition, if appropriate, of the relevant impairment. • Analysing the methodology used to estimate costs to sell, sales periods and reductions in the guarantee value, in order to estimate impairment of foreclosed property assets. • Verifying a sample of valuations in order to assess whether they conform to prevailing legislation, their reasonableness and the degree to which they are up to date. As a result of our tests, no differences were identified, in excess of a reasonable range, in the amounts recognised in the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matters
Recoverability of deferred tax assets The evaluation of the capacity to recover deferred tax assets is a complex exercise which requires a significant level of judgement and estimation and we therefore consider such estimation performed by Entity management a key audit matter. Entity policy is to recognise DTAs, other than those qualifying for monetization, only when the Entity considers it probable that sufficient tax gains will be obtained in the future to enable their recovery. During this process, there are specific and complex considerations that management takes into account with respect to the tax consolidated group, in order to assess both the recognition and subsequent capacity to recover the deferred tax assets recognised, based on the Group's financial projections and business plans, and supported by defined assumptions which are projected over a timeline and considering tax legislation in effect at each point in time. Additionally, Entity management submits the deferred tax asset recoverability model to review by an independent tax expert, as well as regular back testing to assess predictability. See Notes 2 and 23 to the accompanying financial statements.	With the collaboration of our tax experts, we obtained an understanding of the estimation process performed by management and the controls designed and implemented in preparing the Entity's financial projections to estimate the recoverability of the deferred tax assets and the calculation of deductible temporary differences in accordance with applicable tax and accounting regulations. With regard to the control environment, the reports that the second line of defense prepares every six months have been verified and it has been verified that the hypotheses considered are consistent with those considered by the auditor. Additionally, we carried out the following tests of details: • Evaluation of the accounting results taken into account in the financial projections and the reasonableness and accuracy of the calculations performed. • Analysis of the economic and financial assumptions assumed in the calculation of temporary differences, in order to assess whether they are complete, appropriate and usable by the established deadlines. • Analysis of the reasonableness of the amounts of deferred tax assets considered monetizable. As a result of our tests, no differences were identified, in excess of a reasonable range, in the amounts recognised in the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matters
Risks associated with information technologies The operation and continuity of the Entity's business, due to its nature, and particularly, the process for preparing financial and accounting information, rely heavily on the information systems that make up its technological structure and ensure the correct processing of information. Therefore it is a key audit matter. Besides, as systems become increasingly complex, the risks associated with information technologies, the organisation and therefore the information processed increase. The effectiveness of the general framework of internal control of information systems is a basic aspect supporting the Entity's operation, as well as the accounting and closing process.	With the collaboration of our information systems specialists, our work consisted of assessing and verifying the control environment connected with the information systems that support the Entity's operation and particularly, the accounting closing process. Within this context, procedures have been carried out on internal control along with substantive tests in order to assess aspects such as: i. the organisation and governance of the information systems area, ii. software change, development and maintenance management, iii. access control and physical and logical security of the software, operating systems and databases that underpin the Entity's relevant financial information. Specifically, with respect to the accounting and closing process, we performed the following additional procedures: • Understanding and analysing the process of generating accounting entries and financial information. • Extracting, verifying the completeness and filtering entries included in the accounting records, as well as analysing the reasonableness of certain entries. The results of the above procedures did not bring to light any relevant observation with respect to this matter.

Other information: Management report

Other information comprises only the management report for the 2023 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the Audit and Control Committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Audit and Control Committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor’s responsibilities for the audit of the annual accounts

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

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

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

We communicate with the entity's Audit and Control Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's Audit and Control Committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the entity's Audit and Control Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of CaixaBank, S.A. for the 2023 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of CaixaBank, S.A. are responsible for presenting the annual financial report for 2023 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Audit and Control Committee of the Company dated 14 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 8 April 2022 appointed us as auditors for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended 31 December 2018.

Additionally, the General Ordinary Shareholders' Meeting held on 31 March 2023 appointed PricewaterhouseCoopers Auditores, S.L. as auditors of the Company for a period of one year, for the year ended December 31, 2024.

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 33 to the annual accounts.

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 16 February 2024 on the consolidated annual accounts of CaixaBank, S.A. and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Raúl Ara Navarro (20210)

16 February 2024

Financial Statements of CaixaBank at 31 December 2023

- Balance sheets on 31 December 2023 and 2022, before the appropriation of profit and loss
- Statement of profit and loss for the years ended 31 December 2023 and 2022
- Statement of changes in equity for the years ended 31 December 2023 and 2022
    - Statement of other comprehensive income
    - Statement of total changes in equity
- Statement of cash flows for the years ended 31 December 2023 and 2022
- Notes to the financial statements for the year ended 31 December 2023

BALANCE SHEET
Assets

(Millions of euros)

	NOTE	31-12-2023	31-12-2022 *
Cash and cash balances at central banks and other demand deposits	9	**34,632**	**16,840**
Financial assets held for trading	10	**13,730**	**13,765**
Derivatives		13,086	13,350
Equity instruments		303	233
Debt securities		341	182
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	11	**64**	**106**
Equity instruments		64	56
Loans and advances			50
Customers			50
Financial assets at fair value with changes in other comprehensive income	12	**8,065**	**11,445**
Equity instruments		810	807
Debt securities		7,255	10,638
Financial assets at amortised cost	13	**406,589**	**417,067**
Debt securities		72,003	72,244
Loans and advances		334,586	344,823
Central banks			
Credit institutions		12,736	13,236
Customers		321,850	331,587
Derivatives - Hedge accounting	14	**538**	**606**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	14	**(167)**	**(642)**
Investments in joint ventures and associates	15	**9,216**	**9,552**
Group entities		9,199	9,534
Joint ventures			
Associates		17	18
Tangible assets	16	**5,535**	**5,587**
Property, plant and equipment		5,458	5,488
For own use		5,458	5,488
Investment property		77	99
Intangible assets	17	**919**	**810**
Goodwill			
Other intangible assets		919	810
Tax assets		**16,770**	**17,907**
Current tax assets		1,727	2,125
Deferred tax assets	23	15,043	15,782
Other assets	18	**3,608**	**3,986**
Insurance contracts linked to pensions		1,990	2,259
Inventories		7	5
Remaining other assets		1,611	1,722
Non-current assets and disposal groups classified as held for sale	19	**525**	**689**
TOTAL ASSETS		**500,024**	**497,718**
Memorandum items			
Loan commitments given	24	88,099	85,777
Financial guarantees given	24	10,381	10,947
Other commitments given	24	30,067	36,493
Financial instruments loaned or delivered as collateral with the right of sale or pledge			
Financial assets held for trading		81	20
Financial assets at fair value with changes in other comprehensive income		4,814	3,345
Financial assets at amortised cost		20,394	9,528
Tangible assets acquired under a lease	16	**1,474**	**1,457**
Investment property, leased out under operating leases		**77**	**99**

(*) Presented for comparison purposes only (see Note 1)

Liabilities

(Millions of euros)

	NOTE	31-12-2023	31-12-2022 *
Financial liabilities held for trading	10	**8,989**	**10,421**
Derivatives		8,925	10,362
Short positions		64	59
Financial liabilities at amortised cost	20	**453,157**	**454,386**
Deposits		392,966	397,154
Central banks		548	15,599
Credit institutions		17,847	11,579
Customers		374,571	369,976
Debt securities issued		53,797	50,030
Other financial liabilities		6,394	7,202
Derivatives - Hedge accounting	14	**1,273**	**1,370**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	14	**(2,927)**	**(5,619)**
Provisions	21	**4,114**	**4,870**
Pensions and other post-employment defined benefit obligations		598	578
Other long-term employee benefits		2,078	2,574
Pending legal issues and tax litigation		796	859
Commitments and guarantees given		386	501
Other provisions		256	358
Tax liabilities		**1,941**	**1,154**
Current tax liabilities		1,170	265
Deferred tax liabilities	23	771	889
Other liabilities	18	**2,634**	**2,401**
TOTAL LIABILITIES		**469,181**	**468,983**
Memorandum items			
Subordinated liabilities			
Financial liabilities at amortised cost	20	10,129	9,280

(*) Presented for comparison purposes only (see Note 1)

Equity

(Millions of euros)

	NOTE	31-12-2023	31-12-2022 *
SHAREHOLDERS' EQUITY	22	**32,571**	**30,788**
Capital		**7,502**	**7,502**
Share premium		**13,470**	**13,470**
Other equity items		**46**	**46**
Retained earnings		**11,998**	**11,320**
Other reserves		**(4,232)**	**(3,940)**
(-) Treasury shares		**(517)**	**(23)**
Profit/(loss) for the period		**4,304**	**2,413**
ACCUMULATED OTHER COMPREHENSIVE INCOME	22	**(1,728)**	**(2,053)**
Items that will not be reclassified to profit or loss		**(1,242)**	**(1,270)**
Actuarial gains or (-) losses on defined benefit pension plans		(49)	(47)
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income		(1,193)	(1,223)
Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income			
Fair value changes of equity instruments measured at fair value with changes other comprehensive income [hedged instrument]		(50)	(38)
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income [hedging instrument]		50	38
Items that may be reclassified to profit or loss		**(486)**	**(783)**
Hedging derivatives. Reserve of cash flow hedges [effective portion]		(312)	(500)
Fair value changes of debt securities measured at fair value with changes in other comprehensive income		(174)	(283)
TOTAL EQUITY		**30,843**	**28,735**
TOTAL LIABILITIES AND EQUITY		**500,024**	**497,718**

(*) Presented for comparison purposes only (see Note 1)

STATEMENT OF PROFIT AND LOSS

(Millions of euros)

	NOTE	2023	2022 *
Interest income	26	14,843	6,530
Financial assets at fair value with changes in other comprehensive income		175	328
Financial assets at amortised cost		12,969	6,228
Other interest income		1,699	(26)
Interest expense	27	(6,445)	(1,408)
NET INTEREST INCOME		**8,398**	**5,122**
Dividend income	28	1,724	1,259
Fee and commission income	29	3,313	3,460
Fee and commission expenses	29	(223)	(215)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	30	33	15
Financial assets at amortised cost		3	
Other financial assets and liabilities		30	15
Gains/(losses) on financial assets and liabilities held for trading, net	30	(68)	440
Other gains or losses		(68)	440
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net	30	19	(4)
Other gains or losses		19	(4)
Gains/(losses) from hedge accounting, net	30	(2)	7
Exchange differences (gain/loss), net		161	(179)
Other operating income	31	143	127
Other operating expenses	31	(1,323)	(979)
GROSS INCOME		**12,175**	**9,053**
Administrative expenses		(4,572)	(4,431)
Personnel expenses	32	(3,323)	(3,142)
Other administrative expenses	33	(1,249)	(1,289)
Depreciation and amortisation	16 and 17	(549)	(622)
Provisions or reversal of provisions	21	0	(109)
Impairment/(reversal) of impairment on financial assets not measured at fair value through profit or loss or net profit or loss due to a change	34	(893)	(650)
Financial assets at fair value with changes in other comprehensive income		(1)	1
Financial assets at amortised cost		(892)	(651)
Impairment or reversal of impairment on investments in subsidiaries, joint ventures and associates	15	(330)	(174)
Impairment/(reversal) of impairment on non-financial assets	16, 17 and 35	(64)	(103)
Tangible assets		(36)	(96)
Intangible assets		(28)	(7)
Other		0	
Gains/(losses) on derecognition of non-financial assets, net	36	3	24
Negative goodwill recognised in profit or loss	7		
Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	19 and 37	(27)	64
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**5,743**	**3,052**
Tax expense or income related to profit or loss from continuing operations	23	(1,439)	(639)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**4,304**	**2,413**
PROFIT/(LOSS) FOR THE PERIOD		**4,304**	**2,413**

(*) Presented for comparison purposes only (see Note 1)

STATEMENT OF CHANGES IN EQUITY (PART A)

Statement of other comprehensive income

(Millions of euros)

	NOTE	2023	2022 *
PROFIT/(LOSS) FOR THE PERIOD		**4,304**	**2,413**
OTHER COMPREHENSIVE INCOME		**325**	**(677)**
Items that will not be reclassified to profit or loss		**28**	**276**
Actuarial gains or losses on defined benefit pension plans		(3)	9
Fair value changes of equity instruments measured at fair value with changes in other comprehensive income	12	30	270
Profit or loss from hedge accounting of equity instruments measured at fair value with changes in other comprehensive income			
Fair value changes of equity instruments measured at fair value with changes in equity [hedged instrument]		(12)	(26)
Fair value changes of equity instruments measured at fair value with changes in equity [hedging instrument]		12	26
Income tax relating to items that will not be reclassified		1	(3)
Items that may be reclassified to profit or loss		**297**	**(953)**
Foreign currency exchange			(1)
Translation gains/(losses) taken to equity			(1)
Cash flow hedges (effective portion)		189	(600)
Valuation gains/(losses) taken to equity		5	(649)
Transferred to profit or loss		184	49
Debt instruments classified as fair value financial assets with changes in other comprehensive income		163	(786)
Valuation gains/(losses) taken to equity		179	(794)
Transferred to profit or loss		(16)	8
Income tax relating to items that may be reclassified to profit or loss		(55)	434
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**4,629**	**1,736**

(*) Presented for comparison purposes only (see Note 1)

STATEMENT OF CHANGES IN EQUITY (PART B)

Statement of total changes in equity

(Millions of euros)

		Shareholders' equity									
	NOTE	Capital	Share premium	Other equity	Retained earnings	Other reserves	Less: treasury shares	Profit/(loss) for the period	Less: interim dividends	Accumulated other comprehensive income	Total
BALANCE AT 31-12-2021 *		**8,061**	**15,268**	**39**	**8,051**	**(3,660)**	**(18)**	**4,215**		**(1,376)**	**30,580**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								**2,413**		**(677)**	**1,736**
OTHER CHANGES IN EQUITY		**(559)**	**(1,798)**	**7**	**3,269**	**(280)**	**(5)**	**(4,215)**			**(3,581)**
Issuance of ordinary shares											
Capital reduction		(559)	(1,798)								(2,357)
Dividends (or remuneration to shareholders)	6				(1,178)						(1,178)
Purchase of treasury shares	22						(1,817)				(1,817)
Sale or cancellation of treasury shares	22						1,812				1,812
Transfers among components of equity					4,215			(4,215)			
Other increase/(decrease) in equity				7	232	(280)					(41)
Of which: Payment of AT1 instruments						*(261)*					*(261)*
BALANCE AT 31-12-2022 *		**7,502**	**13,470**	**46**	**11,320**	**(3,940)**	**(23)**	**2,413**		**(2,053)**	**28,735**
OPENING BALANCE AT 01-01-2023		**7,502**	**13,470**	**46**	**11,320**	**(3,940)**	**(23)**	**2,413**		**(2,053)**	**28,735**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD								**4,304**		**325**	**4,629**
OTHER CHANGES IN EQUITY					**678**	**(292)**	**(494)**	**(2,413)**			**(2,521)**
Dividends (or remuneration to shareholders)	6				(1,728)						(1,728)
Purchase of treasury shares							(512)				(512)
Sale or cancellation of treasury shares							18				18
Transfers among components of equity					2,413			(2,413)			
Other increase/(decrease) in equity					(7)	(292)					(299)
Of which: Payment of AT1 instruments						*(277)*					*(277)*
CLOSING BALANCE AT 31-12-2023		**7,502**	**13,470**	**46**	**11,998**	**(4,232)**	**(517)**	**4,304**		**(1,728)**	**30,843**

(*) Presented for comparison purposes only (see Note 1)

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Millions of euros)

	NOTE	2023	2022 *
A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**17,328**	**(76,679)**
Profit/(loss) for the period		**4,304**	**2,413**
Adjustments to obtain cash flows from operating activities		**2,199**	**1,592**
Depreciation and amortisation		549	622
Other adjustments		1,650	970
Net increase/(decrease) in operating assets		**13,124**	**(9,793)**
Financial assets held for trading		35	4,206
Financial assets not designated for trading compulsorily measured at fair value through profit or loss		42	15
Financial assets at fair value with changes in other comprehensive income		3,515	2,516
Financial assets at amortised cost		10,129	(20,171)
Other operating assets		(597)	3,641
Net increase/(decrease) in operating liabilities		**(2,795)**	**(70,496)**
Financial liabilities held for trading		(1,432)	(1,732)
Financial liabilities at amortised cost		(4,278)	(62,145)
Other operating liabilities		2,915	(6,619)
Income tax (paid)/received		**496**	**(395)**
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(196)**	**650**
Payments:		**(666)**	**(616)**
Tangible assets		(325)	(367)
Intangible assets		(269)	(247)
Investments in subsidiaries, joint ventures and associates		(71)	(1)
Non-current assets and liabilities classified as held for sale		(1)	(1)
Proceeds:		**470**	**1,266**
Tangible assets		75	98
Investments in subsidiaries, joint ventures and associates		76	142
Other business units			
Non-current assets and liabilities classified as held for sale		319	1,026
Other proceeds related to investing activities			
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**661**	**(3,977)**
Payments:		**(9,636)**	**(9,558)**
Dividends	6	(1,728)	(1,178)
Subordinated liabilities		(1,500)	(1,760)
Purchase of own equity instruments		(512)	(1,817)
Other payments related to financing activities		(5,896)	(4,803)
Proceeds:		**10,297**	**5,581**
Subordinated liabilities	20	2,318	750
Disposal of own equity instruments		18	14
Other proceeds related to financing activities		7,961	4,817
D) EFFECT OF EXCHANGE RATE CHANGES		**(1)**	**1**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**17,792**	**(80,005)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**16,840**	**96,845**
G) CASH AND CASH EQUIVALENTS AT END OF YEAR (E+F)		**34,632**	**16,840**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Cash	9	2,133	2,274
Cash equivalents at central banks		31,998	14,059
Other financial assets		501	507
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR		**34,632**	**16,840**

(*) Presented for comparison purposes only (see Note 1)

NOTES TO THE FINANCIAL STATEMENTS OF CAIXABANK AT 31 DECEMBER 2023

As required by current legislation governing the content of financial statements, these notes to the financial statements complete, expand on and discuss the statement of profit and loss, statement of changes in equity and statement of cash flows, and they form an integral part thereof to give a true and fair view of the equity and financial position of CaixaBank at 31 December 2023, as well as of the results of its operations, changes in equity and cash flows during the year ended on said date.

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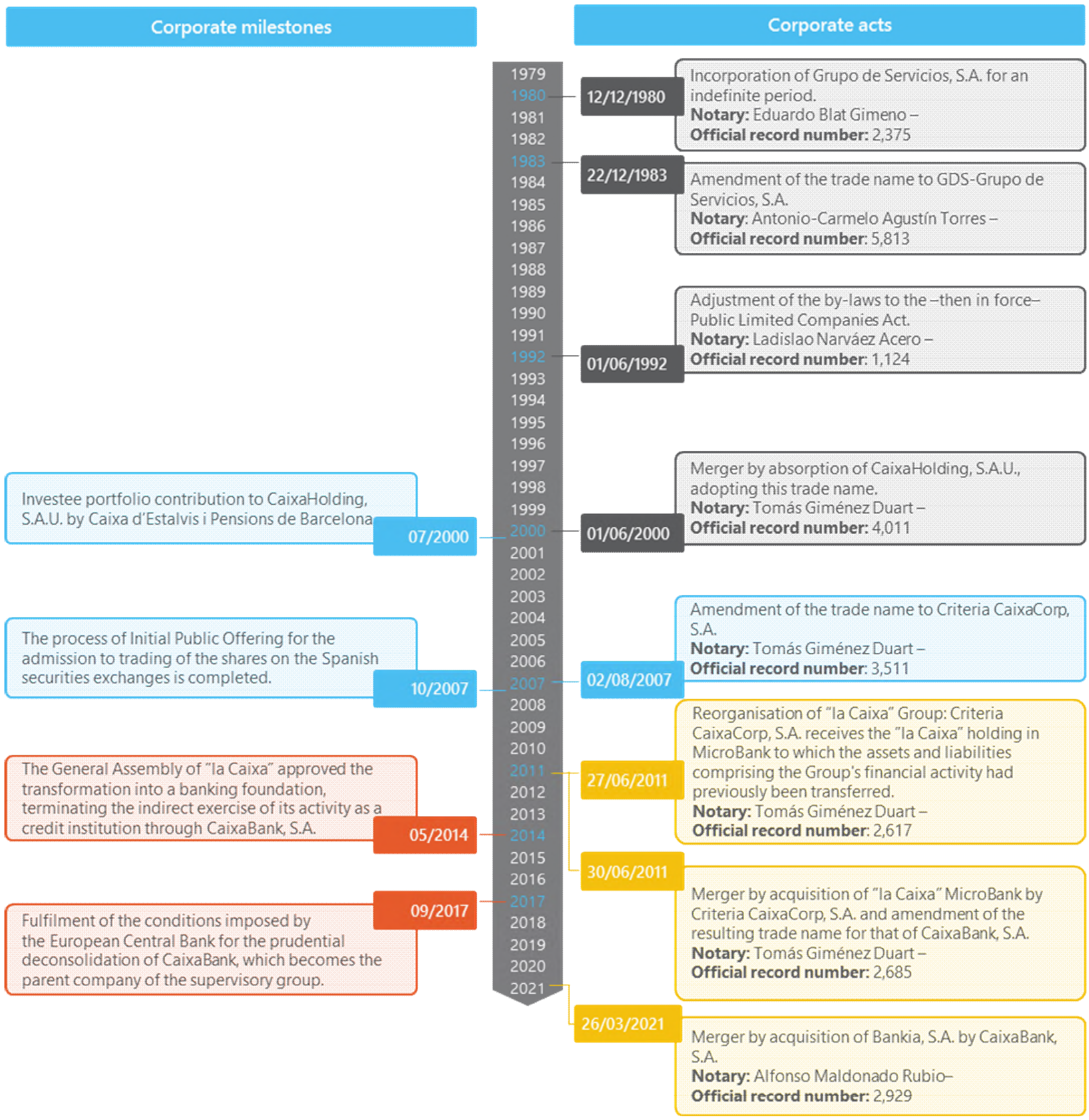
1. CORPORATE INFORMATION, BASIS OF PRESENTATION AND OTHER INFORMATION

1.1 CORPORATE INFORMATION

CaixaBank, S.A. (hereinafter, CaixaBank - its trade name - or the Entity), is a Spanish public limited company registered in the Mercantile Register of Valencia, Volume 10370, Folio 1, Sheet V-178351, and in the Special Administrative Register of the Bank of Spain, under number 2100. The Legal Entity Identifier (LEI) of CaixaBank is 7CUNS533WID6K7DGFI87, and its tax ID (NIF) is A08663619.

As of 1 July 2011, CaixaBank's shares are listed on the securities exchanges of Madrid, Barcelona, Valencia and Bilbao, in their continuous markets. The registered office and tax address of CaixaBank is Calle Pintor Sorolla, 2-4 in Valencia (Spain). The contact numbers for the shareholder service line are 902 11 05 82 / +34 935 82 98 03, and the one for institutional investors and analysts is +34 934 11 75 03.

The Entity's most relevant company milestones during its period of activity are:



The corporate purpose of CaixaBank, covered under Article 2 of its By-laws, mainly entails: i) 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 the performance of the activities of an insurance agency; ii) receiving customer 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 iii) the acquisition, holding, use and disposal of all kinds of securities and the formulation of public offerings for the acquisition and sale of securities, as well as all kinds of holdings in any company or enterprise.

CaixaBank S.A. and its subsidiaries comprise the CaixaBank Group (hereinafter "the CaixaBank Group" or "the Group").

CaixaBank S.A. 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 (the Comisión Nacional del Mercado de Valores, CNMV); however, the entities of the Group are subject to oversight by supplementary and industry-based bodies.

Since CaixaBank is a Spanish commercial enterprise structured as a public limited company, it is therefore subject to the amended text of the Spanish Capital Companies Law, enacted by Royal Legislative Decree 1/2010 of 2 July and its implementing provisions. In addition, since it is a listed company, it is also governed by Law 6/2023 of 17 March on Securities Markets and Investment Services implementing regulations.

CaixaBank's corporate website is www.caixabank.com.

1.2 BASIS OF PRESENTATION

The financial statements have been drawn up by the Directors in accordance with the regulatory financial reporting framework applicable to the Entity at 31 December 2023, established by Bank of Spain Circular 4/2017, of 27 November, and its successive amendments effective at year-end.

The financial statements, which were prepared from the accounting records of CaixaBank, are presented in accordance with the regulatory financial reporting framework applicable to them and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Entity's equity, financial position, results of operations and cash flows for the corresponding financial year.

The figures are presented in millions of euros unless another monetary unit is stated. Certain financial information in these notes was rounded off and, consequently, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them. Similarly, in deciding what information to disclose in this report, its materiality was assessed in relation to the annual financial data.

Accounting standard issued by the Bank of Spain that has come into effect during 2023

No standards with an impact on the Entity became effective in 2023.

1.3 RESPONSIBILITY FOR THE INFORMATION AND FOR THE ESTIMATES MADE

The Entity's financial statements for 2023 have been drawn up by the Board of Directors in the meeting held on 15 February 2024. They are pending approval by the Annual General Meeting, however it is expected that they will be approved without any changes. The financial statements of 2022 were approved by the Ordinary Annual General Meeting on 31 March 2023.

These financial statements have been prepared according to a going concern based on the solvency (see Note 4) and liquidity (see Note 3.4.4) of the Entity.

The preparation of the financial statements required the Board of Directors to make certain judgements, estimates and assumptions in order quantify certain assets, liabilities, revenues, expenses and obligations shown in them. These judgements and estimates mainly refer to:

- The measurement of goodwill and intangible assets (Note 2.15 and 17).
- The term of the lease agreements used in the assessment of the lease liabilities (Note 2.18).
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 7).
- Impairment losses on financial assets, and of the fair value of guarantees associated thereto, according to their classification in accounts, which entail the need to make judgments regarding: i) the consideration of "significant increase in credit risk" (SICR); ii) the definition of default; and iii) the incorporation of *forward-looking* information and other aspects included in the *Post Model Adjustment* (Notes 2.7 and 3.4.1).
- The measurement of investments in group entities, joint ventures and associates (Note 15).
- The classification, useful life of and impairment losses on tangible assets and intangible assets (Notes 16 and 17).
- Impairment losses on non-current assets and disposal groups classified as held for sale (Note 19).
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 21).
- The measurement of the provisions required to cover labour, legal and tax contingencies (Note 21).
- The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets (Note 23).
- The fair value of certain financial assets and liabilities (Note 38).

These estimates were made on the basis of the best information available at the date of authorisation for issue of the financial statements, considering the uncertainty at the time arising from the current economic environment. However, it is possible that events may occur that make it necessary for them to be changed in future periods. According to applicable legislation, the effects of these estimate changes would be recognised prospectively in the corresponding statement of profit or loss.

1.4 COMPARISON OF INFORMATION

The 2022 figures presented in the accompanying 2023 Financial Statements are given for comparison purposes only. In some cases, in order to facilitate comparability, the comparative information is presented in a summarised way, and the full information is available in the 2022 financial statements.

1.5 SEASONALITY OF OPERATIONS

The most significant operations carried out by the Entity do not have a relevant cyclical or seasonal nature within a single financial year.

1.6. OWNERSHIP INTERESTS IN CREDIT INSTITUTIONS

At year-end, the Group held no direct ownership interest equal to or greater than 5% of the capital or voting rights in any credit institution other than the investments and subsidiaries and associates listed in Appendices 1 and 3.

1.7. RESERVE RATIO

In this year, the Entity complied with the minimum reserve ratio required by applicable regulations.

1.8. SIGNIFICANT OPERATIONS

There were no significant transactions in the year other than those described in the other notes to the financial statements.

1.9. EVENTS AFTER THE REPORTING PERIOD

The operations —in addition to those stated in the rest of the notes— that have taken place between the close and the formulation thereof are set out below.

Debt securities issued

Issue and buyback of preference shares

On 16 January 2024, CaixaBank issued EUR 750 million in preference shares convertible into newly-issued shares that qualify as *Additional Tier 1* (AT1) capital. The remuneration, which is discretionary and subject to certain conditions, was set at 7.5% per annum, payable quarterly. The preference shares are perpetual. However, they may be redeemed in certain circumstances at the option of CaixaBank as of 16 January 2030.

The issue was combined with a simultaneous repurchase exercise of the EUR 1,000 million preference shares issued on 13 June 2017, resulting in a repurchased nominal amount of EUR 605 million being amortised, without a significant impact on the results.

Issuance of senior non-preferred debt

On 9 February 2024, CaixaBank issued EUR 1,250 million in senior non-preferred debt in green format with a maturity of 8 years and a fixed annual interest rate of 4.125%.

Cancellation of Royal Decree-Law 3/2016

On 18 January 2024, the Constitutional Court issued a ruling repealing certain tax measures of Royal Decree-Law 3/2016 and limiting their effects to the past. The Entity has conducted an initial assessment of the ruling in past years as well as in 2023. Accordingly, no significant impacts are expected for CaixaBank.

2. ACCOUNTING PRINCIPLES AND POLICIES, AND MEASUREMENT BASES

In drawing up the Entity's 2023 financial statements, the following accounting principles and policies and valuation criteria were applied:

2.1 Investments in subsidiaries, joint ventures and associates.

Subsidiaries

The Entity considers as subsidiaries companies over which it has the power to exercise control. Control is evidenced when it has:

- power to direct the relevant activities of the investee, i.e. the rights (legal or by-law provisions or through agreements) that confer the ability to direct the activities of the investee that significantly affect the investee's returns,
- the present (practical) ability to exercise the rights to exert power over the investee to affect its returns, and,
- exposure, or rights, to variable returns from its involvement with the investee.

In general, voting rights give the ability to direct the relevant activities of an investee. To calculate voting rights, all direct and indirect voting rights, as well as potential voting rights (e.g. call options on equity instruments of the investee) are considered. In some circumstances, a company may have power to direct the activities without holding a majority of the voting rights.

In these cases, the investor considers whether it has the practical ability to direct the relevant activities unilaterally (financial and operating decisions, or appointing and remunerating governing bodies, among others).

Joint ventures

The Entity considers as joint ventures those which are controlled jointly under a contractual arrangement, by virtue of which, decisions on relevant activities are made unanimously by the entities that share control with rights over the net assets.

Associates

Associates are companies over which the Entity exercises significant direct or indirect influence, but which are not subsidiaries or joint ventures. In the majority of cases, significant influence is understood to exist when the company holds 20% or more of the voting rights of the investee. If it holds less than 20%, significant influence is evidenced by the circumstances indicated in Circular 4/2017. These include representation on the board of directors, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel or the provision of essential technical information.

Exceptionally, those not considered associates are companies in which more than 20% of the voting rights is held, but it can clearly be demonstrated that significant influence does not exist and, therefore, the Entity lacks the power to govern the entity's financial and operation policies. Based on these criteria, at 31 December 2018, the Entity held certain equity investments for very insignificant amounts, ranging from 20% to 50% classified under "Financial assets at fair value with changes in other comprehensive income".

Valuation and impairment

Equity investments in Group companies, joint ventures and associates are initially measured at cost, i.e. the fair value of the consideration paid plus directly attributable transaction costs. The value of any preferential subscription rights acquired is also included in the initial measurement.
These investments are subsequently measured at cost less any accumulated impairment losses.

The investments are assessed for impairment at least at the end of each reporting period and whenever there is objective evidence that a carrying amount may not be recoverable. The impairment is calculated as the difference between the carrying amount and recoverable amount, which is the higher of its current fair value less costs to sell and the present value in use of the investment.

Impairment losses and any reversals are recognised as an expense or income, respectively, in the statement of profit or loss.

Where an impairment loss reverses, the carrying amount of the investment is increased, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

2.2 FINANCIAL INSTRUMENTS

Classification of the financial assets

The criteria established by the regulatory framework for accounting for classifying financial instruments is set out below:

Contractual cash flows	Business model	Classification of financial assets (FA)	
Payments, solely principal and interest on the amount of principal pending at specified dates (SPPI test)	In order to receive contractual cash flows.	FA at amortised cost.	
	In order to receive contractual cash flows and sale.	FA at fair value with changes in other comprehensive income.	
Others – No SPPI test	Derivative instruments designated as accounting hedging instruments.	Derivatives - Hedge accounting.	
	They originate from or are acquired with the aim of realising them in the short term.	FA at fair value through profit or loss.	FA held for trading.
	They are part of a group of financial instruments identified and managed together, for which there is evidence of a recent pattern of short-term profit-taking.		
	They are derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as accounting hedging instruments.		
	Others.		FA not designated for trading compulsorily measured at fair value through profit or loss.

Investments in equity instruments are an exception to the aforementioned general assessment criteria. In general, the Entity irrevocably exercises the option in the initial recognition by 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.

With respect to the evaluation of the business model, this does not depend on the intentions for an individual instrument, but rather the determination is made for a set of instruments, taking into account the frequency, amount and calendar of sales in previous financial years, the reasons for said sales and expectations of future sales. The infrequent or insignificant sales, those near to the maturity of the asset and driven by increased credit risk of the financial assets or to manage the concentration risk, among others, can be compatible with the model of holding assets to receive contractual cash flows.

It is important to underline that the sale of financial assets held in the amortised cost portfolio as a result of the Entity's change of view arising from the impact of COVID-19 is not considered for the purpose of assessing the validity of the business model under the applicable accounting standards. These sales were correctly classified at the time the business model was assessed without the COVID-19-induced global crisis being a reasonably possible scenario at that time. If the sales were completed during the crisis based on the exceptions foreseen in the regulatory framework, we consider that in any case these would also be consistent with a business model of maintaining financial assets to obtain contractual cash flows, as the existing conditions at the time and the reasons that gave rise to the need to sell classified assets in the amortised cost portfolio were obviously extraordinary and transitory in nature and could be framed within an identifiable time frame.

More specifically, the fact that the Entity expects to make regular sales, focusing on loans (or similar financial assets) that have experienced a drop in credit risk levels, is not inconsistent with how those loans are classified under a business model that holds financial assets to receive contractual cash flows. These sales are not counted for the purpose of determining the frequency of sales and their materiality will, therefore, remain separate from the tracking ratios.

As regards the assessment in relation to whether the cash flows of an instrument represent solely payments of principal and interest, the Entity carries out a series of judgements when assessing such compliance (SPPI test), the following being the most significant:

- Modified time value of money: in order to assess whether the interest rate of a particular operation incorporates some consideration other than that linked to the passage of time, the Entity considers factors such as the currency in which the financial asset is denominated and the term for which the interest rate is established. In particular, the Entity performs a regular analysis for operations that present a difference between the holding period and the review frequency, whereby they are compared with another instrument that does not present such differences within a tolerance threshold.
- Exposure to risks inconsistent with a basic lending arrangement: an assessment is conducted on whether the contractual features of financial assets introduce exposure to risks or volatility in the contractual cash flows unrelated to a basic lending arrangement, such as exposure to changes in equity or commodity prices, in which case they would not be considered to pass the SPPI test.
- Clauses that amend the schedule or amounts of cash flows: the Entity considers the existence of contractual conditions by virtue of which the schedule or amount of the contractual flows of the financial asset can be modified. This applies to: i) assets whose contractual conditions allow for the total or partial early amortisation of the principal: ii) assets whose contracts allow for their duration to be extended, or iii) assets for which interest payments may vary according to a non-financial variable specified in the agreement. In these instances, the Entity evaluates whether the contractual cash flows that the instrument may generate over its life due to this contractual condition are solely payments of principal and interest on the principal amount outstanding and may include a reasonable additional compensation in the event of an early termination of the contract.
- Leverage: financial assets with leverage, i.e. those in which the variability of the contractual flows increases such that they do not have the economic characteristics of interest, cannot be considered financial assets that pass the SPPI test (e.g. derivative instruments such as simple option contracts).
- Subordination and loss of the right to receive payment: the Entity evaluates any contractual clauses that may result in a loss of rights to receive payment of principal and interest on the principal amount outstanding.
- Currency: in analysing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Entity takes into consideration the currency in which the financial asset is denominated in order to assess the characteristics of the contractual flows, for instance by assessing the component corresponding to the time value of money based on the benchmark used for setting the financial asset's interest rate.
- Contractually linked instruments: with respect to the positions in contractually linked instruments, it conducts a look-through analysis, which considers the cash flows resulting from this type of asset as consisting solely of payments of principal and interest on the principal amount outstanding if:
    - the contractual terms of the tranche being assessed for classification (without looking through the underlying pool of financial instruments) give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (e.g., the interest rate of the tranche not linked to a commodity index);

- the underlying pool of financial instruments comprises one or more instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the exposure to the credit risk inherent in the tranche is equal to or lower than the exposure to the credit risk of the underlying pool of financial instruments (for example, the credit rating of the tranche being assessed for classification is equal to or higher than the credit rating that would apply to a single tranche comprising the underlying pool of financial instruments). Therefore, if the rating of the tranche is equal to or greater than that of the vehicle, this condition will be considered to have been met.

The underlying group of instruments referred to in the previous section could also include instruments that reduce the variability of the flows of that group of instruments such that, when they are combined with these instruments, they generate flows that are solely payments of principal and interest on the principal amount outstanding (e.g. an interest rate ceiling or floor option or a contract that reduces the credit risk associated with the instruments). It could also include instruments that allow the flows from the tranches to be aligned with the flows from the group of underlying instruments in order to settle exclusively the differences in the interest rate, the currency in which the flows are denominated (including inflation) and the timing of cash flows.

- Assets without personal liability (non-recourse): the fact that a particular financial asset does not have any personal liability associated with it does not necessarily mean it must be considered a Non-SPPI financial asset. In these situations, the Entity assesses the underlying assets or cash flows to determine whether they consist solely of payments of principal and interest on the principal amount outstanding, regardless of the nature of the underlying assets in question.

  In particular, in the case of financing operations for projects that are repaid exclusively with the incomes from the projects being financed, the Entity analyses whether the cash flows that are contractually determined to be principal and interest payments do indeed represent the payment of principal and interest on the principal amount outstanding.

- Negative compensation (symmetrical clauses): certain instruments incorporate a contractual clause whereby, if the principal amount outstanding is either fully or partially repaid early, the party that chooses to end the contract early —whether it is the debtor or the creditor— is able to receive fair additional compensation despite being the party choosing to end the contract early. This is the case, for instance, of so-called symmetrical clauses found in certain fixed-rate financing instruments. These clauses stipulate that when the creditor executes the option to make a repayment in advance, there must be compensation for the early termination of the contract, and this compensation will be in either the debtor's or the creditor's favour depending on how interest rates have fluctuated between the initial grant date and the date on which the contract is terminated early.

  The fact that a financial instrument incorporates this contract term, known as negative compensation, does not necessarily mean that the instrument in question must be considered Non-SPPI. A financial instrument that would otherwise have met the conditions to be considered SPPI-compliant, had it not been for the incorporation of fair additional compensation for the early termination of the contract (to be either received or paid by the party that decides to terminate the contract early), will be eligible to be measured at amortised cost or at fair value with changes in other comprehensive income, as determined by the business model.

In cases where a characteristic of a financial asset is not congruous with a basic loan agreement, i.e. the asset has characteristics that give rise to contractual flows other than payments of principal and interest on the principal amount outstanding (e.g. financial assets in which an ESG characteristic is embedded), the Entity will assess the materiality and probability of occurrence in order to determine whether this characteristic or element should be taken into consideration when evaluating the SPPI test.

With respect to the materiality of a characteristic of a financial asset, the assessment performed by the Entity involves estimating the impact it could have on the contractual flows. This is determined by considering the possible effect of the nature of the contractual undiscounted cash flows in each reporting period and the cumulative effect over the life of the financial instrument. The impact of an element is considered to be insignificant and, therefore, not accounted for in the assessment of the SPPI test when it results in a change in expected cash flows of less than 5%.

If the characteristic of an instrument could have a significant impact on the contractual flows but that characteristic affects the contractual flows of the instrument solely if an event occurs that is considered to be extremely exceptional, highly anomalous and highly unlikely, the Entity will not take that characteristic or element into consideration when assessing whether the contractual cash flows from the instrument are solely payments of principal and interest on the principal amount outstanding.

Classification of the financial liabilities

Financial liabilities are classified under: “Financial liabilities held for trading”, “Financial liabilities designated at fair value through profit or loss” and “Financial liabilities measured at amortised cost”, unless they must be presented under “Liabilities included in disposal groups classified as held for sale” or relate to “Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Derivatives - Hedge accounting”, which are presented separately.

Particularly, the portfolio "Financial liabilities at amortised cost": includes financial liabilities not classified as financial liabilities held for trading or as other financial liabilities at fair value through profit or loss. The balances recognised in this category, irrespective of the substances of the contractual arrangement and maturity of such liabilities, arise from the ordinary capture activities of credit institutions.

Initial recognition and measurement

Upon initial recognition, all financial instruments are recognised at fair value. For the financial instruments that are not registered at fair value through profit or loss, the fair value amount is adjusted, adding or deducting transaction costs directly attributable to the acquisition or issuance thereof. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognised in the statement of profit or loss.

The transaction costs are defined as expenses directly attributable to the acquisition or drawdown of a financial asset, or to the issuance or assumption of a financial liability, which would not have been incurred if the Entity had not made the transaction. These include fees paid to intermediaries (such as prescribers); mortgage arrangement expenses borne by the Entity; and part of the personnel expenses in the Risk Acceptance Centres. Under no circumstances are the internal administrative costs or those deriving from prior research and analysis considered transaction costs.

The Entity uses analytical accounting tools to identify direct and incremental transaction costs of asset operations. These costs are included in determining the effective interest rate, which is reduced for financial assets, thus, the costs are accrued throughout the duration of the transaction.

Subsequent measurement of the financial assets

After its initial recognition, the Entity measures a financial asset at amortised cost, at fair value with changes in other comprehensive income or at fair value through profit or loss.

The receivables for trading operations that do not have a significant financing component and the commercial loans and short-term debt instruments that are initially measured by the price of the transaction or its principal, respectively, continue to be measured by said amount less the correction of value due to estimated allowances for impairment as described in Note 2.7.

With regard to the conventional purchases and sales of fixed income and equity instruments, these are generally recorded at the settlement date.

Income and expenses of the financial assets and liabilities

The income and expenses of financial instruments are recognised according to the following criteria:

Portfolio		Recognition of income and expenses
Financial assets	At amortised cost	> Accrued interest: recorded in the statement of profit or loss using the effective interest rate of the transaction on the gross carrying amount of the transaction (except in the case of non-performing assets, where it is applied to the net carrying amount). > Other changes in value: income or expense when the financial instrument is derecognised from the balance sheet, reclassified or when losses occur due to impairment or gains are produced by its subsequent recovery.
Financial assets	Measured at fair value through profit or loss	> Changes in fair value: fair value changes are recorded directly in the statement of profit or loss, and a differentiation is made —for non-derivative instruments— between the part attributable to the returns earned by the instrument, which will be recorded as interest or as dividends according to its nature, and the rest, which will be recorded as profit/(loss) of financial operations in the corresponding balance item. > Accrued interest: on these debt instruments, calculated using the effective interest method.
Financial assets	At fair value with changes in other comprehensive income (*)	> Interests or dividends accrued, in the statement of profit or loss. For interest, the same as assets at amortised cost. > The differences in a change in the statement of profit or loss in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets. > For the case of debt instruments, impairment losses or gains due to their subsequent recovery in the statement of profit or loss. > The remaining changes in value are recognised in other comprehensive income.
Financial liabilities	At amortised cost	> Accrued interest: recorded in the statement of profit or loss using the effective interest rate of the operation on the gross carrying amount of the operation, except in the case of Tier 1 issuances, in which the discretionary coupons are recognised in reserves. > Other changes in value: income or expense when the financial instrument is derecognised from the balance sheet or reclassified.
Financial liabilities	Measured at fair value through profit or loss	> Changes in fair value: changes in the value of a financial liability designated at fair value through profit or loss, in the case of applying in the following manner: > a) the amount of the change in the fair value of the financial liability attributable to changes in the credit risk of said liability is recognised in other comprehensive income, which would be directly transferred to a reserve item if the aforementioned financial liability is derecognised, and > b) the remaining amount of the change in the fair value of the liability is recognised in the profit or loss for the year. > Accrued interest: on these debt instruments, calculated using the effective interest method.

(*) Thus, when a debt instrument is measured at fair value with changes in other comprehensive income, the amounts that would be recognised in the profit or loss for the year will be the same as those that would be recognised if it were measured at amortised cost.

When a debt instrument at fair value with changes in other comprehensive income is derecognised from the balance sheet, the profit or loss accumulated in equity is reclassified, and recorded in the statement of profit or loss for the period. In turn, when an equity instrument at fair value with changes in other comprehensive income is derecognised from the balance sheet, the amount of the loss or gain recorded in other accumulated comprehensive income is not reclassified to the statement of profit or loss, but instead to a reserve balance item.

For each of the aforementioned portfolios, the recognition would change if said instruments form part of a hedging relationship (see section 2.3).

The effective interest rate is the rate that discounts future cash payments or charges estimated during the expected life of the financial asset or liability with respect to the gross carrying amount of a financial asset or the amortised cost of a financial liability. To calculate the effective interest rate, the Entity estimates the expected cash flows, taking into account all the contractual terms of the financial instrument, but without considering expected credit loss. The calculation includes all fee and commission income and interest basis points, paid or received by the parties of the agreement, which make up the effective interest rate, transaction costs and any other premium or discount. In cases where the cash flows or remaining life of a financial instrument cannot be estimated reliably (e.g., advance payments), the Entity uses the contractual cash flows throughout the full contractual period of the financial instrument.

In the case of financial instruments with variable remuneration and contingent upon the fulfilment of certain future events, other than loans originated and deposits and issues made, the accounting criteria applied by the Group if there is a subsequent change in the estimate of the remuneration arising from a change in the expectation as to the fulfilment of the future contingency is based on a recalculation of the amortised cost of the operation and recording the effect of such restatement in the income statement.

In the particular case of the third series of targeted longer-term refinancing operations (known as 'TLTRO III' — see Note 3.3.4), the Entity considers that they are operations whose interest rate is not significantly below the market rate. Here, in its initial recognition, the Entity considers whether the terms of each operation, in relation to market prices for other loans with similar guarantees available to the Entity, and the rates of bonds and other relevant instruments of the money market, are close to market terms or whether they are significantly off market.

For TLTRO III, an interest rate accrues from November 2022 that is directly linked to the benchmark interest rate used to determine the interest for each of these series. Each future change in the ECB's benchmark interest rate will result in a new remuneration to accrue for each of the operations until maturity or early repayment.

Reclassifications between financial instrument portfolios

Only in the event the Entity decides to change its financial asset management business model would all the affected financial assets be reclassified according to the provisions set out in the applicable accounting standards. This reclassification would be carried out prospectively from the date of the reclassification. In accordance with the applicable accounting standards approach, in general, changes in the business model occur very infrequently. Financial liabilities cannot be reclassified between portfolios.

2.3 ACCOUNTING HEDGES

The Entity uses financial derivatives as a financial risk management tool, mainly the structural interest rate risk (see Note 3.4.3). When these transactions meet certain requirements, they qualify for hedge accounting.

When a transaction is designated as a hedge, this is done at inception of the transaction or of the instruments included in the hedge and a technical note of the transaction is documented in accordance with the regulations in force. The hedge accounting documentation duly identifies the hedging instrument/s and hedged item/s, the nature of the risk to be hedged and the way in which the Entity assesses whether the hedging relationship meets the requirements of hedging effectiveness (together with the analysis of the causes of failed protection and the way in which the coverage ratio is determined).

For the purpose of verifying the effectiveness requirement:

- there must be an economic relationship between the hedged item and the hedging instrument;
- the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship; and
- it is essential to comply with the coverage ratio of the hedging accounting relationship, which is defined as the relationship between the quantity of the hedged item and the quantity of the hedging instrument, and it must be the same as the coverage ratio used for management purposes.

Fair value hedges

Fair value hedges hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that is attributable to a particular risk and could affect the statement of profit or loss.

In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in an asymmetrical way according to whether the hedged element is a debt instrument or an equity instrument:

- Debt instruments: In fair value hedges, the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the statement of profit or loss, in the "Gains/(losses) from hedge accounting, net" section. Particularly, in fair value macro-hedges, gains or losses arising on the hedged items are balanced in “Assets – Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Liabilities – Fair value changes of the hedged items in portfolio hedge of interest rate risk” depending on the substance of the hedged item, rather than in the items under which the hedged items are recognised.
- Equity instruments: the gains or losses on the hedging instrument or on the hedged item for the portion attributable to the hedged risk are recognised in the section "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss – Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income" of the balance sheet.

When hedging derivatives no longer meet the requirements for hedging accounting, they are reclassified as trading derivatives. The amount of the previously registered adjustments to the hedged item is attributed as follows:

- Debt instruments: they are recognised in the heading "Gains/(losses) from hedge accounting, net" of the statement of profit or loss using the effective interest rate method at the date hedge accounting is discontinued.
- Equity instruments: are reclassified to reserves under the heading "Accumulated other comprehensive income – Elements that will not be reclassified to profit or loss – Failed fair value hedges of equity instruments measured at fair value with changes in other comprehensive income" of the balance sheet.

Cash flow hedges

Cash flow hedges hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised financial asset or liability or with a highly probable forecast transaction and could affect the statement of profit or loss.

The amount adjusted on the hedging item is recognised in "Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Reserve of cash flow hedges [effective portion]" where they will remain until the forecast transaction occurs, at which point it will be recognised in "Gains/(losses) from hedge accounting, net" of the income statement, in symmetry with the forecast cash flow. However, if it is expected that the transaction will not be carried out, in, it will be recognised immediately in the statement of profit or loss. The hedged items are recognised using the methods described in Note 2.3, without any changes for their consideration as hedged instruments.

2.4 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability are offset and the net amount presented in the balance statement only when the Entity has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, taking the following into consideration:

- The legally enforceable right to offset the recognised amounts should not be contingent on a future event and must be legally enforceable in all circumstances, including cases of default or insolvency of any or all of the counterparties.
- Settlements that meet the following requirements are considered equivalent to 'net settlement': they totally eliminate or result in insignificant credit and liquidity risk; and settlement of the asset and liability is made in a single settlement process.

A breakdown of the offset transactions is presented below:

Offsetting of assets and liabilities
(Millions of euros)

	31-12-2023			31-12-2022		
	Gross amount recognised (A)	Offset amount (B)	Net amount in balance sheet (C=A-B)	Gross amount recognised (A)	Offset amount (B)	Net amount in balance sheet (C=A-B)
ASSETS						
FA held for trading - derivatives	29,962	16,876	13,086	33,257	19,907	13,350
FA at amortised cost - Loans and advances	345,819	11,233	334,586	359,859	15,036	344,823
Of which: Collateral	*5,812*	*5,812*		*6,070*	*6,070*	
*Of which: Reverse repurchase agreement **	*5,236*	*5,236*		*8,940*	*8,940*	
Of which: Tax lease transaction	*185*	*185*		*26*	*26*	
Derivatives - Hedge accounting	2,680	2,142	538	2,817	2,211	606
LIABILITIES						
FL held for trading	29,702	20,777	8,925	33,025	22,663	10,362
FL at amortised cost	458,966	5,809	453,157	463,834	9,448	454,386
Of which: Other financial liabilities	*388*	*388*		*482*	*482*	
*Of which: Repurchase agreement **	*5,236*	*5,236*		*8,940*	*8,940*	
Of which: Tax lease transaction	*185*	*185*		*26*	*26*	
Derivatives - Hedge accounting	4,938	3,665	1,273	6,413	5,043	1,370

FA: Financial assets; FL: Financial liabilities

(*) Collateral exchange operations implemented through repos, whereby separate cancellation is not permitted. They are generally carried out at 12 months.

2.5 DERECOGNITION OF FINANCIAL INSTRUMENTS

All or part of a financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the entity transfers the asset to an unrelated third party.

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with ownership of the transferred assets are transferred to third parties:

- If all the risks and rewards of ownership of the transferred asset are substantially transferred (such as in the case of, 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), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised.
- If the risks and rewards of ownership of the transferred financial asset are substantially retained (such as in the case of, among others: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar), it is not derecognised and continues to be measured by the same criteria used before the transfer 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; and
    - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offsetting.
- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of, among others, a sale of a financial asset together 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 type of credit enhancement for part of the transferred asset), the following distinction is made:

- If the transferor does not retain control over the financial asset transferred, it is derecognised and any right or obligation retained or arising from the transfer is recognised; or
- If the transferor retains control over the financial asset transferred, 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.

In accordance with the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the Entity does not meet the requirements to be derecognised from the balance sheet.

Financial liabilities shall equally be derecognised when the obligation specified in the contract is discharged or cancelled or expires.

2.6 FINANCIAL GUARANTEES

Financial guarantees given

Financial guarantees are defined as contracts whereby the issuer thereof undertakes to make specific payments to reimburse the creditor for the loss incurred when a specific debtor fails to meet its payment obligations, irrespective of the legal form of the obligation, such as deposits (including those to participate in auctions and tenders), financial and technical guarantees, irrevocable documentary credits, insurance contracts or credit derivatives.

Financial deposits comprise all manner of deposits that directly or indirectly guarantee debt securities such as loans, credit facilities, finance leases and deferred payment arrangements for all types of debt.

All these operations are recognised under the memorandum item “Guarantees given” in the balance sheet.

On initial recognition, the Entity records financial guarantees provided on the liability side of its balance sheet at fair value, which generally equates to the present value of fee and commission income and income to be received for said agreements throughout their duration, with a balancing entry for the amount of fee and commission income and similar income collected at the start of the operations, and a credit on the asset side of the balance sheet for the present value of fee and commission income and income receivable.

Financial guarantee and guarantee contract portfolios, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any provision required. The credit risk is determined by applying criteria similar to those established for quantifying impairment losses on debt securities measured at amortised cost as set out in Note 2.7, except in the case of technical guarantees, where the criteria set out in Note 2.20 are applied.

Provisions set aside for this type of arrangement are recognised under "Provisions – Commitments and guarantees given" on the liability side of the balance sheet, and under "Provisions – Other provisions"; as regards the latter, if the financial guarantees given are classified as written-off operations pending execution by third parties. Additions to and reversals of provisions are recognised in “Provisions or reversal of provisions” in the statement of profit or loss.

Should it become necessary to establish provisions for these financial guarantees, any fees that may accrue on these transactions in future which would be recognised in “Financial liabilities at amortised cost – Other financial liabilities” are reclassified to “Provisions – Commitments and guarantees given”.

Financial guarantees received

The Entity has received no significant guarantees or collateral with regard to which there is authorisation to sell or pledge without default by the owner of the guarantee or collateral, except for those inherent to treasury activities (see Note 3.4.4).

2.7 IMPAIRMENT OF FINANCIAL ASSETS

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

The aim of the regulatory accounting framework requirements as regards impairment is to ensure recognition of the credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including information of a prospective nature. In certain situations, when specific circumstances have not been included in the latest recalibration of the credit risk models or are highly uncertain or volatile, their estimated impact is recognised as a Post Model Adjustment (PMA) in the provisioning funds, which will be reviewed in the future on the basis of new information available and its incorporation into the credit risk models, avoiding in any case a duplicity in the quantification of these impacts.

Impairment losses on debt instruments in the period are recognised as an expense under the heading "Impairment or reversal of impairment losses on financial assets not measured at fair value through profit or loss or net profit or loss due to a change" in the statement of profit or loss. The impairment losses of debt instruments at amortised cost are recognised against a corrective account of provisions that reduces the carrying amount of the asset, whereas those of instruments at fair value with changes in other comprehensive income are recognised against accumulated other comprehensive income.

The hedges to cover impairment losses in exposures involving credit risk other than debt instruments are recorded as a provision under the heading "Provisions – Commitments and guarantees given" on the liabilities side of the balance sheet. Additions to and reversals of these hedges are recognised charged under the heading “Provisions or reversal of provisions” in the statement of profit or loss.

For the purpose of recording the hedging for impairment losses of debt instruments, the following definitions must be taken into account in advance:

- Credit losses: these correspond to the difference between all the contractual cash flows owed to the Entity in accordance with the financial asset's contract and all the cash flows that it is due to receive (i.e., all the insufficiency of cash flows), discounted at the original effective interest rate or, for financial assets that were purchased or originated credit impaired, discounted at the effective interest rate adjusted to reflect credit quality, or the interest rate on the date referred to in the financial statements in the case of a variable rate.

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

  The Entity estimates the cash flows of the operation during its expected life, taking into account all the contractual terms and conditions of the operation (such as early repayment, extension, redemption and other similar options). In extreme cases when it is not possible to reliably estimate the expected life of the operation, the Group uses the remaining contractual term of the operation, including extension options.

  The cash flows taken into account include those deriving from the sale of collateral, taking into account the cash flows that would be obtained from the sale thereof, less the amount of the costs required to obtain them, maintenance and their subsequent sale, or other credit improvements that form an integral part of the contractual conditions, such as financial guarantees received. In addition, the Entity also takes into account any eventual income from the sale of financial instruments when measuring the expected loss.

  If the Entity's current non-performing asset reduction strategy foresees loan sales and other accounts receivable whose credit risk has increased (exposure classified at Stage 3), then the Entity will retain any asset affected by this strategy under the model for holding assets to receive their contractual cash flows, thus they are classified in the portfolio of 'Financial assets at amortised cost', provided that their flows are solely payments of principal and interest. Similarly, until they no longer intend to make sales, the corresponding credit risk provision takes into account the price to be received from a third party.

- Expected credit losses: these are the weighted average of the credit losses, using as weighting the respective risks of default events. The following distinction will be taken into account:

- Expected credit losses during the life of the operation: these are expected credit losses resulting from all the possible default events during the expected life of the operation.
- Expected credit losses at twelve months: these are the part of the credit losses expected during the life of the operation corresponding to the expected credit losses resulting from any default events during the twelve months following the reference date.

The amount of the hedges to cover impairment loss is calculated according to whether there has been a significant increase in credit risk since the operation's initial recognition, and whether a default event has occurred:

	Observed impairment of credit risk since its initial recognition			
Credit risk category	**Normal risk** **Stage 1**	**Normal risk in special surveillance** **Stage 2**	**Non-performing risk** **Stage 3**	**Write-off risk**
Classification and transfer criteria	Operations whose credit risk has not significantly increased since their initial recognition.	Operations whose credit risk has significantly increased (SICR), but they do not have any default events.	Operations with credit impairment Default event: with amounts past due of 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.		The recognition in results of losses for the carrying amount of the operation and the total derecognition of the asset.
Interest calculation and recognition	It is calculated by applying the effective interest rate to the gross carrying amount of the operation.		It is calculated by applying the effective interest rate at amortised cost (adjusted to reflect any impairment value correction).	They are not recognised in the income statement.
Included operations	Initial recognition of the financial instruments.	Operations included in sustainability agreements that have not completed the trial period. Operations carried out by insolvent borrowers that should not be classified as non-performing or write-off. Refinanced or restructured operations that should not be classified as non-performing and are still in a trial period (unless there is refutable proof to classify them in stage 1) Operations with amounts past due of over **30** days. Operations which can be identified as having registered a significant increase in credit risk on the basis of market indicators/triggers.	**Non-performing due to borrower arrears:** Operations with amounts past due of over **90** days. Operations where all holders are classified as non-performing (personal risk criteria). **Non-performing for reasons other than borrower arrears:** > Operations that pose reasonable doubts regarding full repayment. > Operations with legally demanded balances. > Operations in which the collateral execution process has been initiated. > Operations and guarantees of the holders in insolvency proceedings with no liquidation petition. > Refinanced operations classifiable as non-performing.	Operations with remote recovery possibility. Partial write-offs without the extinction of the rights (partial write-off). Non-performing operations due to arrears of more than 4 years, when the amount not hedged by effective guarantees has been maintained with 100% credit risk hedge for more than 2 years (unless they have effective collateral to hedge at least 10% of the gross amount). Operations with all the holders in insolvency proceedings in the liquidation phase (unless they have effective collaterals that cover at least 10% of the gross amount)

The Entity classifies as impairments the debt instruments, whether due or not, for which after analysing them individually, it considers the possibility of recovery to be remote and proceeds to derecognise them, 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.

This category of write-offs includes, at least, i) non-performing operations due to customer arrears older than four years, or, before the end of the four-year period when the amount not secured by effective guarantees is fully covered for more than two years, and ii) operations made by borrowers declared to be insolvent which have entered or will enter the liquidation phase. In both cases, the operations are not considered to be write-offs if they have effective collateral that covers at least 10% of its gross carrying amount.

Nonetheless, to reclassify operations to this category before these terms expire, the Entity must demonstrate the remote recoverability of these operations.

Based on the Entity's experience of recoveries, it deems the recovery of the remaining balance of mortgage operations remote when there is no additional collateral once the asset has been recovered, and therefore, the aforementioned remainder is classified as a write-off.

Furthermore, the Entity considers assets acquired with a significant discount reflecting credit losses incurred at the time of the transaction to be POCIs (Purchased or Originated Credit Impaired). Given that the discount reflects the losses incurred, no separate provision for credit risk is recorded in the initial recognition of the POCIs. Subsequently, changes in the expected losses in the life of the operation are recognised from their initial recording as a credit risk provision of the POCIs. The interest income of these assets is be calculated by applying the effective interest rate adjusted to reflect credit quality at the amortised cost of the financial asset, although this effect is not significant at the initial recognition date.

When the contractual cash flows of a financial asset are modified or the financial asset is replaced with another, and the modification or exchange does not cause it to be derecognised from the balance sheet, the Entity recalculates the gross carrying amount of the financial asset, taking into account the modified flows and the effective interest rate applicable before the modification, and recognises any difference that emerges as a loss or gain due to a change in the profit or loss of the period. The amount of the directly attributable transaction costs raises the carrying amount of the modified financial asset and it will be amortised during the remainder of its life, which will require the company to recalculate the effective interest rate.

2.8 REFINANCING OR RESTRUCTURING OPERATIONS

According to the provisions of the regulation, 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, has amended the agreement, cancelled the agreement and/or arranged a new operation.

These operations may derive from:

- The granting of a new operation (refinancing operation) that fully or partially cancels other operations (refinanced operations) previously granted by any of the Entity's companies to the same borrower or other companies forming part of its economic group bringing the previously past-due risks up to date with payments.
- The amendment of the contractual terms of an existing operation (restructured operations) that changes its repayment schedule (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.).
- The activation of contract clauses agreed at source that extend the debt repayment terms (flexible grace period).
- The partial cancellation of the debt without the contribution of funds by the customer (foreclosure, purchase or received in lieu of payment of the collateral, or forgiveness of capital, interest, fees and commissions or any other cost relating to the loan extended to the borrower).

The existence of previous defaults is an indication of financial difficulty. Unless otherwise demonstrated, a restructuring or refinancing operation is assumed to exist when the amendment to contractual terms affects operations that have been past due for more than 30 days at least once in the three months prior to the amendment. However, previous defaults are not a requirement for an operation to be classified as refinanced or restructured.

The cancellation of an operation, changes in the contractual terms or the activation of clauses that delay payments when the customer is unable to meet future repayment obligations can also be classified as refinancing/restructuring.

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 an operation 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. In turn, these terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

In general, refinanced or restructured operations and new operations carried out for refinancing are classified in the watch-list performing category. However, according to the particular characteristics of the operation, they are classified as non-performing when they meet the general criteria for classifying debt securities as such, and specifically i) operations backed by an unsuitable business plan; ii) operations that include contractual clauses that delay repayments in the form of interest-only periods longer than 24 months; iii) operations that include amounts that have been removed from the balance sheet having been classified as unrecoverable that exceed the hedging applicable according to the percentages established for operations in the watch-list performing category; and iv) when pertinent restructuring or refinancing measures may result in a reduction of the financial obligation higher than 1% of the net present value of the expected cash flows. Additionally, adjustments have been made to the criteria for exit from default, thus, refinanced operations cannot be migrated to Stage 2 until their repayment has been ongoing for 12 months.

Refinanced or restructured operations and new operations carried out for refinancing are classified as watch-list performing for a trial period until all the following requirements are met:

- After 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.
- 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.
- The borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing transaction, or, if later, from the date of its reclassification from the non-performing category. Additionally: i) the borrower has 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; or ii) when it is deemed more appropriate given the nature of the operations, the borrower complies with other objective criteria that demonstrate their payment capacity.

  If there are contractual clauses that may delay repayments, such as grace periods for the principal, the operation will remain classified as watch-list performing until all criteria are met.
- The borrower must have no other operations with past due amounts for more than 30 days at the end of the period.

When all the above requirements are met, the operations are no longer classified as refinancing, refinanced or restructured operations in the financial statements.

During the previous trial period, further refinancing or restructuring of the refinancing, refinanced or restructured operations, or the existence of amounts that are more than 30 days overdue in these operations, will mean that the operations are reclassified as non-performing for reasons other than arrears, provided that they were classified in the non-performing category before the start of the trial period.

Refinanced and restructured operations and new operations carried out for refinancing remain classified as non-performing until they meet the general criteria for debt instruments; specifically the following requirements:

- A period of one year has elapsed from the refinancing or restructuring date.

- The borrower has covered all the principal and interest payments (i.e. they are up to date on payments) thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification to the non-performing category.
- The borrower has 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, or, when it is deemed more appropriate given the nature of the operations, the borrower complies with other objective criteria that demonstrate their payment capacity.
- The borrower has no other operations with past due amounts for more than 90 days at the date the refinancing or restructured operation is reclassified to the watch-list performing category.

Furthermore, in relation to the accounting treatment of the moratoria, both legislative and sectoral, established to provide support with regard to COVID-19, the Entity considers them a relevant qualitative change that gives rise to a contractual modification, but not to recognition of an affected financial instrument (see Note 3.4.1. Credit risk).

2.9 FOREIGN CURRENCY TRANSACTIONS

The Entity's functional and reporting currency is the euro. Consequently, all non-euro balances and transactions are foreign currency balances and transactions.

All foreign currency transactions are recorded, on initial recognition, by applying the spot exchange rate between the functional currency and the foreign currency.

At the end of each reporting period, foreign currency monetary items are translated to euros using the average exchange rate prevailing on the spot currency market at the end of each period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to euros using the exchange rate at the date of acquisition. Non-monetary items measured at fair value in a foreign currency are translated to euros using the exchange rates at the date when the fair value is determined.

Unmatured forward foreign exchange purchase and sale transactions not considered as hedges are translated to euros at the year-end exchange rates on the forward currency market.

The exchange rates used in translating the foreign currency balances to euros are those published by the European Central Bank (ECB) at 31 December of each year.

The exchange differences arising on the translation of foreign currency balances and transactions to the reporting currency of the Entity are generally recognised under “Exchange differences (net)” in the statement of profit or loss. However, exchange differences arising on changes in the value of non-monetary items are recognised under “Equity – Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Exchange differences” in the balance sheet, and exchange differences arising on financial instruments classified as at fair value through profit or loss are recognised in the statement of profit or loss with no distinction made from other changes in fair value.

Income and expenses are translated at the closing exchange rate of each month.

2.10. RECOGNITION OF INCOME AND EXPENSE

The main policies applied to recognise income and expenses are as follows:

	Characteristics		Recognition
Interest income, interest expense, dividends and similar items	**Interest income, interest expense and similar items**		Recognised on an accrual basis, using the effective interest method, regardless of when the resulting monetary or financial flow arises, as previously described
	Dividends received		Recognised as income when the right to receive payment is established. This is when the dividend is officially declared by the company's relevant body.
Fees collected/ paid*	**Credit fees** They are an integral part of the yield or effective cost of a financing operation. They are received in advance.	Fees received by creating or acquiring financing operations that are not measured at fair value through profit or loss (i.e. remuneration from activities such as the assessment of the financial situation of the borrower, assessing and recording various guarantees, negotiating the terms and conditions of operations, preparing and processing documentation and closing the transaction)	They are deferred and are recognised over the life of the transaction as an adjustment to the return or effective cost of the operation.
		Fees negotiated as compensation for the commitment of granting financing, when this commitment is not measured at fair value through profit or loss and it is likely that the Group enters into a specific loan agreement.	They are deferred, deposited over the life of the transaction as an adjustment to the return or effective cost of the operation. If the commitment expires and the company has not made the loan, the fee is recognised as income at the time of expiry.
		Fees paid when issuing financial liabilities at amortised cost.	They are included together with any related direct cost in the carrying amount of the financial liability, and are deposited as an adjustment to the effective cost of the operation.
	Non-credit fees This includes those deriving from different provisions for the various financial services of the financing operations.	Those related to the execution of a service provided over time (i.e. the fees for the administration of accounts and those received in advance for the issuance or renewal of credit cards).	They will be registered over time, measuring the progress towards full compliance with the execution obligation.
		Those related to the provision of a service that is executed at a specific time (i.e. subscription of securities, currency exchange, consultancy or syndication of loans).	They are registered in the income statement upon collection.
Other non-financial income and expenses	Other income from ordinary activities		› As a general criterion, they are recognised inasmuch as the assets and services contractually agreed with the customers are provided. The amount of the payment to which the Group expects to have a right in exchange for these goods or services, is recognised as income, during the life of the contract. › If it receives or has a right to receive a payment and the goods or services have not been transferred, the Group recognises a liability, which remains on the balance sheet until it is allocated to the statement of profit or loss. › The Group can transfer the control over time or at a specific time.

(*) Exceptions: Fees for the financial instruments that are measured by their fair value through profit or loss and the non-availability fee (in operations where drawing down funds is optional for the credit holder) are immediately registered in the statement of profit or loss.
The accrued fees deriving from typical products or services of the financial activity are presented separate to those deriving from products and services that do not correspond to typical activity, which are presented under the heading "Other operating income" in the statement of profit or loss.

In particular, the Entity adheres to the following stages:

Stage 1	Identifying the contract (or contracts) with the customer and of the obligation or obligations arising out of the execution of the contract.	The Group assesses the committed goods or services and identifies – as an execution obligation – each commitment to transfer to the customer: > a good, a service or a differentiated group of goods or services, or > a series of differentiated goods or services that are practically identical and comply with the same customer transfer pattern.
Stage 2	Determining the price of the transaction	It is defined as the amount of the payment to which the Group expects to have the right in exchange for delivering the goods or providing the services, excluding amounts charged on behalf of third parties, such as indirect taxes, and not taking into consideration any cancellations, renewals or modifications to the contract. The price of the transaction can consist of fixed or variable amounts, or both, and may vary due to discounts, subsidies, reductions or other similar elements. Similarly, the price will be variable when the right to charge for the transaction depends on whether a future event will occur. To reach the transaction price it will be necessary to deduct discounts, subsidies or commercial reductions. In the event the price includes a variable payment, the Group initially estimates the amount of the payment to which it will have the right, either as an expected value, or as the amount in the most probable scenario. This amount is included, in whole or in part, in the transaction price only inasmuch as it is highly probable that there will be no significant reversal in the amount of the accumulated income recognised by the contract. At the end of each period, the Group updates the estimate of the transaction price, to accurately represent the existing circumstances at the time. To determine the price of the transaction, the Group adjusts the amount of the payment to take into account the time value of the money when the agreed payment schedule provides the customer or the company with a significant financing profit. The discount rate used is that which would be used in an independent financing transaction between the company and its customer at the start of the contract. This discount rate is not subject to subsequent updates. Notwithstanding the above, the Group does not update the amount of the payment if, at the start of the contract, the maturity is likely to be equal to or less than a year.
Phase 3	Allocating the price of the transaction between the execution obligations.	The Group distributes the price of the transaction in such a way that each execution obligation identified in the contract is assigned an amount that represents the payment that it will obtain in exchange for transferring to the customer the good or service committed in this execution obligation. This amount is allocated based on the corresponding independent selling prices of the goods and services subject to each execution obligation. The best evidence of an independent selling price is its observable price, if these goods or services are sold separately in similar circumstances. The Group allocates to the different execution obligations of the contract any subsequent change in the estimate of the transaction price on the same basis as at the start of the contract.
Phase 4	Recognising the income inasmuch as the company complies with its obligations.	The Group recognises as income the amount of the transaction price allocated to an execution obligation, inasmuch as it meets this obligation by transferring the committed good or service to the customer.

As for the accounting of the costs related to the contracts, the costs of obtaining a contract are those which the Entity incurs to obtain a contract with a customer and which it would not have incurred if the Entity had not entered into said contract.

In accordance with the accounting framework applicable to the Entity, all incremental costs of obtaining and/or fulfilling a contract are capitalised provided that the costs are directly related to a contract or to an expected contract that the entity can specifically identify (e.g., costs related to services that will be provided as a result of the renewal of an existing contract or design costs of an asset that will be transferred under a specific contract that has not yet been approved);

- the costs generate or improve the company's funds that will be used to pay (or to continue paying) for future execution obligations; and

- the costs are expected to be recovered.

The Entity recognises these capitalised costs in the statement of profit or loss based on the term of the master agreement or the transactions giving rise to the costs and, additionally, at least every six months, performs an impairment test to assess the extent to which the future profits generated by these contracts support the capitalised costs. In the event that the costs exceeded the current value of the future profits, these assets would be impaired by the appropriate proportion.

2.11. ASSETS UNDER MANAGEMENT

Collective investment institutions and pension funds managed by the Entity's companies are not recorded in the Entity's balance sheet because their assets are owned by third parties. The fees and commissions earned in the period from this activity are included under “Fee and commission income” in the statement of profit or loss, based on the service provided by the Entity.

2.12. EMPLOYEE BENEFITS

Employee benefits include all forms of consideration given in exchange for services rendered by employees of the Entity or for benefits payable after completion of employment. They can be classified into the following categories:

Short-term employee benefits

These are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of the period in which the employees render the related service. It includes wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses; and non-monetary benefits payable to employees such as medical care, housing, cars and free or subsidised goods or services.

The cost of services rendered is recognised under "Administrative expenses – Personnel expenses" of the statement of profit or loss, except for part of the personnel costs of the Risk Acceptance Centres which are presented as a smaller financial margin of the operations to which they are associated and certain incentives for the personnel of the branch network for the marketing of products, including insurance policies, which are also presented with a reduced financial margin or under the heading of expenses from liabilities under insurance or reinsurance contracts.

Credit facilities made available to employees at below market rates are considered to be non-monetary benefits and are calculated as the difference between market rates and the rates agreed with employees. The difference is recognised under “Administrative expenses – Personnel expenses” with a balancing entry under “Interest income” in the statement of profit or loss.

Remuneration to employees based on equity instruments

The delivery of shareholder equity instruments to employees as payment for their services —when such a delivery is made upon completion of a specific period of services— is recognised as a services expense, insomuch as it is provided by employees, with a balancing entry under the heading "Shareholders' Equity - Other equity items" elements.

On the date the equity instruments are granted, these services —as well as the corresponding equity increase— will be measured at the fair value of the services received, unless it cannot be reliably estimated, in which case they will be measured indirectly with reference to the fair value of the granted equity instruments. The fair value of these equity instruments will be determined on the date they are granted.

When external market conditions are established —among the requirements laid down in the remuneration agreement—, their performance will be taken into account when estimating the fair value of the granted equity instruments. In turn, variables that are not considered market variables are not taken into account when calculating the fair value of granted equity instruments, but they are considered when determining the number of instruments to be delivered. Both effects will be recognised in the statement of profit or loss and in the corresponding increase in equity.

In the case of share-based payment transactions that are cash-settled, an expense with a balancing entry will be recorded on the liabilities side of the balance sheet. Up to the date on which the liability is settled, this liability will be measured at its fair value, recognising value changes in the profit/(loss) for the period.

As an exception to the provision of the previous paragraph, share-based payment transactions that have a net-settlement feature to satisfy tax withholding obligations will be classified in their entirety as share-based payment transactions settled through equity instruments if, in the absence of the net-settlement feature, they have been classified as such.

Post-employment benefits

Post-employment benefits are all those undertaken with employees, to be paid after completion of their employment with the Entity. They include: retirement benefits, such as pensions and one-off retirement payments; and other post-employment benefits, such as post-employment life insurance and post-employment medical care, at the end of the employment relationship.

Defined contribution plans

The post-employment obligations with employees are deemed to be defined contribution obligations when the Group makes pre-determined contributions to a separate entity or pension fund and has no legal or constructive obligation to make further contributions if the separate entity or fund cannot pay the employee benefits relating to the service rendered in the current and prior periods. Defined contribution plans each year are recognised under “Administrative expenses – Personnel expenses” in the statement of profit or loss. Post-employment obligations that do not meet the aforementioned conditions are considered defined benefit obligations.

Defined benefit plans

The present value of defined benefit post-employment obligations, net of the value of plan assets, is recorded under “Provisions – Pensions and other post-employment defined benefit obligations” in the balance sheet.

Plan assets are defined as follows:

- The assets held by a long-term employee benefit fund, and
- Qualifying insurance policies; those issued by an insurer that is not a related party of the Entity.

In the case of the assets held by a benefit fund, they must be assets:

- Held by a fund that is legally separate from the Entity and that exist solely to pay or finance employee benefits, or
- They are solely available to pay or finance post-employment remuneration, not to cover the debts of Entity creditors (not even in the event of bankruptcy), and they cannot be returned to the Entity unless: i) the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or CaixaBank; or ii) they are used to reimburse post-employment benefits the Entity has already paid to employees.

In the case of insurance policies, the defined benefit commitments assured through policies taken out with the entities that are not considered related parties also meet the requirements to be considered plan assets.

The value both of the assets held by a pension fund, as well as qualifying insurance policies is recognised as a decrease in the value of the liabilities under “Provisions – Pensions and other post-employment defined benefit obligations”. When the value of plan assets is greater than the value of the obligations, the net positive difference is recognised under “Other assets”.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the statement of profit or loss and includes the following:
  - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period, recognised under "Administrative expenses – Personnel expenses".
  - Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments, recognised under "Provisions or reversal of provisions".
  - Any gain or loss arising on settlement of a plan is recognised in "Provisions or reversal of provisions".

- The net interest on the net defined benefit post-employment benefit liability/(asset), understood to be the change during the period in the net defined benefit liability/(asset) that arises from the passage of time, is recognised in "Interest expense", or "Interest income" if it results in income, in the statement of profit or loss.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Accumulated other comprehensive income" in the balance sheet. It includes:
  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan assets, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.
  - Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.

Other long-term employee benefits

Other long term employee benefits, understood as obligations with pre-retired employees (those who have ceased rendering services but who, without being legally retired, continue to enjoy economic rights vis-à-vis the Entity until they acquire the status of legally retired), long-service bonuses and similar items, are treated for accounting purposes, where applicable, as established for defined benefit post-employment plans, except that the actuarial gains and losses are recognised in "Provisions or reversal of provisions" in the statement of profit or loss.

Termination benefits

These benefits are payable as a result of an Entity's decision to terminate an employee's employment before the normal retirement date, a valid expectation raised in the employee or an employee's decision to accept voluntary redundancy in exchange for those benefits.

A liability and an expense for termination benefits are recognised when there is no realistic possibility of the Entity withdrawing the offer to pay the termination benefits or when the costs for restructuring –which involves the payment of termination benefits– are recognised. These amounts are recognised as a provision under "Provisions – Other long-term employee benefits" in the balance sheet until they are settled.

In the case of payments of over 12 months, the same treatment is applied as for the other long-term employee benefits.

2.13. INCOME TAX

The expense for Spanish income tax is considered to be a current expense and is recognised in the statement of profit or loss, except when it results from a transaction recognised directly in equity, in which case the corresponding tax effect is recognised in equity.

Income tax expense is calculated as the sum of the current tax for the year resulting from applying the tax rate to the taxable profit for the year and any changes in deferred tax assets and liabilities recognised in the year in the statement of profit or loss, less any allowable tax deductions.

Temporary differences, tax loss carryforwards pending offset and unused tax deductions are recognised as deferred tax assets and/or deferred tax liabilities. The amounts are recognised at the tax rates that are expected to apply when the asset is realised or the liability is settled.

Tax assets are recognised under "Tax assets" in the balance sheet as current, for amounts to be recovered in the next 12 months, or deferred, for amounts to be recovered in future reporting periods.

Similarly, tax liabilities are recognised in "Tax liabilities" in the balance sheet, also by current and deferred. Current tax liabilities include the amount of tax payable within the next 12 months and deferred tax liabilities as the amount expected to be paid in future periods.

Deferred tax liabilities arising from temporary differences related to investments in subsidiaries, associates and or joint ventures are not recognised when the Entity is able to control the timing of the reversal of the temporary difference and, in addition, it is probable that the temporary difference will not reverse.

Deferred tax assets are only recognised when it is probable that they will be reversed in the foreseeable future and it is estimated that there is sufficient taxable profit against which they can be used.

2.14. TANGIBLE ASSETS

Property, plant and equipment for own use

They include the amount of property, land, furniture, vehicles, IT equipment and other facilities owned or acquired under a lease, as well as assets leased out under an operating lease.

Property and equipment for own use includes assets held by the Entity for present or future use for administrative purposes or for the production or supply of goods that are expected to be used over more than one financial period.

Investment property

It reflects the carrying amounts of land, buildings and other constructions —including those received by the Bank for the total or partial settlement of financial assets that represent collection rights vis-à-vis third parties— owned to obtain rental income or gains through sale.

Tangible assets are generally stated at acquisition cost less accumulated depreciation and any impairment losses determined by comparing the carrying amount of each item to its recoverable amount.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets less their net carrying value. Land is not depreciated since it is considered to have an indefinite life.

The depreciation charge is recognised with a balancing entry under “Depreciation and amortisation” in the statement of profit or loss and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets.

Useful life of tangible assets

(Years)

	Estimated useful life
Constructions	
Buildings	16 - 50
Installations	8 - 25
Furniture and fixtures	4 - 50
Electronic equipment	3 - 8
Other	7 - 14

At the end of each reporting period, the Entity assesses tangible assets for any indications that their net value exceeds their recoverable amount, understood as the higher of the fair value less costs to sell and the value in use.

Any impairment loss determined is recognised with a charge to “Impairment/(reversal) of impairment on non-financial assets – Tangible assets” in the statement of profit or loss and a reduction to the carrying amount of the asset to its recoverable amount. After the recognition of an impairment loss, the depreciation charges for the asset in future periods are adjusted in proportion to its revised carrying amount and remaining useful life.

Similarly, when there are indications of a recovery in the value of the assets, a reversal of the impairment loss recorded in prior periods is recognised and the depreciation charge for the asset in future periods is adjusted. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

Likewise, the estimated useful lives of tangible assets are reviewed each year or whenever indications are noted which make it advisable to do so and, where appropriate, the depreciation charges are adjusted in the statement of profit or loss of future years.

Upkeep and maintenance expenses are recognised under “Administrative expenses – Other administrative expenses” in the statement of profit or loss, when they are incurred. Similarly, operating income from investment properties is recognised under “Other operating income” in the statement of profit or loss and the related operating expenses under “Other operating expenses”.

2.15. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance acquired from third parties or developed internally.

Goodwill

Goodwill represents the payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. Goodwill is only recognised in the acquisition of a business combination for valuable consideration.

In business combinations, goodwill arises as the positive difference between:

- the consideration transferred plus, as appropriate, the fair value of any previously-held equity interest in the acquiree and the amount of minority interests; and
- the net fair value of the identifiable assets acquired less the liabilities assumed.

Goodwill is recognised in “Intangible assets – Goodwill” and is amortised over a useful life of 10 years, unless proven otherwise.

At the end of each reporting period or whenever there are indications of impairment, an estimate is made of any impairment that reduces the recoverable amount to below its recorded net cost and, where there is impairment, the goodwill is written down with a balancing entry in "Impairment/(reversal) of impairment on non-financial assets – Intangible assets" in the statement of profit or loss. Impairment losses recognised for goodwill are not reversed in a subsequent period.

Other intangible assets

This includes the amount of other identifiable intangible assets, such as assets arising in business combinations and computer software.

Intangible assets have a defined useful life, and will amortise in line with this, applying similar criteria to those adopted for amortising tangible assets. When the useful life of these assets cannot be reliably estimated, they will amortise over 10 years.

Likewise, the estimated useful lives of tangible assets are reviewed each year or whenever indications are noted which make it advisable to do so and, where appropriate, the depreciation charges are adjusted in the statement of profit or loss of future years.

Any impairment losses on assets are recognised with a balancing entry in “Impairment or reversal of impairment on non-financial assets – Intangible assets” in the statement of profit or loss. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for tangible assets.

<u>Software</u>

Software is recognised as an intangible asset when, among other requirements, it is capable of being used or sold, and it is identifiable and its ability to generate future economic benefits can be demonstrated.

Expenses incurred during the research phase are recognised directly in the statement of profit or loss for the period in which they are incurred, and cannot subsequently be capitalised.

Practically all software recognised under this chapter of the balance sheet has been developed by third parties and is amortised with a useful life of between 4 and 15 years

2.16. OTHER ASSETS AND LIABILITIES

- **Other assets**: Includes the amount of the not recorded in other items, broken down as follows:
    - <u>Insurance contracts linked to pensions</u>: includes the fair value of insurance policies to cover pension commitments that must be recorded as a separate asset because they do not meet the requirements to be considered assets related to defined benefit post-employment plans.

- Inventories: This item in the balance sheet includes non-financial assets held for sale in the ordinary course of business, that are in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services.

  Inventories are measured at the lower of cost, including borrowing costs, and net realisable value. Net realisable value is defined as the estimated selling price less the estimated costs of production and the estimated costs necessary to make the sale.

  Any write-downs to inventories or subsequent reversals of write-downs are recognised under “Impairment/(reversal) of impairment on non-financial assets – Other” in the statement of profit or loss for the year in which the write-down or reversal occurs.

  When inventories are sold, the carrying amount of those inventories is derecognised and an expense recognised in the statement of profit or loss for the period in which the related revenue is recognised.

- Remaining other assets: includes the amount of all asset accrual accounts, except those corresponding to interest, the net assets in pension plans corresponding to the difference between the value of the plan assets and the defined benefit pension plan obligations with a favourable balance for the entity, the transactions in transit between different units of the entity when it is not possible to allocate them and the amount of the remaining assets not included in other categories.

- **Other liabilities**: Includes the amount of all the liability accrual accounts, except those corresponding to interest, and the amount of the remaining liabilities not included in other categories.

2.17. ASSETS AND LIABILITIES HELD FOR SALE

Assets recognised under this heading in the balance sheet reflect the carrying amount of individual assets or disposal groups, or assets that form part of a line of business that will be disposed of (discontinued operation) whose sale is highly probable in their present condition within one year from the reporting date. Assets that will be disposed of within a year, but where disposal is delayed by events and circumstances beyond the Entity’s control, may also be classified as held for sale when there is sufficient evidence that the Entity is still committed to selling them. The carrying amount of these assets will be recovered principally through a sale transaction.

Specifically, real estate or other non-current assets received as total or partial settlement of debtors’ payment obligations in credit operations are recognised under "Non-current assets and disposal groups classified as held for sale" unless it has been decided to make continuing use of the assets.

The Entity has centralised the ownership of virtually all the real estate assets acquired or foreclosed in payment of debts in its subsidiary BuildingCenter, SAU, with a view to optimising management.

Non-current assets classified as held for sale are generally measured initially at the lower of the carrying amount of the financial assets and their fair value less costs to sell the asset to be foreclosed:

- To estimate provisions for the financial assets, the estimated fair value less the costs to sell the asset to be foreclosed are taken as the recoverable value of the guarantee when the Company’s sales experience attests to its ability to realise this asset at fair value. This recalculated carrying amount is compared with the previous carrying amount and the difference is recognised as an increase or a release of provisions as appropriate.
- To determine the fair value less the costs to sell the asset to be foreclosed, the Entity uses the market value extended in the full individual ECO appraisal at the time of foreclosure or reception. Internal valuation models are used to calculate the adjustment to be applied to this market value in order to estimate the discount on the reference price and the costs to sell. These in-house models factor in prior sales experience for similar assets in terms of price and volume.

When the fair value less costs to sell exceed the carrying amount, the Entity recognises the difference in the statement of profit or loss as an impairment reversal, up to the limit of the impairment accumulated as from the initial recognition of the foreclosed asset.

After the initial recognition, the Entity compares the carrying amount with the fair value less costs to sell, recognising any possible additional impairment in the statement of profit or loss. For this purpose, the main valuation used to estimate fair value is updated by the Entity. In line with the procedure followed in the initial recognition process, the Entity also applies an adjustment, based on the internal models, to the main valuation.

Impairment losses on an asset or disposal group are recognised under "Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations, net" in the statement of profit or loss. Gains on a non-current asset held for sale resulting from subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognised also in the statement of profit or loss item up to an amount equal to the previously recognised impairment losses.

Non-current assets held for sale are not depreciated while they are classified as held for sale.

2.18. LEASES

The means of identifying and accounting for leasing operations in which the Entity acts as lessor or lessee are set out below:

Determination if the contract constitutes or contains a lease (*)
At the beginning or upon amending the conditions of the contract

Is the asset identified in the contract? → YES → Does the party that receives the asset, have the right to control its use? → YES → It is a lease contract

Is the asset identified in the contract? → NO → It is not a lease contract
Does the party that receives the asset, have the right to control its use? → NO → It is not a lease contract

(*) The Group records each component of the agreement that constitutes a lease regardless of the rest of the components in the agreement that are not leasing components. For any contracts that have a leasing component and one or more additional leasing components, or others that are not related to leasing, the contract payment will be distributed to each leasing component on the basis of the relative price, independent of the leasing component, and on the basis of aggregate price, independent of the components that are not related to leasing.

Recording as a lessor
According to the economic fund of the transaction, regardless of its legal form

Finance leases

- Operations in which, substantially, all the risks and benefits that fall on the leased asset are transferred to the lessee.
- These are registered as financing in the section entitled "financial assets at amortised cost" of the balance sheet for the sum of the updated value of the charges receivable from the lessee during the term of the lease and any unguaranteed residual value corresponding to the lessor.
- These include fixed charges (minus the payments made to the lessee) and specific variable charges subject to an index or rate, as well as the price of exercising the call option, if there is reasonable certainty that the lessee will indeed exercise this option, and the penalties for rescission by the lessee, if the term of the lease reflects the exercise of the option to rescind.
- Financial income obtained as a lessor is registered in the statement of profit or loss under the heading "Interest income".

Operational leases

- Operations in which, substantially, all the risks and benefits that fall on the leased asset, and also its property, are maintained by the lessor.
- The cost of purchasing the leased assets is recorded in the section "Tangible assets" of the balance sheet.
- These are amortised with the same criteria as those used for the rest of own-use tangible assets.
- Income appears in the section "Other operating income" of the profit and loss account.

Recording as a lessee

Term of the contract

- The terms of the lease contracts are determined by the type of property (Store branch, rural, etc.), the existing contract clauses, which may include provisions for early renewal or cancellation, and commitments made by the Company (for example, branches subject to competition agreements).

Accounting record

Contracts with a term above 12 months or in which the underlying asset is not of a low value (set at EUR 6,000)

		At the beginning date of the contract	Subsequently
Contracts with a term above 12 months or in which the underlying asset is not of a low value (set at EUR 6,000)	Lease liabilities («Other financial liabilities»)	A lease liability is valued based on the current value of any lease payments that have not been paid by said date, using, as a discount rate, the interest rate that the lessee would have to pay to borrow - with a similar term and guarantee - the funds necessary to purchase an asset whose value is similar to that of the right-of-use asset in an similar economic climate. This rate is called "additional financing rate"*.	It is valued at amortised cost using the effective interest rate method and is re-valued (with the corresponding adjustment in the relative right-of-use asset) when there is a change in the future lease payments during renegotiation, changes to an index or rate or a new evaluation of contract options.
	Asset for right of use ("Tangible assets - land and buildings")	The asset is measured at cost and includes the amount of the initial valuation of the lease liability, the payments made on or before the start date and the initial direct costs, dismantling costs or restoring costs when there is obligation to bear the same.	It is amortised on a straight-line basis and is subject to any loss due to depreciation, where applicable, in accordance with the procedure established for the rest of the tangible and intangible assets. In particular, right-of-use assets are included within the banking CGU impairment test together with the corresponding lease liabilities.
Rest of contracts		Lease liabilities are recorded as operating leases	

(*) The additional financing rate has been calculated, taking the issued debt instruments - mortgage bonds and senior debt - as a reference, which are weighted according to the issue capacity of each one. The Group uses a specific rate according to the term of the operation and the business (Spain or Portugal) where the agreements are formalised.

Sale transactions with subsequent leasing

- When acting as seller-lessee:
  - If control of the asset is not retained:
    - It derecognises the sold asset.
    - It values the right-of-use asset derived from the subsequent lease at an amount equal to the part of the prior carrying amount of the leased asset corresponding to the proportion represented by the right of use withheld by the bank from the value of the sold asset.
    - A lease liability is recognised.
  - If control of the asset is not retained:
    - It does not derecognise the sold asset.
    - It recognises a financial liability for the amount of the received payment.
- The results generated in the operation are recognised immediately in the statement of profit or loss if it is determined that a sale has taken place (only for the amount of the profit or loss in relation to transferred rights of the asset), in such a way that the buyer-lessor acquires control of the asset.
- There is a procedure for monitoring the transaction prospectively, paying special attention to changes in market office rental prices compared to the contractual rents and the condition of the assets sold

2.19. CONTINGENT ASSETS

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in financial statements, except where an inflow of economic benefits is practically certain. If there is a probable inflow of economic benefits, the group discloses the contingent asset.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.20. PROVISIONS AND CONTINGENT LIABILITIES

Provisions cover present obligations at the date of preparation of the financial statements arising from past events which could give rise to a loss considered likely to occur. They are certain as to its nature but uncertain as to its amount and/or timing.

The financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liability side of the balance sheet in accordance with the obligations covered.

Provisions, which are quantified based on the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each reporting period, are used for specific expenditures for which the provision was originally recognised. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

The tax contingency policy is to set aside provisions for the possible tax expense and late-payment interest arising from the income tax assessments initiated by the tax authorities for the main applicable taxes, irrespective of whether an appeal has been lodged. Meanwhile, provisions are made for legal suits, in those instances where there is over a 50% probability of losing the case.

When there are present obligations but they are not likely to give rise to an outflow of resources, they are recorded as contingent liabilities. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes more probable than not that an outflow of future economic benefits will be required, a provision is recognised in the balance sheet.

Provisions are recognised under "Provisions" on the liability side of the balance sheet in accordance with the obligations covered. Contingent liabilities are recognised under memorandum items in the balance sheet.

2.21. TREASURY SHARES

Own equity instruments are recorded at acquisition cost as a reduction of equity under “Shareholders’ equity - Treasury shares” in the balance sheet. Gains or losses that may arise as a result of subsequent disposal or redemption are recognised directly in equity, without any gain or loss being recognised.

2.22. STATEMENT OF CHANGES IN EQUITY. PART A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

This statement presents the income and expense recognised as a result of the Entity's activity in the period, with a distinction between those taken to profit or loss in the statement of profit or loss and other income and expense recognised directly in equity.

2.23. STATEMENT OF CHANGES IN EQUITY. PART B) STATEMENT OF TOTAL CHANGES IN EQUITY

This statement shows all changes in the Entity's equity, including those resulting from changes in accounting policies and corrections of errors. This statement presents a reconciliation between the carrying amount of each component of equity at the beginning and the end of the period, grouping movements by nature under the following headings:

- Adjustments due to accounting policy changes and error corrections: includes changes in equity as a result of the retrospective restatement of financial statement balances on account of changes in accounting policies or for correction of errors.
- Total comprehensive income: represents the aggregate of all items recognised in the statement of changes in equity part A) Comprehensive income, outlined above.
- Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

Particularly, the headings 'Accumulated gains' and 'Other reserves' contain:

- The shareholder equity heading, 'Accumulated gains', includes, at year-end, undistributed gains from the appropriation of the Entity's profit/loss, and income coming from the sale of investments classified in 'Financial assets at fair value with changes in other comprehensive income — Equity instruments', among others.
- The shareholder equity heading, 'Other reserves', includes, at year-end, the implications of the 1st application of accounting regulations, the remuneration of issuances with certain characteristics, and gains/losses derived from operations with own shares, among others.

2.24. STATEMENTS OF CASH FLOWS

The following terms are used in the presentation of the statement of cash flows:

- Cash and equivalents: cash balances at central banks and other demand deposits: This includes coins and notes held by the Entity and balances receivable on demand deposited with central banks and credit institutions.
- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the indirect method is used to present cash flows from operating activities, which are the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition, sale or other disposal of long-term assets, such as equity investments and strategic investments, and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that do not form part of operating activities, such as subordinated financial liabilities. The issues placed on the institutional market are classified as financing activities, whereas the issues placed on the retail market among our customers are classified as operating activities.

3. RISK MANAGEMENT

3.1 ENVIRONMENT AND RISK FACTORS

From the Entity's perspective, the following factors from 2023 stand out for having a significant impact on risk management, both due to their occurrence throughout the year and their long-term implications:

- **Macroeconomic environment**
  - **Global economy**

The performance of the international in 2023 was characterised by three major dynamics. Firstly, economic activity slowed less than feared at the close of 2022, underpinned by robust labour markets, the easing of the energy crisis, a remarkable resilience of economic confidence, and tailwinds such as the normalisation of bottlenecks in the wake of the pandemic, the lifting of restrictions in China and the definitive post-pandemic revival of services. Secondly, inflation fell steadily in all major international economies. However, the drop was much sharper in the headline price index, due to the correction in energy inflation, while underlying price pressures eased more moderately. In that context, and as the third major dynamic of the year, the major central banks continued the process of tightening financial conditions that began in 2022. In the first stretch of 2023 they continued to hike interest rates until they reached levels considered sufficiently restrictive. And in a second phase, having reached the peak in rates, they halted the increases, but stepped up their intention to sustain these restrictive levels for a prolonged period of time until inflation was on a path towards the central banks' target. The Federal Reserve (Fed) rate, with a cumulative rise of 100 b.p. in the year, peaked at 5.25%-5.50%, and the European Central Bank (ECB) rate, with a rise of 200 b.p., reached 4.00% for the deposit facility rate (depo) and 4.50% for the refinancing operations rate (refi), all in a year in which inflation ended close to 3% in both regions, down substantially from previous highs, but well above the 2% target.

Overall economic activity is estimated to have grown by slightly less than 3% in 2023 as a whole, although progressively declining over the year and with uneven performance across regions. While the eurozone's economic activity was marked by a marked sluggishness and, in China, the initial reactivation gradually gave way to indicators that were below expectations and which added to the persistent difficulties in the real estate sector, the U S economy showed remarkable resilience, particularly underpinned by consumption.

In such an environment of tight monetary conditions and weak external demand, the world's major economies can be expected to display subdued dynamism in the early part of 2024. However, the scenario is bolstered by the robustness of the labour market. Thus, after a few quarters of relative stagnation, a gradual recovery is expected over the course of 2024, boosted by a rebound in household purchasing power and less headwinds, such as the correction of the overstocking of inventories that has weighed on industry.

  - **Eurozone**

The eurozone economy was markedly weaker in 2023, suffering from the impact of monetary tightening and the loss of competitiveness of the most energy-intensive industries. After the first half of the year, with a paltry 0.1% quarter-on-quarter GDP growth, GDP fell by 0.1% in the third quarter and stalled in the last quarter. A sustained rebound in economic activity is not expected until well into 2024. Activity was negatively affected by a declining industrial sector in recession since the outbreak of the war in Ukraine in February 2022, while the services sector lost steam and could no longer sustain the growth of the economy as a whole on its own. With regard to the energy crisis triggered by the outbreak of war in Ukraine in 2022, the worst-case scenarios suggesting supply security risks did not materialise and gas prices recorded a sharp correction, albeit still at levels almost twice as high as before the war broke out in Ukraine.

In this context, the outlook for 2024 has been considerably weakened, and we expect to see a GDP growth in the Eurozone similar to 2023 (0,5%). a result conditioned by Germany's struggles to overcome the recession in 2023; and the lack of steam in both France and Italy (both expected to grow by less than 1.0%). The bright side is that the labour market continued to generate employment, albeit at a slower pace, which, together with the savings accumulated by households, gives us confidence that consumption will once again underpin the economy once household purchasing power recovers more sharply.

- **Spain**

  In 2023 the Spanish economy showed remarkable resilience to a highly adverse environment, marked by the impact of high inflation and rising interest rates, as well as the weakness of our main trading partners. In these circumstances, GDP growth moderated to 2.5%, a much faster pace than the major eurozone economies, on the back of the good pace of job creation and the boost from the tourism sector, which recovered pre-pandemic levels.

  One of the strongest factors behind the economy's resilience was the strength of the labour market, which saw an increase of more than half a million workers affiliated to the Social Security system at year-end, which boosted the recovery in household income and helped to contain the climate of confidence, allowing household consumption to take over from external demand as the driving force behind growth. However, the Spanish economy's growth rate slowed over the course of the year as it began to feel the effects of monetary tightening and the loss of strength in external demand.

  Inflation recorded a sharp correction during the year, down to 3.1% in December from 5.7% at the end of 2022, due to the lower contribution of energy and food and as the pass-through of indirect effects to the rest of the basket of goods and services was completed, in an environment in which no significant second round effects were unleashed.

  For 2024, we anticipate a GDP growth of 1.4%. However, based on the latest growth data in Q4 2023, coupled with a scenario of lower inflation and lower interest rates, this could lead to growth of close to 2.0% in 2024.

- **Regulatory environment**

The regulatory outline on which the Group's business model lies is crucial to its development, whether in terms of methodological or management processes. Thus, regulatory analysis represents a key point in the Group's agenda.

Proposed legislative and regulatory changes, along with new legislation and regulation passed in 2023, include:

- **Sustainable finance and environmental, social and governance (ESG) factors:**
  - European Banking Authority (EBA) consultation on remuneration benchmarking/gender gap.
  - The European Securities and Markets Authority (ESMA) consultation on the draft Guidelines on fund names using ESG or sustainability-related terms.
  - Consultation of the Spanish Government regarding the Preliminary Draft Organic Law on Parity in Decision-Making Bodies.
  - Consultation of the European Commission regarding the proposed Delegated Regulation on the 4 remaining objectives and amendment of the Climate Taxonomy Regulation.
  - Consultation of the Spanish Treasury regarding the draft Royal Decree on the content of the reports on the estimation of the financial impact of the risks associated with climate change for financial institutions, listed companies and other large corporations.
  - Consultation of the Spanish Ministry of Economy, Trade and Enterprise on the draft bill transposing the Corporate Sustainability Reporting Directive (CSRD) through a preliminary draft law regulating the framework for corporate reporting on environmental, social and governance issues.
  - Commission consultation on the Delegated Regulation on the first set of European Sustainability Reporting Standards (ESRS).
  - European Commission proposal and consultation on the proposed Regulation on ESG ratings.
  - EBA consultation on draft templates for the collection by climate data banks.
  - European Commission consultation on the implementation of the Sustainable Finance Disclosure Regulation (SFDR).
  - Consultation of the European Commission on the potential amendment of the Taxonomy (modification of activities or addition of new activities).

- Publication of Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European green bonds and optional disclosures for bonds marketed as environmentally sustainable bonds and for sustainability-linked bonds.

- **Pillar 3 regulation:**
  - EBA publication of standards for supervisors assessing new internal market risk models.
  - Publication of implementing technical standards (ITS) on the introduction of the reporting of the new interest rate risk arising from non-trading book activities (IRRBB).
  - EBA publication of guidance on full resilience in the recovery plan.
  - EBA update of the definition of material decline in net interest income relating to interest rate risk in the banking book.
  - ECB publication of a series of best practices on governance and management of counterparty credit risk.
  - ECB publication of the common methodology for developing the Supervisory Review and Evaluation Process (SREP) for credit risk.
  - European Commission consultation on the reform of the Crisis Management and Deposit Insurance (CMDI) framework.
  - EBA consultation on amendments to the implementing technical standards on disclosure and reporting.
  - EBA consultation on technical standards for identifying exceptional circumstances for derogating from certain market risk requirements;
  - EBA consultation on guidance on criteria for simple, transparent and standardised (STS) securitisations.
  - EBA consultation on the approach to the new presentation of historical data in its reporting framework.
  - EBA consultation on amendments to the Fundamental Review of the Trading Book (FRTB) reporting.
  - EBA consultation on guidelines on resolvability testing.
  - Political agreement reached regarding the legislative proposal for implementing the final Basel III reforms (Capital Requirements Regulation - CRR III and Capital Requirements Directive - CRD VI).
  - Regulation 2023/1114 on crypto-asset markets and amending Regulations 1093/2010 and 1095/2010 and Directives 2013/36 and 2019/1937.
  - Commission Implementing Regulation (EU) 2023/2083 of 26 September 2023 laying down implementing technical standards as regards templates to be used by credit institutions to provide purchasers with information on their credit exposures in the banking book.
  - Bank of Spain Circular 2/2023 amending Circular 1/2013 on the Central Credit Register (CCR).
  - Bank of Spain Public Consultation on the development of new macroprudential tools introduced by Royal Decree-Law 22/2018.

- **Digital regulation and payments:**
  - EU Regulation 2022/2554 of the European Parliament and of the Council of 14 December 2022 on the digital operational resilience of the financial sector (DORA) and ESAs' public consultations on the technical implementing regulation.
  - EU Regulation 2023/2854 of the European Parliament and of the Council of 13 December 2023 on harmonised rules for fair access to and use of data (Data Regulation).
  - European Commission proposed Regulation on Cyber Resilience, with the aim of guaranteeing that digital products are more secure for consumers throughout the EU.

- Proposal for Regulation of the European Parliament and of the Council on the introduction of the digital euro.
- Proposal for Regulation of the European Parliament and of the Council on the provision of digital euro services by payment service providers incorporated in Member States whose currency is not the euro and amending Regulation (EU) 2021/1230 of the European Parliament and of the Council.
- Proposal for Regulation of the European Parliament and of the Council on the legal tender status of euro banknotes and coins.
- Proposal for Regulation of the European Parliament and of the Council on a framework for access to financial data and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) No 2022/2554.
- Proposal for Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010.
- Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the internal market, amending Directive 98/26/EC and repealing Directives (EU) 2015/2366 and 2009/110/EC.
- European Commission consultation on an initiative on virtual worlds (metaverses) and Web 4.0.
- European Commission consultation on the proposal for a Regulation on Cyber Solidarity.
- Public consultations of the ESAs on the technical regulation implementing Regulation (EU) 2023/1114 of 31 May 2023 on crypto-asset markets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.
- Royal Decree 817/2023 of 8 November laying down a controlled test environment for testing compliance with the proposal for a Regulation of the European Parliament and of the Council establishing harmonised rules in the field of artificial intelligence.

- **Retail and markets**:
  - Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC.
  - Directive (EU) 2023/2673 of the European Parliament and of the Council of 22 November 2023 amending Directive 2011/83/EU as regards distance contracts for financial services and repealing Directive 2002/65/EC.
  - European Commission proposal and public consultation on the Retail Investment Strategy. The initiative comprises a proposal for an Omnibus Directive, amending the principal rules on marketing of financial instruments and insurance (MiFID, IDD, Solvency II, UCITS, AIFMD) and a proposal for a revision of the PRIIPs Regulation.
  - EU Delegated Commission Regulation 2023/2222 of 14 July 2023 extending the transitional period for third country benchmarks provided for in Article 51(5) of Regulation (EU) 2016/1011 of the European Parliament and of the Council (BMR Regulation).
  - Guidelines on product governance requirements under MiFID II.
  - ESMA Guidelines on certain aspects of MiFID II suitability requirements.
  - Spanish Law 38/2022 of 27 December, establishing temporary energy levies on credit institutions and financial lending establishments and creating the temporary solidarity tax on large fortunes, and amending certain tax rules.
  - Law 2/2023: of 20 February, regulating the protection of persons who report regulatory infringements and the fight to combat corruption.
  - Law 6/2023 of 17 March on Securities Markets and Investment Services.
  - Law 11/2023, of 8 May, on the transposition of European Union Directives on the accessibility of certain products and services, migration of highly qualified persons, taxation and digitalisation of

notarial and registry procedures; and amending Law 12/2011, of 27 May, on civil liability for nuclear damage or damage caused by radioactive materials.

- Law 12/2023 of 24 May on the right to housing.
- Law 13/2023 of 24 May amending Law 58/2003 of 17 December 2003 on General Taxation, transposing Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation, and other tax legislation.
- Royal Decree Law 5/2023 of 28 June adopting and extending specific actions to respond to the economic and social consequences of the war in Ukraine, to support the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union Directives on structural modifications of commercial companies and reconciliation of family and professional life for parents and carers; and on the implementation and enforcement of European Union law.
- Royal Decree 193/2023, of 21 March, regulating the basic conditions of accessibility and non-discrimination for people with disabilities for access to and use of goods and services available to the public.
- Royal Decree 1180/2023 of 27 December amending Royal Decree 948/2011 of 3 August on investor compensation schemes and Regulations implementing Law 35/2003 of 4 November on Collective Investment Undertakings, approved by Royal Decree 1082/2012 of 13 July.
- Code of Best Practices for institutional investors, asset managers and proxy advisors regarding their duties in respect of assets vested or services provided ("Investor Code of Best Practices").
- CNMV Technical Guide 1/2023 on enhancing the transparency of CIUs with a specific return target and fixed income CIUs with a buy-and-hold strategy.

- **Anti-money laundering and countering the financing of terrorism** (AML/CFT)**:**
  - EBA consultation on guidelines for dealing with de-risking.
  - EBA consultation on guidelines on AML/CFT risk-based supervision.
  - Financial Action Task Force (FATF) consultation on Recommendation 8 on non-profit organisations with regard to money laundering and terrorist financing.
  - EBA publication of its expanded AML/CFT supervisory guidance for AML/CFT supervisors of crypto-asset service providers (CASPs).
  - Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.
  - Royal Decree 609/2023 of 11 July creating the Central Registry of Royal Titles and approving its Regulations.

- **Strategic events**

"Strategic events" are the most relevant events that could have a significant impact on the Entity in the medium term. Only events that are not yet materialised and do not form part of the Corporate Risk Catalogue but to which the Entity's strategy is exposed are considered, even if the severity of their impact 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.

The most relevant strategic events currently identified are detailed here, with a view to better anticipate and manage their effects:

- **Shocks stemming from the geopolitical and macroeconomic environment**

Significant and persistent impairment of macroeconomic perspectives, and increase of risk aversion in financial markets. For example, this could be the result of: escalation of war in Ukraine, the Middle East, or the outbreak of other conflicts, prolongation and intensification of inflationary tensions, longer than expected interest rate hikes, other global geopolitical *shocks*, domestic political factors (e.g. territorial tensions, populist governments and social protests), a strong resurgence of the pandemic, and renewed tensions within the eurozone that would rekindle risks of fragmentation. Possible consequences: rise of the country risk premium (cost of financing), pressure on costs (due to inflation), reduction of business volume, a worsening of credit quality, deposit withdrawals, material damages to offices or impeded access to corporate centres (due to protests or sabotage due to social unrest).

Mitigating factors: the Group understands that such risks are sufficiently managed by its levels of provisions, solvency and liquidity, validated by compliance with both external and internal stress exercises, and reported in the annual internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP, respectively).

- **New competitors and application of new technologies**

There is an expectation that the competition of newcomers will moderately increase, such as fintech companies (e. g. digital banks), as well as big tech companies and other players with disruptive proposals or technologies due to reduced investment and difficulties in accessing capital. This could lead to intense disaggregation and the disintermediation of part of the value chain, which in turn could lead to an impact on margins and cross-selling, given that we would be competing with more agile, flexible companies with generally low-cost proposals for the consumer. All of this could be exacerbated if the regulatory requirements applicable to these new competitors and services were not the same as those in place at present for credit institutions.

Nevertheless, the new interest rate environment has squeezed investment in fintech firms and put a greater focus on their profitability, shrinking the ability of many fintech firms to pursue aggressive growth strategies. Furthermore, this new context is putting the BNPL (Buy Now Pay Later) business model to the test by raising funding costs, which are putting pressure on the profits of these companies. However, the interest rate hikes also foster the emergence of commercial deposit-taking offers by digital banks with a banking licence, which could help them to broaden their customer base. As for bigtech firms, they continue to expand their positioning in parts of the value chain of financial institutions in other jurisdictions.

Alongside the developments of new entrants, there are also initiatives driven by regulatory authorities that could facilitate the entry of other players into the financial business. One such initiative is the launch of a digital euro, which, pending a specific design, could allow non-bank players to intermediate the management of digital euro portfolios. Other examples are the PSD3 and Open Finance legislative proposals that will make it possible to share financial data with third parties.

With regard to new technologies, it is worth highlighting recent advances in generative artificial intelligence, a technology that can drive competitor growth, cost reduction and new ways of engaging with customers. Its degree of application can lead to competitive advantages or disadvantages.

Mitigating factors: the Group considers new entrants to be low risk as they are not only a potential threat but also an opportunity for collaboration, learning and stimulus to meet the objectives of digitalisation and business transformation established in the Strategic Plan. For this reason, the Group periodically monitors the evolution of the main newcomers and the big tech movements within the industry. Furthermore, an internal *sandbox* space has been in place since 2020 to technically analyse —in a streamlined and secure way— the solutions of certain *fintech* companies with which there are partnership opportunities.

The Group also has *Imagin* as a first-rate value proposal that it will continue to leverage. Regarding competition from *big techs*, the Group is committed to improving the customer experience with the added value of the Group's social sensitivity (*bits and trust*), as well as exploring possible collaborative approaches (*open banking*) and entering into agreements in certain cases (e. g. *Apple, PayPal*).

With regard to the use of generative artificial intelligence, CaixaBank has already set up a task force to look into different applications.

- **Cybercrime and data protection**

Cybercrime evolves criminal schemes to try to profit from different types of attacks. In this regard, the dissemination of new technologies and services that the Entity makes available to customers entails easier access to cybercrime, and thus makes their criminal operations more sophisticated. This constant evolution of criminal vectors and techniques puts pressure on the Group to constantly reassess the model for preventing, managing and responding to cyberattacks and fraud in order to be able to respond effectively to emerging risks. An example of this is the adoption of generative artificial intelligence by cybercriminals in order to be more efficient and effective when constructing and executing their attacks and fraud attempts, to which the Group is responding with new security capabilities and strategies.

The constant campaigns to impersonate different companies and official bodies have made it possible for cybercriminals to materialise certain cybersecurity events in many organisations. In parallel, regulators and supervisors in the financial field have escalated the priority of this field. More specifically, the ECB has announced that a cybersecurity resilience exercise will be conducted in 2024. Taking into account the global context, existing threats regarding cybersecurity and recent attacks received by other organisations, these events on the Group's digital environment could pose serious impacts of a different kind, notably including mass data corruption, the unavailability of critical services (e. g. ransomware), attacks on the supply chain, the leaking of confidential information or fraud on digital service channels. Should these impacts directly related to banking operations occur, they could entail significant sanctions by the competent organisations and potential reputational damage for the Entity.

Mitigating factors: the Group is also well aware of the importance and extent of the existing threat at this time, and thus it constantly reviews the technological environment and applications relating to the integrity and confidentiality of information, in addition to systems availability and business continuity, through planned reviews and ongoing auditing by monitoring the risk indicators defined. Additionally, the Group keeps security protocols and mechanisms up to date in order to adapt them to the threats of the current context (e.g. generative artificial intelligence), continually monitoring emerging risks. The evolution of security protocols and measures are included in the strategic information security plan, aligned with the Entity's strategic objectives, in order to remain at the forefront of information protection, and in accordance with the best market standards.

- **Changes to the legal, regulatory or supervisory framework**

The risk of increased pressure from the legal, regulatory or supervisory environment is one of the risks identified in the risk self-assessment that could entail a higher impact in the short-medium term. Specifically, we have observed a need to continue to uphold constant monitoring of new regulatory proposals and their implementation, given the high activity of legislators and regulators in the financial sector.

Legislative initiatives in the European legislative pipeline include the revision of Basel III, the reform of the bank crisis management and deposit insurance (CMDI) framework and the money laundering regulatory framework. As regards ESG aspects, of particular note are more stringent reporting requirements (e. g. the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) and the increased supervisory pressure in managing these risks (e. g. the ECB's supervisory review of institutions' practices in managing environmental risks). These are in addition to the proposed digital euro and European digital identity regulations and legislative proposals on financial data sharing with third parties (e. g. PSD3, Open Finance).

Mitigating factors: The regulations that affect the Group are controlled and monitored, with the support of an external provider to carry out a double control of said regulations. The *Regulatory Implementation Management* team carries out the centralised control of effective regulatory implementation in the Group's companies. Regulatory implementation processes are submitted to each of the relevant internal committees (e.g. to the Transparency Committee for the adaptation of the new regulation on contracts, rules, policies and internal procedures). The status and evolution of the implementation is reported to the Risk Committee on a regular basis. Furthermore, given the increase in legislative activity, relations with the authorities has been intensified in order to anticipate possible new legislative initiatives and, in turn, to be able to represent and convey CaixaBank's interests to the authorities in an efficient manner.

- **Extreme events and high impact operational incidents**

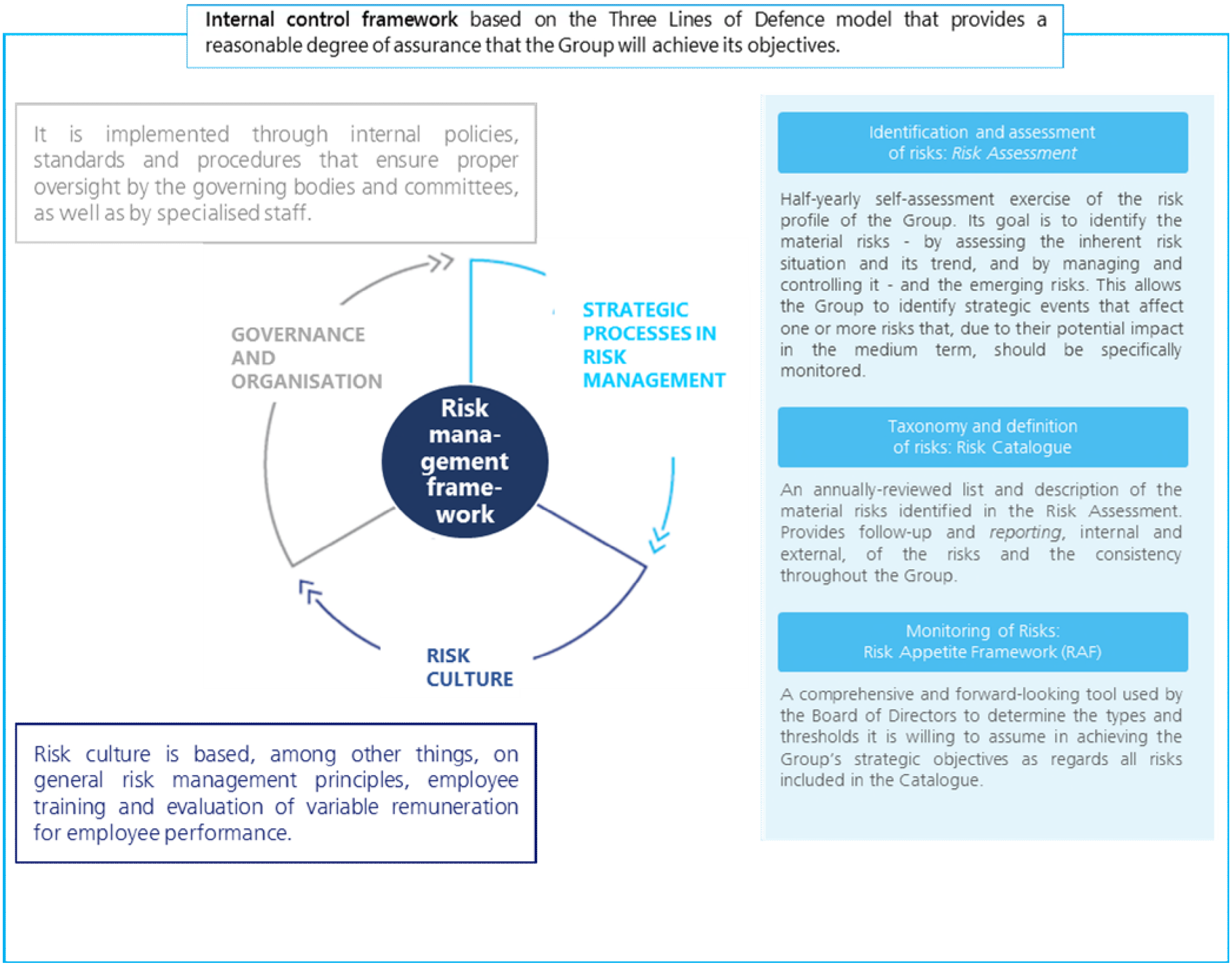
It is not known what the exact impact of extreme events will be, such as future pandemics or environmental events, for each of the risks of the Catalogue, which will depend on uncertain future events and developments, including actions to contain or treat the event and curb its impact on the economies of affected countries. Taking COVID-19 as a reference, there may be high volatility in the financial markets, with significant crashes. Furthermore, macroeconomic perspectives may get significantly worse and with notable volatility in the prospective scenarios.

Mitigating factors: capacity for effective implementation of management initiatives to mitigate the effect on the risk profile caused by the deterioration of the economic environment in case of an extreme operational event, as is the specific case of COVID-19.

3.2 RISK GOVERNANCE, MANAGEMENT AND CONTROL

CaixaBank aims to maintain a medium-low risk profile, a comfortable level of capital, and ample liquidity measures in line with its business model and the risk appetite established by the Board of Directors.

As part of the internal control framework and in accordance with the Corporate Global Risk Management Policy, the Entity has a risk management framework that enables it to make informed risk-taking decisions consistent with the target risk profile and level of appetite approved by the Board of Directors. This framework comprises the elements described below:



3.2.1. Internal control framework

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

- The suitable identification, measurement and mitigation of risks that the Entity is or could be exposed to.
- The existence of comprehensive, pertinent, reliable and relevant financial and non-financial information
- The adoption of solid administrative and accounting procedures

- The compliance with regulations and requirements in terms of supervision, codes of ethics and internal policies, processes and standards

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

The guidelines of the Entity's internal control framework are included in the Internal Corporate Control Policy and are structured on the "three lines of defence model".

First line of defence

Comprises the business lines and units, together with the areas providing support, that give rise to the Entity's exposure to risks in the course of business. They assume risks taking into account the Entity's risk appetite, the authorised risk limits and the policies and procedures in force, and they are responsible for managing these risks. They are therefore responsible for developing and maintaining effective controls over their businesses, and for identifying, managing, measuring, controlling, mitigating and reporting the main risks that arise throughout their activity.

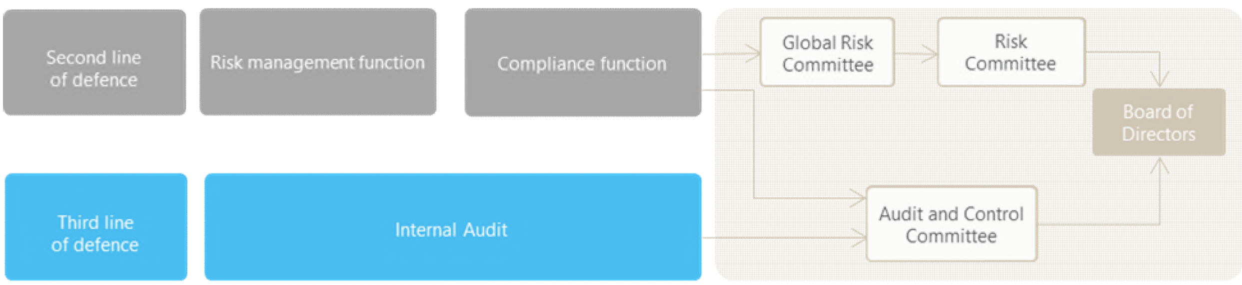
The business lines and support departments integrate control in their daily activities as a basic element that reflects the Entity's risk culture.

These functions may be embedded in the business units and support areas. However, when required due to the level of complexity or intensity, specific specialist control units are set up to ensure that the risks are handled in an effective manner.

Second line of defence

It comprises the risk management and compliance functions. They in charge, inter alia, of:

- Preparing risk management and control policies aligned with the Risk Appetite Framework (RAF) in coordination with the first line of defence, assessing their subsequent fulfilment.
- Identifying, measuring and monitoring risks (including emerging risks), contributing to the definition and implementation of risk, process risk and control indicators.
- Regular monitoring of the effectiveness of first line of defence indicators and controls, as well as second line of defence indicators and controls.
- Following up control weaknesses that are identified, as well as establishing and implementing Action Plans.
- Issuing an opinion on the suitability of the risk control environment.



The activities of the second line of defence, in the same way as i) the identified weaknesses, ii) the monitoring of action plans and iii) the opinion on the adequacy of the control environment in the Entity, 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 assumption limits, measuring, monitoring, managing and reporting on the risks within its scope of responsibility, i) it ensures that all risks to which the Group is, or may be, exposed are identified, assessed, monitored and controlled adequately; ii) it provides the Governing Bodies with an aggregated vision of all the risks to which the Group is, or may be, exposed, including an aggregated view of the operational control environment of the risk processes; iii) it monitors the risk generating activities, assessing their alignment with the approved risk tolerance and ensuring the prospective planning of the corresponding capital and liquidity needs in normal and adverse circumstances; iv) it monitors compliance with the risk appetite limits approved by the Board of Directors, and v) validates and controls the appropriate functionality and governance of the risk models, verifying their suitability in accordance with the regulatory uses.

At CaixaBank, the risk management function is carried out by the Corporate Risk Management Function & Planning and Compliance, Control and Public Affairs divisions.

The responsibilities of the Corporate Risk Management Function & Planning directorate include the corporate coordination of the risk management function in CaixaBank Group; the direct exercise of the functions of second line of defence for risks of a financial nature, as well as being responsible for determining the general risk management framework and other common aspects for financial and non-financial risks, and the cross-cutting coordination of the risk management of the various Group companies. The Corporate Risk Management Function & Planning Director is responsible for CaixaBank Group's risk management function and, therefore, complies with the compliance of the supervisor's requirements in this matter and performs the functions allocated to this position by the applicable regulations.

Furthermore, the Directorate of Compliance, Control and Public Affairs directly exercises the second line of defence functions for non-financial risks; the cross-cutting function of promotion, coordination and governance of the operational internal control activity in all the Entity's risks, the reliability of information and model validation.

- **Compliance function**

The mission of the compliance function is to identify, evaluate, supervise and report on the risks of sanctions or financial losses to which the Entity is exposed, as a result of the breach of or defective compliance with laws, regulations, legal or administrative requirements, codes of conduct, ethical standards or good practices, relating to the scope of action and in reference to the legal and regulatory risk and conduct and compliance risk (together "Compliance Risk"); as well as advise, inform and assist the senior management and the governance bodies in relation to regulatory compliance, promoting a culture of compliance throughout the organisation by way of training actions, information and raising awareness.

Accordingly, the mission of the compliance function is articulated through the following objectives:

- The supervision of the Compliance Risk derived from the processes and activities carried out by the Entity.
- Fostering, championing and promoting the corporate values and principles enshrined in the Code of Ethics that guide the Bank's actions.
- Promoting a culture of control and compliance with the law and with all rules and regulations in force (both external and internal) so as to help ensure that they are known and respected across the entire organisation.

The compliance function is performed by the Compliance Division, which reports to the Compliance, Control and Public Affairs Division. It is an autonomous function, and thus has sufficient initiative to undertake its duties without the need to receive specific instructions from other departments or act at their behest. The function is also corporate in nature, meaning that CaixaBank coordinates and supervises the compliance model for subsidiaries with a function and centralises the compliance function for subsidiaries without a dedicated team.

The compliance function reports on a regular basis to the Governing Bodies and supervisory bodies (Bank of Spain, Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences SEPBLAC, Treasury, CNMV and other bodies).

The management model of the compliance function has two main pillars: the compliance risk taxonomy and the three lines of defence model. The function is served by the following key elements to ensure an adequate coverage of Compliance Risk: compliance programme, annual compliance plan and monitoring of gaps (control deficiencies or breaches of regulations) identified and of the action plans to mitigate them. Furthermore, the function carries out advisory activities on the matters that fall under its responsibility, and carries out actions to foster the culture throughout the organisation (training, awareness-raising and corporate challenges.

In accordance with CaixaBank's Corporate Internal Control Policy, the compliance function is responsible for supervising the following risks from among those included in the Corporate Risk Catalogue:

- Conduct and Compliance
- Legal and regulatory

The subcategories that make up this Compliance Risk Taxonomy are subject to annual review by the Global Risk Committee.

Integrity of conduct and compliance with internal regulations by all members of the organisation are the essential pillars of the activity provided by CaixaBank. It is therefore essential to provide staff with mechanisms to help detect possible conduct that should be prevented/corrected.

In 2023 and as a result of the adaptation of Law 2/2023, CaixaBank has implemented the Internal Information System (IIS), for reporting actions or omissions that may constitute breaches of European Union Law and those that may constitute a serious or very serious criminal or administrative offence.

As a result of CaixaBank's undertaking to foster best practices, in 2023 it renewed its certifications for the ISO 37301 Standard for compliance management systems, ISO 37001 Standard for anti-bribery management systems and UNE 19601 Standard for criminal compliance management systems in particular.

Furthermore, certification processes linked to the abovementioned standards were undertaken at various Group companies.

Third line of defence

As an independent and objective function for assurance and consultation, Internal Audit will act as the third line of defence, supervising the activities of the first and second lines to provide Senior Management and Governing Bodies with a reasonable degree of security.

In order to establish and preserve the function's independence, Internal Audit Management functionally reports to the Chair of the Audit and Control Committee, without prejudice to the fact that it must report to the Chairman of the Board of Directors for the due compliance of 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:

- The effectiveness and efficiency of internal control systems in offsetting the risks associated with the Entity's activities.
- Compliance with the legislation in force, with special attention to the requirements of supervisors and the suitable application of the global management and risk appetite frameworks defined.
- Compliance with internal policies and regulations, and alignment with best practices and uses in the sector, for adequate internal governance of the Entity.
- The reliability and integrity of financial, non-financial and operational information, including the effectiveness of the Internal Control Systems on financial and non-financial reporting (SCIIF and SCIINF).

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

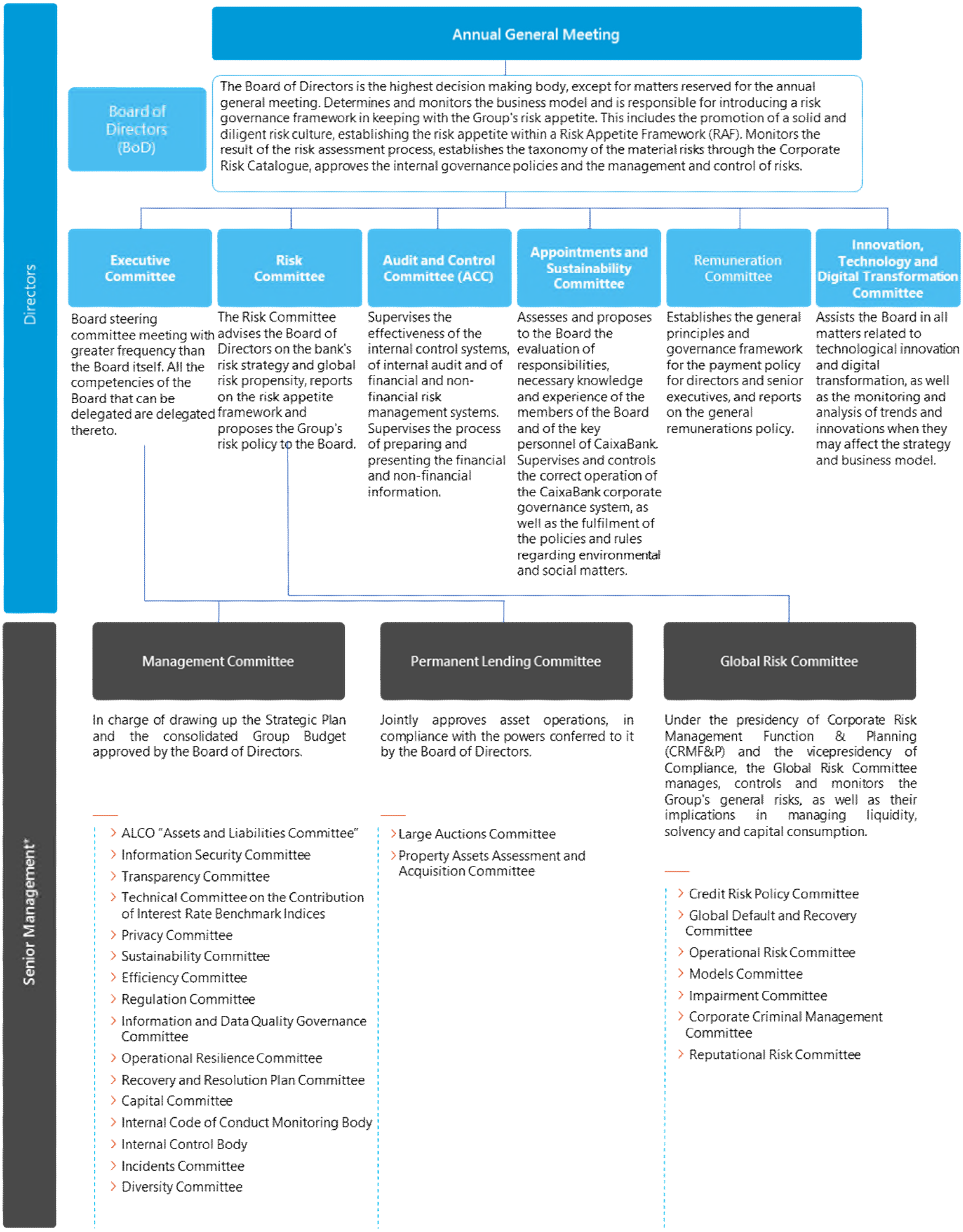
Its duties also include:

- Preparing a multi-year Strategic Internal Audit Plan aligned with that of the Entity, and preparing the multi-year Annual Audit Plan based on risk assessments, which includes regulatory requirements and tasks and projects requested by Senior Management and the Audit and Control Committee. In that regard, the 2023 Annual Audit Plan has focused on six particularly relevant fields: cybersecurity, journey to cloud (migration of technological infrastructures to IBM Cloud), ESG - greenwashing, macroeconomic scenario with rising interest rates, human capital, and monitoring of developing regulations, such as DORA (Digital Operational Resilience Act), artificial intelligence and MiCA (Markets in Crypto Assets Regulation).

- Reporting regularly on the conclusions of the work carried out and shortcomings identified to Governing Bodies, Senior Management, external auditors, supervisors and other applicable control and management areas.
- Adding value by proposing recommendations to address weaknesses detected in reviews and monitoring their implementation by the appropriate centres.

3.2.2 Governance and organisation

Below is the organisational diagram in relation to the governance of risk management:



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

3.2.3 Strategic risk management system

The goal of strategic risk management processes is to identify, measure, monitor, control and report on risks. To this end, the processes include three key elements, which are developed below: risk assessment (identification and evaluation), the risk catalogue (taxonomy and definition) and the risk appetite framework (monitoring).

The result of 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.

Identification and risk assessment

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

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

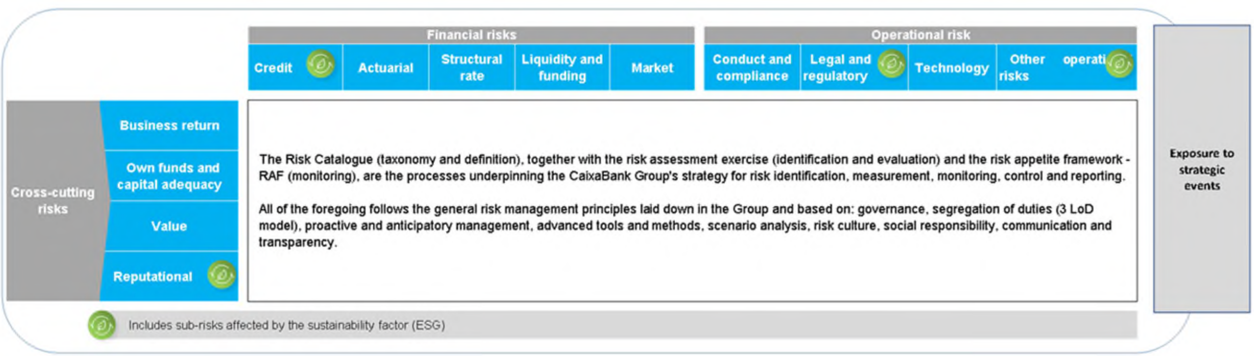
This process makes it possible to determine the status of each of the material risks identified in the Corporate Risk Catalogue and, also taking into account the internal governance assessment, to determine the Group's risk profile.

The Risk Assessment is one of the main sources for identifying the following:

- **Emerging risks:** a risk whose materiality or importance for the institution is increasing to the extent that it could be included directly in the Corporate Risk Catalogue.
- **Strategic events:** the most relevant occurrences that may result in a medium-term material impact on the Group. Only events that are not yet materialised and do not form part of the Catalogue, but which the Entity's strategy is exposed to are considered, even if the severity of their impact 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.

Corporate Risk Catalogue

The Corporate Risk Catalogue is the taxonomy of the Entity's risks. It promotes internal and external monitoring and reporting of risks and consistency across the Group and is subject to regular review at least on an annual basis. This update process also evaluates the materiality of the emerging risks previously identified in the Risk Assessment process and covers the definition of strategic events.



The definition of each risk is set out below:

Risks		Description
Transversal risks	Business profitability	Results achieved that are below market expectations or the Group's targets and that ultimately impede the Group from reaching a sustainable level of profitability that exceeds the cost of capital.
	Own funds and solvency	Restriction of the CaixaBank Group's ability to adapt its volume of own funds to the regulatory demands or to modify its risk profile.
	Model	Potential adverse consequences for the Group that could arise as a result of decisions based primarily on the outcome of internal models that are incorrectly built, applied or used.
	Reputational	Potential financial losses or reduced income for the Group, as a result of events that negatively affect the perception that stakeholders have of the CaixaBank Group.
Financial risks	Loans and advances	Loss of value of the assets of the CaixaBank Group due to a customer's impaired ability to make good on its commitments to the Group. It includes the risk generated by financial market operations (counterparty risk).
	Actuarial	Risk of a loss or adverse change to the value of the commitments assumed through insurance or pension contracts with customers or employees due to the differences between the estimate for the actuarial variables used in the tariff model and reserves and the actual performance of these.
	Structural rate	Negative impact on the economic value of the balance sheet's items or on the financial margin due to changes in the temporary structure of interest rates and its impact on asset and liability instruments and those outside of the Group's balance sheet not recorded in financial assets held for trading.
	Funding and liquidity	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.
	Market	Loss of value, impacting on performance or solvency, of a portfolio (set of assets and liabilities), due to unfavourable movements in prices or market rates.
Operational risk	Conduct and Compliance	The application of conduct criteria that run contrary to the interests of customers and stakeholders, or acts or omissions that are not compliant with the legal or regulatory framework, or with internal codes and rules, or with codes of conduct and ethical and good practice standards.
	Legal and regulatory	The potential loss or decrease in the profitability of the CaixaBank Group as a result of changes in the legislation, of the incorrect implementation of this legislation in the CaixaBank Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.
	Technology	Losses due to the unsuitability or failures of the hardware or software of technological infrastructures, due to cyberattacks or other circumstances, which can compromise the availability, integrity, accessibility and security of infrastructure and data.
	Other operational risks	Losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, risk factors related to outsourcing, operational continuity or external fraud.

They include subrisks affected by the sustainability factor (ESG)

The most relevant amendment of this year's review is:

- Model risk is now classified as a cross-cutting risk (previously considered purely operational), given that its management and materialisation is directly linked to the other risks in the catalogue. This change in the presentation of model risk has no impact on risk management or measurement.

With respect to sustainability risk (ESG), it continues to consider a transversal factor with an impact on several risks in the Catalogue (credit, reputational and other operational risks), also adding mentions of climate change and other environmental risks in the definitions of legal and regulatory risk. Liquidity and market risks are not specifically mentioned given the low level of materiality applicable to them. However, in any case it has been assessed that the stress tests conducted are of sufficient magnitude to include impacts in these areas of climatic origin.

ESG risk factors

Sustainability risks (ESGs) are classified into three categories: Environmental, Social and Governance. Environmental risks include climate risks and other non-climatic environmental risks, such as risks arising from nature (loss of biodiversity, deforestation, pollutants, etc.).

The consideration of sustainability risks (ESG) as a cross-cutting factor is also the approach adopted by the majority of financial institutions and regulators/supervisory bodies.

Climate risks in particular are highly complex to measure. Thus, the materiality analysis is focused on the qualitative assessment of the main impacts that ESG factors can have on the traditional risks, such as credit, liquidity, market, operational, reputational and business risks, in the various portfolios. Furthermore, the qualitative analyses have been complemented by quantitative analyses that have confirmed the qualitative conclusions. Nevertheless, in light of the current state of advancement of quantification methodologies and existing data, these exercises are expected to continue to evolve in order to provide increasingly refined results.

The climate risk materiality assessment is based on climate change scenarios and takes into account various time horizons. In line with supervisory expectations, CaixaBank has taken into account in its assessment the following climate scenarios laid down by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS): i) orderly transition; ii) disorderly transition and iii) hot house world. Out of the three scenarios identified, the orderly transition scenario has been selected as the base scenario for the materiality assessment, given that it is consistent with the commitments assumed by CaixaBank and is currently still the most likely scenario in the European Union framework.

In a scenario of an orderly transition, the main impacts of climate risk relate to the long term in legal persons' credit portfolios, whereas the impact on the financial risks is lower or circumstantial.

In addition, an assessment has also been carried out of the materiality of risks arising from nature. We consider that nature can impact credit risk through 5 drivers: changes in land use, use and exploitation of natural resources, climate change, pollution and invasive species At present, the Entity places particular importance on this analysis given the close relationship with climate change and the transition towards a decarbonised economy[1].

To perform this analysis, we have used a methodology similar to that used to analyse climate risks, in which a distinction is made between physical and transitional risks, related respectively to the direct impact of damage to nature and the fight to avoid it. Both kinds of risks have an impact on the main prudential risks and it is considered that the main impacts of other environmental risks are concentrated in the medium and long term in the portfolios of legal entities, alongside reputational risks.

Based on the assessment of the materiality of ESG risks in their interrelationship with traditional risks, the phased deployment of ESG risk management at CaixaBank has prioritised climate risks. In future phases, a more in-depth analysis will be conducted on nature-related risks, which are, however, already being actively managed through various levers.[2]

Risk Appetite Framework

The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk (risk appetite) it is willing to assume in order to achieve the Entity's strategic targets[3]. These objectives are formalised through qualitative statements in relation to the risk appetite, expressed by the Board of Directors, and the metrics and thresholds that allow for the development of the activity to be monitored for the different risks of the Corporate Catalogue.

To determine the thresholds, as applicable, the references taken into account are current applicable regulatory requirements, historical developments and standardised and structural approaches, and strategic objectives with a sufficient additional margin to allow for early management to prevent non-compliance.

[1] See the "Environment and climate" section of the Consolidated Management Report for more information on the transition to a decarbonised economy (*Net Zero Banking Alliance*).
[2] Please refer to the "Management of sustainability risks" section of the Consolidated Management Report for further information on climate change risks to the Group's financial position.
[3] It is worth noting that these goals are not only displayed through risk tolerance levels but the RAF also considers minimum risk appetite statements, such as the tax risk monitoring under legal risk covered in the Corporate Risk Catalogue.

Body in charge

Equivalence in Risk Catalogue	Board of Directors (advised by the Risk Committee)	Global Risk Committee	Areas that manage/ control the Risks and Human Resources
	Statements and key metrics LEVEL 1	Metrics that supplement and develop those of LEVEL 1 LEVEL 2	Management mechanisms LEVEL 3

Priority dimensions

Qualitative statements

- Maintain a medium-low (moderate) risk profile with a comfortable capital adequacy level to boost customer confidence through financial soundness.
- Be permanently in a position to meet its obligations and funding needs in a timely manner, even under adverse market conditions.
- Have a stable and diversified funding base to preserve and protect the interests of its depositors.
- Generate revenue and capital in balanced and diversified manner.
- Align business strategy and customer relations with socially responsible actions by meeting the highest ethical and governance standards and addressing potential impacts on climate change and the environment.
- Promote a risk culture embedded in management through policies, communication and staff training.
- Pursue excellence, quality and operational resilience to continue to provide financial services to customers in line with their expectations, even under adverse conditions.

Transversal risks

Equivalence in Risk Catalogue	Statements and key metrics (LEVEL 1)
Business profitability Own funds and capital adequacy Model Reputational	Cost-to-income ratios Regulatory solvency ratios Quantitative metrics on non-financial risks (i.e. reputational)

Financial risks

Equivalence in Risk Catalogue	Statements and key metrics (LEVEL 1)
Loans and advances Actuarial Structural rate Funding and liquidity Market	Calculations based on advanced models and approaches Accounting figures (cost of risk and NPL ratio) Indicators that encourage diversification (e.g. by borrower, sector) Regulatory and internal liquidity metrics that oversee the upholding of comfortable liquidity levels

Operational risk

Equivalence in Risk Catalogue	Statements and key metrics (LEVEL 1)
Conduct and Compliance Legal and regulatory Technology Other operational risks	Quantitative metrics on non-financial risks (i.e. operational) Metrics of number of complying incidents

Global Risk Committee (LEVEL 2)

- Detailed metrics deriving from the factorial decomposition of Level I metrics or from a greater breakdown. They also include more complex and specialised risk measurement parameters.

Areas that manage/control the Risks and Human Resources (LEVEL 3)

- Other "key risk indicators"
- Limits, policies and powers
- Methodologies used to measure risk and assess assets and liabilities
- Other risk management and control tools and processes

Alert System Reports

	Monthly to the Global Risk Committee				Quarterly to the Risk Committee	Half-yearly to the Board of Directors
	Appetite	Tolerance	Non-compliance	Recovery Plan		
Level 1		The Global Risk Committee foments an action plan and draws up a schedule. It reports to the Risk Committee.	Monitoring of the action plan by the Global Risk Committee and specific communication to the Risk Committee.	Governance Process of the Recovery Plan to reduce the possibility of bankruptcy.	Trend of metrics and LEVEL 1 projection. Status of non-compliance and action plans.	Trend of metrics and LEVEL 1 projection. Status of non-compliance and action plans.
Level 2	Through threshold benchmarks.					

3.2.4. Risk culture

The risk culture within the Group encompasses the conduct and attitudes towards risk and its management by employees, reflecting the values, objectives and practices shared by the entire Group, and it is integrated into management through its policies, communication and staff training.

This culture influences employees' management decisions in their day-to-day work to prevent any behaviour that could unintentionally increase risks or lead to unacceptable risks. It is based on a high level of risk awareness and risk management, a robust governance structure, open and critical dialogue across the organisation, and the absence of incentives for unwarranted risk-taking.

Thus, actions and decisions involving an assumption of risk are:

- Aligned with the Group's corporate values and basic principles of action.
- Aligned with the Group's risk appetite and risk strategy.
- Based on exhaustive knowledge of the risks involved and how to manage them, including environmental, social and governance factors.

The risk culture includes, inter alia, the following elements:

Liabilities

CaixaBank's Board of Directors is responsible for establishing and supervising the implementation of a solid and diligent risk culture in the organisation, which promotes conduct in line with risk identification and mitigation. Furthermore, they shall examine the impact of such a culture on the financial stability, risk profile and appropriate governance of the entity and make changes where necessary.

All employees must be fully aware of their responsibility towards risk management. This risk management that is not the sole responsibility of risk experts or internal control functions. The business units are primarily responsible for the day-to-day management of risks in compliance with the Entity's policies, procedures and controls and will promptly report, within or outside the bank, any cases of non-compliance identified.

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 are aware of the fundamental values and associated expectations in risk management, an essential element for maintaining a robust and coherent framework aligned with the Group's risk profile.

In this regard, the Risk Culture project, which aims 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 the dissemination of the risk culture throughout the Entity. Various actions intended to raise awareness of the risk culture among all CaixaBank employees within the framework of this project, by publication on the intranet, as well as other places, of news related to risk projects.

Throughout 2023, the risk news channel on the intranet has published items explaining the most important projects and providing generic information on risk management concepts and reporting on the activities organised for the teams or participation in various events. In 2023, upwards of 130 news items were published through this channel, generating reactions and comments. Among these projects, explanations were given of the project to transform delinquency and recoveries, the new circuits for financing micro and small enterprises and the new tool for managing admissions policies. The "virtual café" initiative was also implemented, offering thematic meetings on different aspects of risk management, including presentations imparted by the different Risk divisions. Also noteworthy among the management concepts was the "Risk wiki" initiative, which provides an informative explanation of the various acronyms and key concepts in risk management. Lastly, among the team activities in 2023, the news channel was used to sum up the monthly informative meetings held with the entire team, the sessions on the evolution of the economy and participation in external events.

The channel is also used to publish various kinds of interviews to present the members of the different teams and their functions in the area.

Furthermore, the corporate risk intranets (business and retail) comprise a dynamic environment for directly communicating key updates in the risk environment. They are notable for their content on news, institutional information, sector information, training and FAQs.

Training

Training is a key mechanism in the Group through which the risk culture is instilled, ensuring employees have the appropriate knowledge and skills to perform their duties in full awareness of their responsibility for risk-taking to achieve the Group's risk objectives. To that effect, CaixaBank provides regular training according to employees' duties and profiles, in line with the bank's business strategy to ensure they are aware of the bank's risk management policies, procedures and processes, including a review of changes in the applicable legal and regulatory frameworks.

In the area of Risks, the Entity defines the content of all training for functions supporting the Board/Senior Management covering specific matters that help high-level decision-making, as well as the rest of the organisation's functions, especially as regards branch network personnel. 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 Entity structures its training offering through its Risks 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 of the personnel. 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.

Furthermore, specialised training was provided to the Risk Acceptance teams on topics such as financial derivatives or Risk Adjusted Return (RAR) on assets. For the SME Store professionals group, courses have been offered on financial and economic balance sheet analysis criteria and their application in practical cases.

The figures for the Group's main training initiatives in the field of promoting risk culture are as follows:

Risk training and culture

Course	Title	Group trained	No. people (accum.)
Postgraduate Diploma in Banking Risk Analysis (8th retail edition and 4th business edition)	University diploma	Business network 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	600 on-going for Business (Employees certified: 2,263 in retail and 734 business)
Specialist training in risks for AgroBank branches	Speciality	Employees that make up the AgroBank branch network	2,108
Specialist training in risks for Private Banking branches	Speciality	Employees that make up the Private Banking network	684
Training in Property Credit Contract Act 5/2019	Certificate of specialisation from Pompeu Fabra University — BSM	A refresher course on the new act 5/2019 intended for employees that comprise the Retail, Business and Risk network	29,167
Training in document compliance and data quality	Internal training	Aimed at all employees to improve awareness of risk aspects such as document integrity and the quality of data entered into the systems	27,724
Basic course on economic–financial analysis	Internal training	Intended for the retail and company centre network collective, including Welcome - Company Banking, Welcome - Business Bank	500
Risk Management and Company Banking Circuits training	Internal training	A specific training course on risk policies and circuits has been developed for the group of professionals in the risk department arising from the merger with Bankia	645
Micro-enterprise welcome training	Internal training	Employees managing micro-enterprises	209
Risk-Adjusted Return (RAR)	Internal training	This training has been completed by virtually all of the business segment between 2020 and 2023	2,092

Risk training and culture

Course	Title	Group trained	No. people (accum.)
Economic Groups	Internal training	Training conducted between 2021 and 2023 aimed at company risk analysts and company managers/directors.	554
Higher course in recovery management	Higher course in recovery management - Universidad Camilo José Cela	Default team managers	479

Performance assessment and remuneration

The Group seeks to keep the motivation of its employees in line with the risk culture, and with compliance of the risk levels that the Board is prepared to take on. Thus, responsibility for risk management will be embedded, as appropriate, in the duties performed by employees, including their personal goals, performance appraisal and remuneration structures.

Along these lines, there are compensation schemes in remuneration policies that establish adjustments to the remuneration of senior executives and other groups whose activities have a significant impact on the risk profile directly linked to the annual progress of the RAF metrics and which are specified in the Annual Remunerations Report.

3.3 TRANSVERSAL RISKS

3.3.1 Business profitability risk

Business profitability risk refers to obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns that exceeds the cost of capital.

The profitability targets, based on a financial planning and monitoring process, are defined in the Group's Strategic Plan, for a three-year term, and are specified annually in the Group's budget and in the challenges for the commercial network.

The Entity has a corporate Policy for business profitability risk management. Management of this risk is founded on four visions of management:

- Group vision: the overall aggregated return at the level of CaixaBank Group.
- Businesses/Territories vision: the return from businesses/territories.
  - Financial-accounting vision: the return from different corporate businesses.
  - Commercial-management vision: the return from the management of the CaixaBank commercial network.
- Pricing vision: the return from setting prices for CaixaBank products and services.
- Project vision: the return from relevant Group projects.

The risk management strategy for business profitability is closely integrated with the capital adequacy and liquidity management strategy of the Group and is supported by the strategic risk processes (in particular, risk assessment and RAF).

3.3.2 Risk of own funds and capital adequacy

The risk of own funds and capital adequacy responds to the potential restriction of the Entity to adapt its volume of own resources to regulatory requirements or a change to its risk profile.

The Entity has set an objective of maintaining a medium-low risk profile and a comfortable level of capital to strengthen its position. Capital adequacy to cover eventual unexpected losses is measured from two different perspectives and using different methodologies: regulatory capital and economic capital.

Regulatory capital is the metric required by regulators and used by analysts and investors to compare financial institutions. It is governed by Regulation 575/2013 (CRR) and Directive 2013/36/EU of the European Parliament and of the Council (CRD 4) which incorporated the Basel III regulatory framework (BIS III) into the European Union. Whereas the CRR was directly applied in Spain, CRD 4 was transposed to Spanish law through Act 10/2014 on the arrangement, monitoring and solvency of credit institutions and its subsequent regulatory development through Royal Decree 84/2015 and Bank of Spain Circular 2/2016.

On 27 June 2019, a comprehensive package of reforms to amend the CRR and CRD 4 came into force: i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) ii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD 5). CRD5 partially incorporated Spanish legislation through Royal Decree Law 7/2021 (amending, inter alia, Act 10/2014). Similarly, Royal Decree 970/2021 amended, among others, RD 84/2015. Lastly, with the approval of Bank of Spain Circular 3/2022, amending Circular 2/2016, CRD V is fully transposed into Spanish law. Similarly, following the transposition to European legislation in 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital.

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 deductions from own funds are fully aligned with the new established requirements.

Meanwhile, the economic capital measures the internal criteria for own funds and capital requirements for all risks derived from its activity. This measure complements the regulatory vision of capital adequacy, allows for it to better offset the risk assumed by the Entity and includes risks that have not been factored in at all or only partially by the regulatory measures. In that regard, in addition to the risks referred to in Pillar I (credit, market and operational risk), it includes others also included in the Corporate Risk Catalogue, (e.g. interest rate risk in the banking book, and liquidity, business profitability and actuarial risk, etc.). This vision is used for i) the self-assessment of capital, subject to presentation and periodical review in the Entity's corresponding bodies; ii) as a control and monitoring tool; iii) risk planning and iv) calculating Risk-Adjusted Return (RAR) and Pricing. In contrast with regulatory capital, economic capital is an internal estimate which is adjusted according to the level of tolerance to risk, volume, and type of business activity.

The Group has a Corporate Policy for Own Funds and Capital Adequacy Risk that covers a broad concept of own funds, including both eligible own funds under prudential regulations and eligible instruments for hedging MREL minimum requirements, the purpose of which is to lay down the principles on which capital objectives are determined in CaixaBank Group, as well as to lay down a common set of guidelines in relation to the monitoring, control and management of own funds that allow this risk to be mitigated, among other aspects. Similarly, the main processes comprising the management and control of capital adequacy and own funds risk are as follows: i) ongoing measurement and internal and external reporting on 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). Own funds and capital adequacy risk management and control is integrated in the corporate financial planning process, which includes the projection of the Group's balance sheet, income statement, capital requirements and own funds and capital adequacy. All of this is accompanied by monitoring of the capital regulations applicable at present and over the coming years.

For further information on the risk management of own funds and capital adequacy, see Note 4 - Capital Adequacy Management.

3.3.3 Model risk

In the Corporate Policy of Model Risk Management, model risk is defined as the possible adverse consequences for the Entity that may arise from decisions founded chiefly on the results of internal models, due to errors in their construction, application or use.

In particular, the subrisks identified under model risk that are subject to management and control are as follows:

- Quality risk: potential negative impact for the Entity due to models that have a low predictive power, either due to defects in their construction or to not having been updated over time.

- Governance risk: potential negative impact for the Entity from inadequate governance of model risk (e. g. models not formalised in committees, models with no opinion from the second life of defence, models inventoried incorrectly, etc.).
- Control environment risk: the potential detrimental impact on the Entity due to weaknesses in the control environment of models, (e. g. models with expired recommendations, mitigation plans not implemented, etc.).

The general model risk strategy is based on the following pillars:

- Identification of the model risk, using the Corporate Inventory of Models as a key element to set the scope of the models. In order to manage the model risk, first the existing models must be identified, along with their qualities and how the Entity uses them. This is why the CaixaBank Group has such an Inventory, which identifies the models and uses a homogeneous taxonomy that includes, in addition to other attributes, their relevance and the assessment of their quality and the risk assumed by using them.
- Model governance, addressing key aspects including, but not limited to:
  - Identifying the most relevant phases of a model's life cycle, defining the minimum functions and standards to carry out these activities.
  - The concept of tiering-based management, in other words, the way in which the control and reporting framework of models can be modulated according to the relevance of the model, generally speaking. This attribute conditions the model's control environment, such as the type and frequency of validation, the type and frequency of monitoring, the body that must approve its use, as well as the level of internal supervision and the level of involvement of senior management.
  - Managing changes in the models from a transversal perspective, and in a proportional manner depending on the type of model, offering the different model owners the most appropriate governance in each case.
  - Laying down Internal Validation standards that guarantee the suitable application of controls for an independent unit to assess a model.
- Monitoring, using a control framework with a preemptive approach to model risk, which makes it possible to keep the risk within parameters laid down in the Entity's RAF, by regularly calculating appetite metrics and other indicators specific to model risk.

The main milestones in 2023 included developing a project to implement a new risk management tool, extending the scope of the inventory in terms of subsidiary models and incorporating new types of models, and continuing to advance in the deployment of management in significant subsidiaries, among others.

By 2024, the activity of the model risk function will be geared towards rolling out the new model risk tool in the Entity's areas, complying with the plan to expand the corporate inventory of models, which in turn is aligned with the regulatory frameworks for model risk management and with the Entity's supervisory expectations.

3.3.4 Reputational risk

Reputational risk is defined as any potential economic loss or lower revenue for the Entity as a result of events that negatively affect the perception that stakeholders have of the CaixaBank Group.

Some areas of risk identified by the Entity in which such perceptions could be impaired include, among others, the inadequate design and marketing of products, inefficient information security systems, and the need to promote ESG aspects (Environmental, Social and Corporate Governance) in the business, including climate change, talent development, work-life balance, diversity and occupational health.

The risk is monitored using internal and external selected reputational indicators from various sources of stakeholder expectations and perception analysis. The measurement indicators are weighted according to their strategic importance and are grouped in a balanced reputation scorecard that enables a Global Reputation Index (GRI) to be obtained. This metric enables the positioning to be monitored quarterly by sector and time, and the tolerated ranges and metrics to be set in the RAF.

The Entity has had a specific policy for reputational risk management based on the Company's three lines of defence model, which outlines and extends on the principles governing the management and control of this risk in the Entity. It covers the regulatory framework, general principles and strategy governing reputational risk management, governance framework, control framework and functions, as well as the reporting framework for this risk. Its scope covers all Group companies.

Specifically, the Entity's reputational risk control and management strategy envisages:

- The regular identification and assessment of reputational risks, for which there is a specific taxonomy (risk catalogue) and regular assessment and analysis processes (half-yearly risk assessment, regular analysis of perceptions, identification of crisis milestones, studies and market benchmarks).
- Management and prevention policies and procedures including, besides the creation of the abovementioned policy, the development of the reputational risk culture in all Group companies and internal procedures for reputational crisis management with detection protocols, severity scales, and actions to curtail or eliminate potential negative effects.
- Risk prevention and fostering of reputation by managing communication channels and dialogue with stakeholders, analysing business operations from this perspective, and developing communication initiatives that strengthen the visibility and recognition of corporate values among stakeholders.
- Risk monitoring and control through both internal and external indicators, such as RAF reputation metrics, control framework review, regulatory compliance, and the development of regular reputation control and measurement systems.
- Lastly, regular reporting to the governing bodies, to the Entity's senior management, as well as to the supervisors, for informed decision-making in this area.

3.4 Financial Risks

3.4.1 Credit risk

Overview

Credit risk corresponds to the loss of value of the Entity's assets with a customer, due to a deterioration in the capacity of said customer to meet its commitments to the Entity. It includes the risk generated by financial market operations (counterparty risk). It is the most significant risk relating to the Entity's financial activity, based on banking and insurance activities, treasury operations and long-term equity instruments (shareholding portfolio).

The maximum credit risk exposure of the financial instruments included under the financial instruments headings on the asset side of the balance sheet, including counterparty risk, are set out below:

Maximum exposure to credit risk
(Millions of euros)

	31-12-2023		31-12-2022	
	Maximum exposure to credit risk	Hedge	Maximum exposure to credit risk	Hedge
Cash and cash balances at central banks and other demand deposits (Note 9)	**32,499**		**14,566**	
Cash balances at central banks	31,998		14,059	
Other demand deposits	501		507	
Financial assets held for trading (Note 10)	**644**		**415**	
Equity instruments	303		233	
Debt securities	341		182	
Financial assets not designated for trading compulsorily measured at fair value through profit or loss (Note 11)	**64**		**106**	
Equity instruments	64		56	
Debt securities				
Loans and advances			50	
Financial assets at fair value with changes in other comprehensive income (Note 12)	**8,065**		**11,445**	
Equity instruments	810		807	
Debt securities	7,255		10,638	
Financial assets measured at amortised cost (Note 13)	**412,677**	**(6,088)**	**423,177**	**(6,110)**
Debt securities	72,008	(5)	72,245	(1)
Loans and advances	340,669	(6,083)	350,932	(6,109)
Central banks				
Credit institutions	12,747	(11)	13,243	(7)
Customers	327,922	(6,072)	337,689	(6,102)
Trading derivatives and hedge accounting (1)	**2,905**		**2,846**	
TOTAL ACTIVE EXPOSURE	**456,854**	**(6,088)**	**452,555**	**(6,110)**
TOTAL GUARANTEES GIVEN AND CONTINGENT COMMITMENTS (2) (Note 24)	**128,547**	**(386)**	**133,218**	**(501)**
TOTAL	**585,401**	**(6,474)**	**585,773**	**(6,611)**

(1) For the purpose of comparison with the different credit risk exposure openings based on the accounting procedures for the preparation of the financial statements, the credit risk exposure of the derivative positions in this table has been determined in accordance with the provisions of Article 274 of the Regulatory Capital Regulation (CRR) on an offsetting group basis.

(2) CCFs (Credit Conversion Factors) for guarantees given and credit commitments amount to EUR 74,092 million and EUR 87,995 million at 31 December 2023 and 2022, respectively.

The maximum exposure to credit risk is the gross carrying amount, except in the case of derivatives, which is the exposure value according to the mark-to-market method, which is calculated as the sum of:

- Current exposure: the highest value between zero and the market value of an operation or of a portfolio of operations in a set of operations that can be offset with a counterparty that would be lost in the event of non-payment of the counterparty, assuming that none of the value of the operations will be recovered in the event of insolvency or settlement beyond the collateral received.
- Potential risk: variation of the credit exposure as a consequence of the future changes of the valuations of operations that can be offset with a counterparty during the residual term until maturity.

The Entity gears its lending activity towards meeting the finance needs of households and businesses and providing value-added services, within the medium–low risk profile set as a target in the RAF.

The corporate credit risk management policy, approved by the Board of Directors, lays down the general framework and basic principles that serve as a benchmark and minimum standard for the identification, assessment, approval, monitoring and mitigation of credit risk, as well as the criteria for quantifying the hedging of expected losses from this risk, for both accounting and capital adequacy purposes.

The following principles and policies support credit risk management within the Entity:

- The credit risk management policy and strategy, as well as the frameworks and limits for controlling and mitigating this risk, are integrated and consistent with the overall risk strategy and appetite.
- Clear definition and allocation of responsibilities to the different areas participating in the cycle of granting, managing, monitoring and controlling credit risk, in order to guarantee effective management of this risk.
- The business lines and units that generate credit risk are primarily responsible for managing the credit risk generated by their activities throughout the credit life cycle. Such business lines and units have adequate 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.
- The granting is based on the borrower's repayment capability, with an adequate relationship between the income and expenses they assume. In general, guarantees, whether personal or collateral, do not replace a lack of repayment capacity or an uncertain purpose of the transaction.
- An adequate assessment is conducted both on guarantees and assets received in payment of debt.
- The pricing system is adjusted to the risk assumed in the transactions, in such a way as to ensure the appropriate relationship of the risk/profitability duality and in which the guarantees act as a mitigation element, especially in long-term transactions.
- The development of internal models for rating exposures and borrowers, as well as to measure risk parameters for the purposes of consumption of regulatory capital or provisions, ensures the establishment and standardisation of key aspects of these models according to a methodology adapted to suit the characteristics of each portfolio.
- There is an independent system of internal validation and regular review of 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 on credit risk exposures, borrowers and collateral are relevant and kept up-to-date throughout the life cycle of credit exposures, and external reports are reliable, complete, up-to-date, and drawn up within the established time limits.
- Accounting classification criteria of operations and for the quantitative assessment 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, effectiveness, and customer orientation. The recovery circuit has been designed in such a way as to be articulated based on early detection of the possibility of default and appropriate measures have been provided for effectively claiming debts.

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 processing and recovering non-performing assets. The Corporate Credit Risk Policy lays down the general framework and core principles that primarily pursue consistency with the Group's overall risk appetite and strategy and effective risk management at each stage of the cycle.

Approval and granting

The approval function is the first step in the credit risk management process. Therefore, the application of rigorous methodologies in the application, analysis and approval processes will largely contribute to the successful repayment of transactions. The process for admitting and granting new loans is based on the analysis of the solvency of the parties involved and characteristics of the transaction.

The power system assigns an approval level to certain employees holding a position of responsibility established as standard associated with their position. It is based on the study of four key parameters:

- **Borrower:** analysis of the borrower, whether individual or group, should be based primarily on internal knowledge of the customer, experience in previous transactions, asset and liability positions, any information requested from the customer and its profitability.
- **Amount**: financial amount applied for plus any risk already granted; this involves calculating the accumulated risk for each of the title holders of the application and, where applicable, their economic group. The amount of the operation is defined through two alternative methods according to the sector to which the operations belong:
  - Product-weighted loss: based on the expected-loss calculation formula, it takes into account the risk appetite according to the nature of each product. This system is used for applications where the principal borrower is a legal person.
  - Nominal: it factors in the nominal amount and guarantees of risk operations. It applies to individuals.
- **Guarantee:** the group of assets and/or funds pledged to secure fulfilment of a repayment obligation. However, the risk decision is generally based on the debtor's repayment capacity, not on their guarantees.
- **Term:** this refers to the duration of the operations requested, which must be aligned with the purpose. There are specific policies according to the type of operation and its term, which require a higher level of authority for their approval.

There are also other characteristics of the borrower/transaction that modify the level of approval and constitute specific policies or criteria. These policies complement the general study evaluating certain characteristics of the applications or holders, and a level of approval may be assigned for specific risk or to increase or reduce the risk level approval. They take into account aspects such as the rate of effort, monitoring alerts and ratings, and belonging to certain sectors, among other factors. Of particular note in this regard is the consideration of ESG risks, whereby the Environmental Risk Report will determine whether the client complies with the current Corporate Policy on sustainability/ESG risk management, as well as rating the client's environmental and climate change risk; the report diagnosis may modify the general credit risk rating circuit by increasing the minimum level of powers required.

Except those that can be approved at branch level or by the Business Area Manager, the risk of operations 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 (CAR/CARP) according to the type of holder. These approval centres have determined risk approval levels, so that if the level of risk requested to approve an operation does not exceed its authorisation level, it may be approved within its scope. Otherwise the request will be forwarded to the required top-level centre.

In order to facilitate agility in granting, there are risk acceptance centres according to the type of holder:

- individuals and self-employed workers in a centralised Individuals Risk Acceptance Centre (CARP) in Corporate Services, and
- legal entities in Risk Acceptance Centres located throughout the country, which manage applications within their power levels and transfer them to specialised Corporate Service centres in the event the application exceeds their powers.

In addition, centrally calculated limits are set for natural persons and for the pre-granting of credit to legal entities in the micro and small enterprise segments for certain products in accordance with defined limits and risk criteria.

In particular, the internal organisation of business risk approvals at Corporate Services has a specialised structure, according to the type of risk and customer segment:

- **Corporate risks:** centralises business groups managed by the Corporate Centre and International Branches.
- **Company risk:** includes legal entities or groups of companies not managed at the Corporate Centre or at the International Branches and not belonging to specialised segments (real estate, agri-food, tourism and project finance).
- **Real estate developer risk:** covers developers in any segment, regardless of turnover.
- **Real estate risk:** includes financing operations for buildings, commercial premises, offices and real estate investment firms, including real estate project finance.

- **Tourism and agri-food risk:** covers all companies and business groups that operate in the tourism and food and agriculture sectors. It also includes self-employed professionals in the farming sector.
- ***Project Finance:*** includes all operations presented through the project finance scheme and asset finance operations.
- **Institutional banking:** comprises public autonomous or central government institutions, town councils and local national institutions, and members of economic groups or management groups whose representative/parent meets the aforementioned criteria. It also includes private institutions (foundations, universities, NGOs, religious orders, etc.) managed by Institution Centres located throughout the Spanish territory.
- **Financial sector and country risk:** responsible for the acceptance and management of the country, sovereign, counterparty, financial institution and insurance risk inherent in the financing operations of the various segments.

Lastly, the Standing Loan Committee holds the power to approve transactions on the basis of specific limits both in terms of individual transactions and in terms of cumulative risk with the client or its group and, in general, it holds the power to approve transactions that involve exceptions in their characteristics to those that can be approved in branches and in Risk Acceptance Centres. In the event of exceeding these powers, the power of approval is generally vested in the Executive Committee, except in cases reserved to the full Board of Directors.

In order to ensure an adequate level of protection of the banking service customer, 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 customers of banking services, or the more recent Property Credit Contract Regulatory Act 5/2019, of 15 March.

For pricing purposes, all the factors associated with the transaction are taken into account, which are essentially the costs of structure, financing and the cost of risk. Furthermore, operations must provide a minimum contribution to capital requirements, 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 divisions are responsible for approving the prices of the operations. Following on from this, the determination of the prices is subject to a power system focused on obtaining minimum compensation and on establishing margins according to different businesses.

Mitigation of the risk

The Entity'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.

For accounting purposes, effective guarantees or collateral are collateral and personal guarantees that can be demonstrated as valid as risk mitigators, according to: i) the amount of time required for their enforcement; ii) the ability to realise the guarantees; and iii) the experience in realising the same. The different types of guarantees and collateral are as follows:

- Personal guarantees or those constituted due to the solvency of holders and guarantors: most of these relate to risk operations with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant. For individuals, collateral is estimated on the basis of asset declarations. Where the backer is a legal entity, it is analysed as the borrower for the purposes of the approval process.
- Collateral, main types:
  - Pledged collateral: they notably include the pledge of operations of liabilities 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 in place until the loan matures, it is repaid early, or it is derecognised.

- Mortgage guarantees on properties. A real right on immovable property given as security for an obligation, on which, according to internal policy, the following is established:
  - The procedure for approval of guarantees and the requirements for drawing up operations, e.g., the documentation that must be supplied by the holders and the mandatory legal certainty of this documentation.
  - The review processes for the appraisals registered, in order to ensure proper monitoring and control of the guarantees. Periodical processes are carried out to contrast and validate appraisal values, in order to detect potential anomalies in the actions of the appraisal companies used by the Entity.
  - The outlay policy, mainly concerning property development and self-development operations.
  - The loan-to-value (LTV) of the operation. The capital to be granted in mortgage operations is limited to percentages of the value of the guarantee, which is defined as the lowest of the appraisal value and the value shown on the official deed or the accredited value of the property. IT systems calculate the level of approval required for each type of operation.

- Credit derivatives: guarantors and counterparty. The Entity occasionally uses credit derivatives on a sporadic basis, contracted with high-level credit institutions and under the scope of collateral contracts to hedge credit risk.

A breakdown of the guarantees received in the approval of the Entity's lending operations is provided below, specifying the maximum amount of the collateral that can be considered for the purposes of calculating impairment: the estimated fair value of property according to the latest appraisal available or an update on the basis of the provisions of applicable regulations in force. In addition, the remaining collateral is included as the current value of the collateral that has been pledged to date, not including personal guarantees:

Categorisation by stage of the credit investment and affected guarantees *
(Millions of euros)

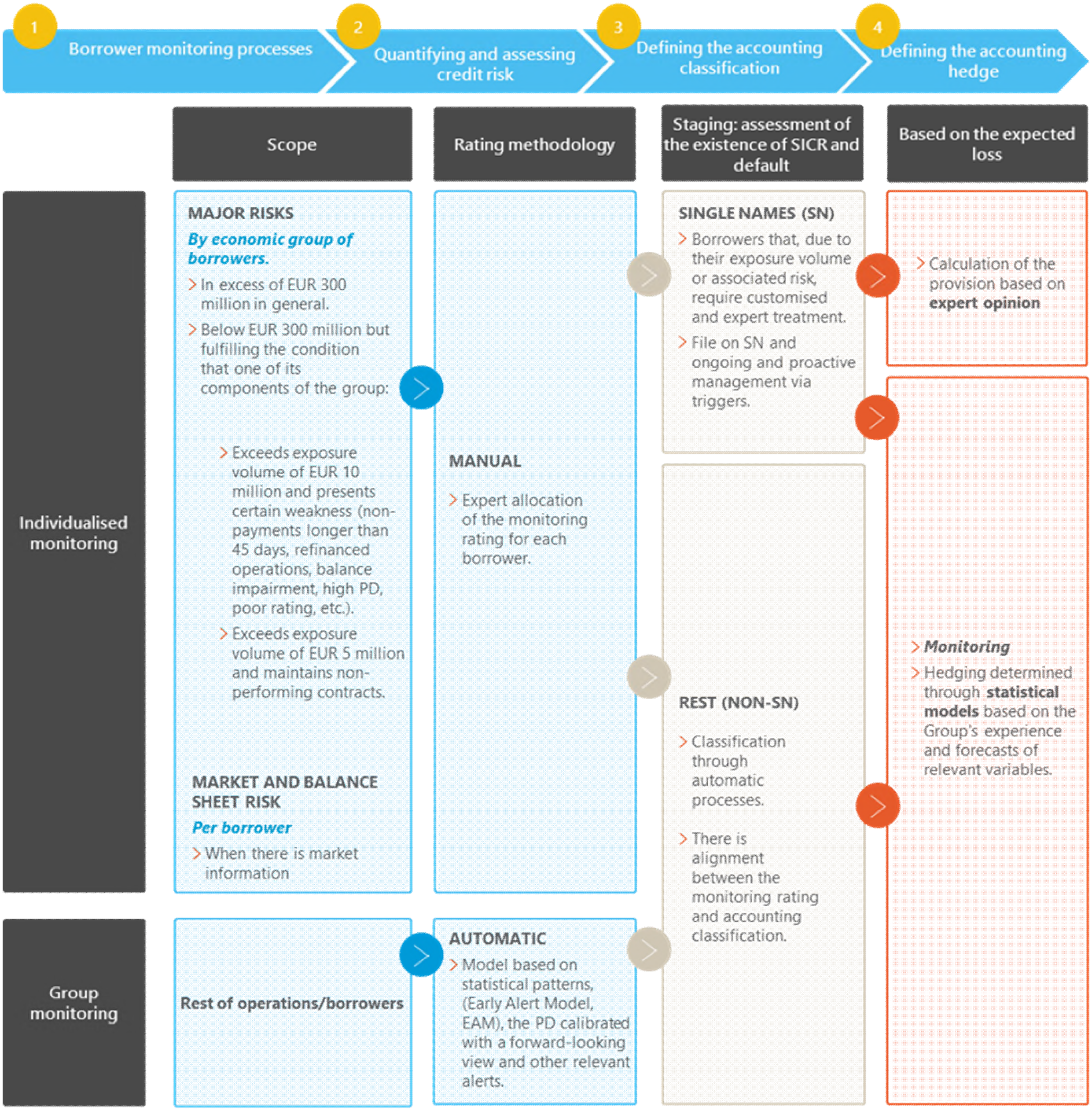
	31-12-2023			31-12-2022		
	Gross amount	Allowances for impairment	Value of the collateral **	Gross amount	Allowances for impairment	Value of the collateral **
Stage 1:	**291,872**	**(422)**	**382,836**	**300,702**	**(997)**	**406,192**
No collateral associated	156,201	(325)		155,548	(373)	
Real estate collateral	132,885	(96)	376,020	141,881	(622)	399,435
Other collateral	2,786	(1)	6,816	3,273	(2)	6,757
Stage 2 + POCI without impairment:	**25,167**	**(904)**	**33,903**	**25,681**	**(1,115)**	**36,649**
No collateral associated	11,160	(455)		11,247	(475)	
Real estate collateral	13,807	(447)	33,426	14,168	(634)	36,176
Other collateral	200	(2)	477	266	(6)	473
Stage 3 + POCI with impairment:	**9,025**	**(4,730)**	**10,842**	**9,017**	**(3,973)**	**11,999**
No collateral associated	3,367	(2,143)		3,225	(1,864)	
Real estate collateral	5,607	(2,565)	10,792	5,733	(2,078)	11,956
Other collateral	51	(22)	50	59	(31)	43
TOTAL	**326,064**	**(6,056)**	**427,581**	**335,400**	**(6,085)**	**454,840**

(*) Includes loans and advances to customers under the headings "Financial assets measured at amortised cost" (Note 13) and "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" (Note 11).
(**) Reflects the maximum amount of the effective collateral that can be considered for the purposes of the impairment calculation, i.e. the estimated fair value of real estate properties based on their latest available valuation or an update of that valuation based on the applicable standard in force. In addition, the remaining collateral is included as the current value of the collateral that has been pledged to date, not including personal guarantees:

On the other hand, counterparty risk mitigation measures are specified at the end of this section.

Monitoring and measurement of credit risk

The Entity has a monitoring and measurement system that guarantees the coverage of any borrower and/or operation through methodological procedures adapted to the nature of each holder and risk:



① *Borrower monitoring processes*

The aim is to determine the quality of the risk assumed with the borrower ("Monitoring Rating") and actions that need to be taken according to the result, including the estimation of impairment. The targets of risk monitoring are the borrowers that hold 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 prepared based on the type and specific nature of the exposure, segregated into differentiated areas, in accordance with the various credit risk measurement methods.

The *Monitoring Rating* is an assessment of each customer's situation and risks. All borrowers have a monitoring rating which classifies them into one of five categories[4] which are, from best to worse: insignificant risk, low risk,

[4] The different monitoring rating categories are:
- Insignificant risk: all customer operations are performing correctly and there are no indications that call the repayment capacity into question.

moderate risk, medium-high risk or doubtful; 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 relating to the borrowers, monitoring can be:

- **Individualised:** applied to exposures of a significant amount or that have specific characteristics. The monitoring of major risks leads to the issuance of group monitoring reports, concluding in a monitoring rating for the borrowers in the group.

  The Entity defines individually significant borrowers (Single Names) as those that meet the following thresholds or characteristics:[5]:

  - Borrowers with an exposure greater than EUR 10 million for two consecutive months or greater than EUR 12 million for one month, meeting at least one of the following criteria:
    - having been refinanced (refinanced risk greater than 5% of total risk)
    - early non-performing loans (defaults in excess of 45 days)
    - with restrictive approval preventive plan
    - with unfavourable rating
    - with high PD (or Slotting equal to or worse than Weak if they belong to the Specialised Lending segment)
    - with actual monitoring rating of medium risk or lower
    - with balance sheet impairment
    - with defaults in other entities
    - belonging to the Specialised Financing segment and maintaining a debt service coverage ratio of under 1.05 or with deviations of more than 15% of actual revenues compared to projected revenues or if the project is in the process of being restructured.
  - Exposure of >EUR 5 million with non-performing operations (objective or subjective) representing >5% of the total risk of the borrower.
  - Borrowers not segmented as Specialised Lending with an exposure greater than EUR 30 million for two consecutive months or greater than EUR 36 million for one month that belong to a group with a risk greater than EUR 300 million or a group with a risk lower than EUR 300 million with a component identified as Single Name in one of the 2 points previously mentioned.
  - Borrowers segmented as a Specialised Lending with a total exposure greater than EUR 50 million.
- **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.

Similarly, the EAM and PD models are subject to the credit risk model corporate policy.

- Low risk: the payment capacity is adequate, although the customer or one or more of their transactions shows some minor indication of weakness.
- Medium risk: there are indications of customer impairment, nonetheless, these weaknesses do not currently put at risk the debt repayment capacity.
- Medium-high risk: the customer's credit quality has been seriously weakened, although there is no objective evidence of impairment. Further impairment could result in default.
- Doubtful: there is objective evidence of sustained impairment or non-performance as regards the customer capacity to meet their obligations.
- No rating: there is insufficient information to assign a monitoring rating.

[5] In addition to these borrowers, an individual assessment of the credit loss will be required for operations with a low credit risk, qualified as such as a result of having no appreciable risk, that are nevertheless in a doubtful situation. Applying materiality criteria, the individual estimate of expected losses will be performed whenever a borrower represents an exposure of >EUR 1 million and >20% is considered doubtful.

② *Quantifying and assessing 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): This is the average or mathematical expectation of potential anticipated losses calculated by multiplying the three following factors: probability of default (PD), exposure at default (EAD) and loss given default (LGD).
- **Unexpected loss:** potential unforeseen loss caused by variability in losses with respect to the estimated expected loss. It can occur due to sudden changes in cycles or 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 Entity'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 Bank has a set of tools and techniques for the specific needs of each type of risk, described below according to how they affect the three factors for calculating the expected loss:

- **EAD:** 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).

  The estimate is based on observing internal default experience, relating the drawdown levels upon default to drawdown levels over the 12 preceding months. To build the model, several variables are considered, such as product type, term to maturity and customer characteristics.

- **PD:** the Entity 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 operations (approval scorings) and take into account the debtor’s characteristics, information deriving from the customer relationship, internal and external alerts, as well as the specific characteristics of the operation to determine the probability of default.
  - Customer-oriented tools assess the debtor’s probability of default. They comprise behavioural 'scoring' models for monitoring the risk of individuals and ratings or companies.
    - Rating tools for **companies** are specific according to the segment to which they belong. In particular, an advanced machine learning technique called *Gradient Boosting Machine* (GBM) is used in the case of micro-enterprises, SMEs and SME developers.
    - As regards **large corporates**, the Entity has models that require the expert judgement of analysts and seek to replicate and be coherent with the ratings of rating agencies.

  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 corporations, which is updated at least annually or if significant events arise 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 unrecoverable debt in the event of customer 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 allow different LGDs to be obtained based on the guarantee, the LTV ratio, the product type, the borrower's credit rating and, for uses required by regulation, the recessionary conditions of the economic cycle. An estimate is also made 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 the Entity considers through the LGD the income generated on the sale of defaulted contracts as one of the possible future cash flows generated to measure expected credit impairment losses. This income is calculated on the basis of the internal information of the sales carried out in the Entity[6]. The sale of those assets is considered reasonably foreseeable as a recovery method, and therefore the Entity considers it to be one of the recurring tools within its non-performing balance reduction strategy. In this regard, an active market for impaired debt exists, which ensures with a high probability the possibility to make future sales of debt[7].

In addition to the regulatory use for determining the Entity's minimum capital requirements and the hedge calculation, the credit risk parameters (PD, LGD and EAD) are used in several management tools, such as in the calculation of risk-adjusted return, the pricing tool, customer pre-qualification tools, as well as monitoring tools and alerts systems.

③ *Defining the accounting classification*

The accounting classification among the different stages of IFRS 9[8] among the different Stages of IFRS 9 is defined in the event of a default and/or significant increase in credit risk (SICR) since the operation's initial recognition.

It will be considered that there has been an SICR from the first recognition, whereby these operations are classified as Stage 2, when there are weaknesses that may involve assuming significantly higher losses than expected at the time the loan is granted. To identify it, the Entity has the monitoring and rating processes described in ②. Specifically, when the operations meet any of the following qualitative or quantitative criteria, unless they must be classified as Stage 3:

i) Operations with amounts that are more than 30 days overdue (but less than 90, in which case they would be classified as Stage 3).

ii) Operations involving borrowers in insolvency proceedings classified as Stage 2. Risks of borrowers declared bankrupt without a liquidation request will be reclassified as Stage 2 when they have fulfilled one of the following conditions:

  a) The borrower has paid at least 25% of the entity's loans affected by the administration situation, after deducting the agreed write-off, where applicable.

  b) Two years have passed since the deed of approval of the creditors' agreement was registered in the Companies Register, provided that this agreement is being faithfully complied with and the company's equity and financial situation eliminates any doubts over the amounts owed being fully reimbursed, unless interest charges that are clearly below market rates have been agreed.

iii) Operations which can be identified as having registered a SICR on the basis of market indicators/triggers.

iv) Operations for which there has been an SICR since the date of initial recognition on the basis of any of the following two criteria[9]: a deterioration in its monitoring rating or a relative increase in PD.

Operations that no longer meet the conditions to qualify for Stage 2 will be classified as Stage 1.

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.

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[6] See Note 2.7, in reference to the fact that sales of exposures with a significant increase in credit risk do not compromise the business model of holding assets to receive contractual cash flows.
[7] See Note 27.4, detailing the sales of the non-performing and defaulted loan portfolio.
[8] See Note 2.7.
[9] Unless, for exposures with individually significant borrowers, the individual analysis determines that there has not been any SICR.

Refinancing, refinanced or restructured operations that classify as Stage 2 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 continue to be identified as refinancing, refinanced or restructured operations for a probationary period until they generally meet all the following requirements:

- After an exhaustive review of 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.
- 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 Stage 3.
- The borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing transaction, or, if later, from the date of its reclassification from the non-performing category. Furthermore, the borrower must have made regular payments of an amount equivalent to the whole amount (principal and interest) due at the date of the restructuring or refinancing transaction, or that were derecognised as a result thereof.
- There are no contractual clauses that may delay repayments, such as grace periods for the principal.
- The borrowers must have no other transactions with amounts that are more than 30 days overdue at the end of the trial period.

It will be considered that there has been **a default** and, therefore, an operation will be classified at Stage 3 when —regardless of the borrower and the guarantee— there is an amount overdue (capital, interests or contractually agreed costs) by more than 90 days, as well as the operations of all other holders when operations with past due amounts of over 90 days account for more than 20% of the amounts pending collection.

Operations classified as Stage 3 due to the customer being non-performing will be reclassified to Stage 1 or Stage 2 when, as a result of charging 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.

In addition, the following operations will be classified as Stage 3:

i) Operations with legally demanded balances.

ii) Operations in which the collateral execution process has been initiated.

iii) Operations of borrowers who have declared insolvency proceedings or are expected to declare insolvency proceedings 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:

   - An inadequate payment plan.
   - Contractual clauses that delay the repayment of the transaction through regular payments (grace periods longer than two years).
   - 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.
   - 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%.
   - Operations that were previously classified as Stage 3.
   - Refinancing, refinanced or restructured operations 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) Operations that have a second-call mortgage guarantee or later when the first-call guarantee operation is classified as Stage 3.

vii) Operations in which all of the holders have operations refinanced under a Code of Good Practice.

viii) Operations with borrowers 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 on 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 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 forbearance date or, if later, since the date of the reclassification of the forbearance 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 operation has no overdue amounts), thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification to the Stage 3 category.

e. An amount equivalent to all amounts, principal and interest, which were due at the date of the forbearance operation, or which were written off as a result of it, has been paid through regular payments.

f. 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 of evidence 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.

  In order help with the proactive management of evidence and indications of impairment and an SICR, the Entity has established triggers, which are indicators of impairment of the asset affecting the customer or the operations and are assessed by the analyst to determine classification of customer operations to Stage 2 or Stage 3. They are based on internal and external available information, per borrower and per operation, grouped according to the sector, which conditions the type of information required to analyse the credit risk and the sensitivity to the changes of variables indicative of the impairment. We have:

  - 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 their 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 (declaration of insolvency).
    - Triggers referring to identifying financial difficulties of the debtor or issuer, either due to breaches of contractual clauses or to the disappearance of an active market for the financial security:

- External or internal rating that indicates either default or near to default (Level 6 rating as defined in the CRR).
- Significant downgrading of the borrower's credit rating by the Entity.
- Automatic rating downgrading.
- External rating below CCC+.
- Relative change in the CDS compared to a reference index (iTraxx).
- Significant downgrading in the external rating of the issuer with respect to when the operation was initially granted.
- Non-payment event other than those mentioned in the ISDA definition of default.
- Decrease in the price of the borrower's bond issues of >30% or quoted price <70%.
- Suspension of the listing of the borrower's shares.

- 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 expert calculation of the specific provision is used.

- **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 operation, the Entity proceeds to classify the contract at accounting Stage 2. For these purposes, the classification is revised monthly, taking into account that the fulfilment of any of the two conditions below will determine that a SICR exists:
  - **Deterioration in the monitoring rating:** it will be considered that there has been an SICR if, on the date of classification for accounting purposes (each month-end close), the borrower has exacerbated their monitoring rating, to a moderate risk or worse, since the operation's initial recognition.
  - **Relative increase in PD:** It will be considered that there has been an SICR if the regulatory PD[10] of the transaction at the date of accounting classification exceeds a certain absolute threshold and lifetime PD[11] annualised at the date the accounting classification exceeds a certain absolute threshold, and there has been a relative increase exceeding a certain threshold of the lifetime PD of the transaction since its initial recognition. It must therefore be classified as Stage 2, if the following conditions are met:
    - Master Scale[12] is greater than or equal to 4, i.e., PD greater than 0.4205% and the annualized PD lifetime also exceeding this threshold.
    - The current PD lifetime is 3 times higher than the estimated PD lifetime at contract origination.
- The monitoring rating and PD classification are the most recent. Both are updated at least monthly in the same way as the other criteria for classification to Stage 2 or Stage 3.
- The criteria and thresholds used at CaixaBank to assess whether there has been a significant increase in credit risk (SICR) conform to IFRS 9 and the corresponding recommendations issued by the EBA.
- In particular, the application of a relative threshold in the increase in the probability of default complies fully with paragraph IFRS 9.B5.5.9. The existence of an absolute threshold below which no SICR is considered to have existed meets this criterion and is aligned with the criterion set out in paragraph IFRS 9.5.5.10. The absolute threshold is not applied to increases in the quantification of credit risk but rather to the current level to determine which exposures meet the conditions of paragraph IFRS 9.5.5.10.
- The PD lifetime used complies with paragraph IFRS 9.B5.5.11, which stipulates that the identification of the SICR should consider the effect that the passage of time has on the probability of default.

[10] Regulatory or through-the-cycle PD: probability of default estimated as the average PD expected through-the-cycle, in accordance with the CRR requirements for its use for the effect of calculating risk-weighted assets under the internal-ratings-based (IRB) approach.
[11] Lifetime PD: probability of default estimated as the PD throughout the entire life of the transaction.
[12] The Master Scale is a table of correlation between probability of default (PD) ranges and a scale between 0 and 9.5, 0 being the score associated with the best PDs and 9.5 being the score associated with the highest PDs of the performing portfolio. The use of this Master Scale is linked to the use in management of probabilities of default, since elements such as cut-off points or levels of power are expressed in terms of Master Scale score instead of PD.

④ *Defining the accounting hedge*

The purpose of the requirements of the applicable accounting standards on 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 forward-looking information.

Principles for measuring expected credit losses for the purpose of defining the credit risk loss hedges

The calculated accounting hedging or provision is defined as the difference between the gross carrying amount of the operation and the estimated value of future expected cash flows, discounted at the original effective interest rate of the operation, considering the effective guarantees received.

The Entity estimates the expected credit losses of an operation so that these losses reflect:

- a weighted and non-biased amount, determined through the assessment of a series of possible results;
- the time value of the money; and
- the reasonable and substantiated information available at the reference date, without incurring disproportionate cost or effort, about past events, current conditions and predictions of future conditions.

In line with applicable rules, the hedging calculation method is set according to whether the borrower is individually significant and its accounting category[13].

- If, in addition to being individually significant, the customer has operations that are non-performing (whether for reasons of delinquency or for other reasons) or in Stage 2[14], the allowances for the non-performing operations will be estimated through a detailed analysis of the status the borrower and their capacity to generate future flows.
- In all other cases, hedging is estimated collectively using internal methodologies, subject to the credit risk model corporate policy 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, models are used 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); as well as adjustments to include lifetime or forward-looking effects, according to the agreement's accounting classification. We must emphasise that the set of models of haircuts, LGL and PNC are models of LGD.

  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 include an unbiased forward-looking view to determine the expected loss, taking into account the most relevant macroeconomic factors: i) GDP growth, ii) unemployment rate, iii) 12-month Euribor, and iv) growth in housing prices. Following on from this, the Entity generates a baseline scenario, as well as a range of potential scenarios that allow it to adjust the expected loss estimates, weighted by probability.

The calculation process is structured in two steps:

- Determining the basis for the calculation of allowances, is carried out in two steps:

[13] The existence of the collateral, particularly for the individual analysis, is not used to assess the credit quality of borrowers, however, for activities that are closely related to the collateral, such as real estate developments, the reduced value of said collateral is analysed to assess the increase or reduction of the borrower's risk level.
As indicated in ③ the collective analysis, the automatic rating is generated using a combination of i) a risk-model rating and ii) an alert-based rating. Considering that the Entity's policy in relation to granting asset operations follows the criterion of customer repayment, and not recovery via the allocation of guarantees, the collective analysis is focused on assessing the credit quality of borrowers and not the assessment of collateral provided. In this regard, the main guarantees (or collateral) of the Entity are mortgage-related, with no significant value fluctuations that could be considered evidence of a significant increase of credit risk in mortgages.
[14] As indicated in ③ the Single Names portfolio analysis is carried out individually in its totality, determining the stage in an expert manner for each of the instruments analysed, on the basis of the knowledge of the borrowers and experience. When required, the coverage calculation also uses this individualised approach.
The credit loss of the instruments of the portfolio that are monitored individually, and which are classified individually in Stage 1, is calculated collectively on the basis of the knowledge of the borrowers and experience. This way of estimating expected losses would not have led to material differences in their totality, compared with an estimate using individual estimates. This is due to the fact that, in general, the information to be considered in performing the collective calculation would have been equivalent to that used for individual estimates.

- Calculation of the exposure amount, which is the sum of the gross carrying amount at the time of calculation and off-balance sheet amounts (available or exposure) expected to be disbursed when the borrower fulfils the conditions to be considered non-performing.
- 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.

- Determining the hedging to be applied on the basis for the calculation of allowances:

  This calculation factors in the probability of the borrower defaulting on the operation 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 Entity may use the default coverage rates established in the current national regulations.

  Operations classified as not bearing appreciable risk and those that due to the type of guarantor are classified as not bearing appreciable risk, could have 0% accounting hedge. 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 consistent with the way in which the categories into which the operations can be classified are processed. In other words, the hedging level for an operation must be higher than the hedging level that would correspond to it, if it were classified in another category of a lower credit risk.

  The necessary improvements detected in the backtesting and benchmarking exercises are also incorporated 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 (lifetime/forward-looking) transformation parameter model

The amount of the operations of holders that have not been classified as Stage 3 despite there being amounts >90 days overdue with the same debtor

Operations by holders that have not been classified as Stage 3 despite there being amounts overdue by >90 days with the same debtor are not of a significant amount.

Inclusion of forward-looking information into the expected loss models

The Entity has taken into account different levels of severity of macroeconomic scenarios, consistent with internal management and monitoring processes. These stages have been contrasted and they are aligned with those issued by public bodies.

The projected variables considered are as follows:

Forward-looking macroeconomic indicators *
(% Percentages)

	31-12-2023			31-12-2022		
	2024	2025	2026	2023	2024	2025
GDP growth						
Baseline scenario	1.4	2.0	2.0	2.4	2.6	2.1
Upside scenario	3.1	3.6	2.7	5.1	4.1	2.0
Downside scenario	(1.3)	0.2	1.8	(1.6)	1.8	2.9
Unemployment rate						
Baseline scenario	11.8	11.4	11.0	12.6	12.5	11.8
Upside scenario	10.6	9.5	9.4	11.4	11.0	10.0
Downside scenario	14.1	15.6	14.6	15.8	16.3	14.9
Interest rates						
Baseline scenario	3.57	3.10	2.95	1.70	1.78	1.78
Upside scenario	3.11	2.56	2.42	2.32	2.54	2.54
Downside scenario	4.31	3.78	3.39	0.84	0.99	1.46
Evolution of property prices						
Baseline scenario	1.4	2.2	2.4	2.2	2.5	2.8
Upside scenario	2.8	5.1	3.3	3.8	4.9	3.9
Downside scenario	(1.0)	(3.0)	0.1	(0.5)	(2.4)	1.5

(*) Source: CaixaBank Research. At the date preparation of these financial statements, there are updates to the macro data for employees in the calculation of the provisions after the year-end (as presented in section 3.1) that have no material impact on the provisions constituted by the Group, see Sensitivity Analysis.

The downside range of variables used to calculate provisions includes deficiencies in structural reforms leading —together with other macroeconomic dynamics— to drops in productivity and thus in GDP. Thus, the estimated drop reflects the potential impact of an exacerbated climate risk which, through various mechanisms (e. g. increased production costs, increased commodity prices, etc.), would eventually affect long-term economic growth. The consolidated management report details the Group's sustainability strategy, including its environmental and climate strategy.

The weighting of the scenarios considered in each of the financial years for each sector is as follows:

Weighting of occurrence of the considered scenarios
(% percentages)

	31-12-2023			31-12-2022		
	Baseline scenario	Upside scenario	Downside scenario	Baseline scenario	Upside scenario	Downside scenario
Spain	60	20	20	60	20	20

The macroeconomic table and scenario weighting presented above are used in the latest November 2023 half-yearly model recalibration. In addition, the Entity held collective provisions of EUR 527 million at 31 December 2023, mainly relating to Post Model Adjustment (PMA), compared with EUR 994 million of collective PMA at 31 December 2022. The change over the year is due to a specific allocation of collective provisions due to recurrent parameter recalibration processes without, therefore, altering the overall coverage of the portfolio. The collective fund is temporary in nature, underpinned by guidelines issued by supervisors and regulators, supported by well-documented processes and subject to strict governance.

In accordance with the principles of the applicable accounting standard, the hedging level factors in a forward-looking (12-month) or lifetime vision, according to the accounting classification of the exposure (12 months for Stage 1 and lifetime for Stages 2 and 3).

Sensitivity analysis

There is dependence between the various variables that measure or quantify the economic situation, such as gross domestic product growth and the unemployment rate. These interrelationships make it difficult to establish clear causality relationships between a specific variable and an effect (e.g. expected credit losses), as well as making it difficult to interpret the sensitivities to calculations performed using expected credit loss models when these sensitivities are applied to various variables simultaneously.

Interest rates, which also form part of the group of forward-looking indicators, have only a minor impact on the calculation of expected credit losses and apply only to the portfolio of consumer loans, among the significant portfolios.

The estimated sensitivity to a 1% fall in GDP and, additionally, to a 10% drop in real estate asset prices on expected credit risk losses at year-end 2023, broken down by portfolio type, is shown below:

Sensitivity analysis
(Millions of euros)

	Increase in the expected loss	
	1% drop in GDP	10% drop in real estate prices
Other financial institutions	**3**	
Non-financial corporations and individual entrepreneurs	**90**	**40**
Project finance	**28**	**8**
Financing real estate construction and development, including land	15	7
Financing civil engineering work	5	1
Other project finance	8	
Purposes other than project finance	**63**	**33**
Large corporates	25	2
SMEs	32	26
Individual entrepreneurs	6	5
Households (excluding individual entrepreneurs)	**127**	**163**
Home purchases	**95**	**136**
Home purchase (main residence)	88	128
Purchase of a secondary residence	7	8
Consumer credit	**17**	**4**
Consumer credit	12	4
Credit card debt	5	
Other purposes	**15**	**23**
TOTAL	**220**	**203**

The models and the estimates on macroeconomic variations are periodically reviewed to detect possible impairment in the quality of the measurements. This continual risk assessment provides information on the distribution of risk exposure in the various portfolios with respect to creditworthiness, expressed as a probability of default.

NPL management

The recovery and NPL management 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 underlying principles of NPL management are not only geared towards the management of non-payment, but also preventive and anticipatory actions on the basis of various impairment indicators available to the bank, preventing triggers that would result in default itself and possible positions being classified to Stage 2 and their consequent impact on the income statement.

Furthermore, proactive monitoring is conducted on the portfolio classified as Stage 3 for reasons other than default in order to reorganise it, designing specific management plans geared towards the reasons that caused its switch to that accounting classification

On one hand, the governance model and the operational framework of problematic asset management maintains the comprehensive approach to the overall life cycle and specialised management according to the moment of non-payment of the debt. The management is broken down into:

- 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. There are specialised teams that coordinate in a centralised manner the network of offices and collection agencies in the management of the recovery prior to the entry into accounts receivable. In the current economic outlook, the capillarity of the branch network and its proximity to customers continues to be key to identifying the situation and needs of customers, especially situations of social vulnerability.

- Stock management: concentrates the management of customers who are in accounting arrears, with non-payments in excess of 90 days. Management is differentiated into individual customer and business customer segments. The team of specialists is geared towards seeking final solutions in more advanced situations of non-payment.

All this management has been subject to the application of the policies and procedures in force which, in accordance with accounting and regulatory standards, lay down the guidelines for the suitable classification of borrowings and estimation of hedges.

On the other hand, the overall management of recovery and NPLs was 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 energy and geopolitical crisis arising from the war in Ukraine. In terms of non-performing assets, it collaborated and continues to work on identifying and providing support with sustainable solutions for customers whose debt is still structurally viable, ensuring that the financing needs of customers arising from a temporary reduction of 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 Practice and extensions of the terms of said financing, as well as to the ICO Ukraine facility, in order to continue supporting the business fabric.

A noteworthy key line of work is the accompaniment throughout the management cycle of the moratoria, the code of best practice and ICO-backed loans granted, especially through active monitoring of the maturity of the measures granted.

In the macroeconomic context of rising interest rates in response to inflationary pressures, it is worth noting the approval of Royal Decree-Law 19/2022 (in force throughout 2023):

- It lays down a new Code of Good Practices, of a temporary and transitory nature, lasting 24 months, for the adoption of urgent measures for mortgage debtors at risk of vulnerability.
- It amends Royal Decree-Law (RDL) 6/2012, of 9 March, on urgent measures for the protection of mortgage debtors without resources, expanding it to cover those vulnerable debtors affected by interest rate rises that reach levels of mortgage burden considered excessive, in the event of any increase in mortgage burden. The treatment of these situations is graded, with a five-year grace period on the principal and a reduction in the applicable interest rate to Euribor <0.10% from the previous Euribor >0.25%, when the increase in the mortgage burden is >50%; and with a 2-year grace period and an extended term of up to seven years when the increase in mortgage burden is >50%.

In November 2022 the Board of Directors approved its adhesion to the new support measures for mortgage borrowers in difficulty. Thus, the institution has adhered to both the extension of the Code of Good Practices laid down in RDL 6/2012 and also to the new, transitional one.

Foreclosed assets

BuildingCenter is the Group's company responsible for the ownership of property assets in Spain, which basically originate from the streamlining of the Entity's credit activity 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 granted to companies, including real estate developers, with the subsequent subrogation 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 approved internal rules.

The strategies undertaken for the sale of these assets are as follows:

- Individual sale: through a servicing contract with Servihabitat Servicios Inmobiliarios, S.A. and Haya Real Estate, S.A., which performs multi-channel marketing activities via its own branches, the external collaboration of the network of real estate agents and has 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 Entity takes into account institutional operations 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: it is 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.

The table below shows foreclosed assets by source and type of property:

Foreclosed real estate assets - 31-12-2023 *

(Millions of euros)

	Gross carrying amount	Allowances for impairment **	Of which from foreclosure	Net carrying amount
Real estate acquired from loans to real estate constructors and developers	**33**	**(8)**	**(4)**	**25**
Buildings and other completed constructions	*19*	*(5)*	*(2)*	*14*
Homes	15	(4)	(1)	11
Other	4	(1)	(1)	3
Buildings and other constructions under	*8*	*(1)*	*(1)*	*7*
Homes	2	(1)	(1)	1
Other	6			6
Land	*6*	*(2)*	*(1)*	*4*
Consolidated urban land	4	(1)		3
Other land	2	(1)	(1)	1
Real estate acquired from mortgage loans to homebuyers	**343**	**(75)**	**(68)**	**268**
Other real estate assets or received in lieu of payment of debt	**129**	**(28)**	**(25)**	**101**
Foreclosed equity instruments of real estate asset holding companies or received in lieu of payment of debt	**9,182**	**(7,570)**		**1,612**
Foreclosed finance to real estate asset holding companies or received in lieu of payment of debt	**4,270**			**4,270**
TOTAL	**13,957**	**(7,681)**	**(97)**	**6,276**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 31 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 115 million, net.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 892 million and total write-downs of this portfolio amounted to EUR 497 million, EUR 112 million of which are impairment losses recognised in the balance sheet.

Foreclosed real estate assets - 31-12-2022 *

(Millions of euros)

	Gross carrying amount	Allowances for impairment **	Of which from foreclosure	Net carrying amount
Real estate acquired from loans to real estate constructors and developers	**52**	**(15)**	**(4)**	**37**
Buildings and other completed constructions	32	(9)	(3)	23
Buildings and other constructions under	8	(2)		6
Land	12	(4)	(1)	8
Real estate acquired from mortgage loans to homebuyers	**397**	**(65)**	**(59)**	**332**
Other real estate assets or received in lieu of payment of debt	**109**	**(28)**	**(23)**	**81**
Foreclosed equity instruments of real estate asset holding companies or received in lieu of payment of debt	**9,182**	**(7,231)**		**1,951**
Foreclosed finance to real estate asset holding companies or received in lieu of payment of debt	**4,495**			**4,495**
TOTAL	**14,235**	**(7,339)**	**(86)**	**6,896**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 29 million, net, and includes foreclosure rights deriving from auctions in the amount of EUR 142 million, net.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 961 million and total write-downs of this portfolio amounted to EUR 510 million, EUR 108 million of which are impairment losses recognised in the balance sheet.

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.

According to the provisions of the previous paragraph and the rest of the regulatory framework, 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, has amended the agreement and/or arranged a new operation.

These operations may derive from:

- A new operation (refinancing operation) granted that fully or partially cancels other operations (refinanced operations) previously extended by any of the Entity's companies to the same borrower or other companies forming part of its economic group that become up to date on its payments for previously past-due loans.
- The amendment of the contract terms of an existing operation (restructured operation) that changes its repayment schedule, reducing the payment amounts (grace periods, extension of loan maturities, reduction in interest rates, change in the repayment schedule, extension of all or part of the capital on maturity, etc.).
- The activation of contract clauses agreed at origin that extend the debt repayment terms.
- 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 operation is assumed to exist when the amendment to contractual term affects operations 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 an operation 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 an operation to be classified as such, the borrowers 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. In turn, these terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions. In this regard, any transaction uncovered whose terms may need to be amended due to evidence of impairment of the borrower's solvency is marked appropriately so the associated accounting classification and specific provision for impairment is made. Therefore, as these transactions are correctly classified and valued according to the Entity's best judgement, no additional provisions emerge in relation to refinanced loans.

The breakdown of refinancing by economic sector is as follows:

Refinancing operations - 31-12-2023 *
(Millions of euros)

	Unsecured loans		Secured loans				
					Maximum amount of the collateral		
	No. of operations	Gross carrying amount	No. of operations	Gross carrying amount	Real estate mortgage secured	Other collateral	Impairment due to credit risk *
Public administrations	174	136	741	4	2		(3)
Other financial corporations and individual entrepreneurs (financial business)	37	21	21	85	82		(11)
Non-financial corporations and individual entrepreneurs (non-financial business)	16,543	3,070	8,502	1,676	1,175	13	(1,171)
Of which: Financing for real estate construction and development (including land)	*117*	*6*	*910*	*238*	*142*		*(92)*
Other households	21,560	223	84,891	3,403	2,290	5	(1,151)
TOTAL	**38,314**	**3,450**	**94,155**	**5,168**	**3,549**	**18**	**(2,336)**
Of which: in Stage 3							
Public administrations	129	2	541	2			(3)
Other financial corporations and individual entrepreneurs (financial business)	19	19	15	85	82		(11)
Non-financial corporations and individual entrepreneurs (non-financial business)	9,283	1,374	5,200	914	484	6	(1,079)
Of which: Financing for real estate construction and development (including land)	*85*	*4*	*639*	*131*	*55*		*(80)*
Other households	11,265	116	45,749	1,965	998	4	(1,047)
TOTAL STAGE 3	**20,696**	**1,511**	**51,505**	**2,966**	**1,564**	**10**	**(2,140)**

Memorandum items: financing classified as non-current assets held for sale *
(*) Corresponds to "Non-current assets and disposal groups classified as held for sale".

Refinancing - 31-12-2022 *
(Millions of euros)

	Unsecured loans		Secured loans				
					Maximum amount of the collateral		
	No. of operations	Gross carrying amount	No. of operations	Gross carrying amount	Real estate mortgage secured	Other collateral	Impairment due to credit risk *
Public administrations	155	142	783	18	16		(2)
Other financial corporations and individual entrepreneurs (financial business)	33	38	28	90	89		(12)
Non-financial corporations and individual entrepreneurs (non-financial business)	22,534	3,860	10,593	2,135	1,520	20	(1,289)
Of which: Financing for real estate construction and development (including land)	*127*	*9*	*1,345*	*335*	*209*		*(121)*
Other households	26,981	254	98,313	3,824	2,855	7	(1,065)
TOTAL	**49,703**	**4,294**	**109,717**	**6,067**	**4,480**	**27**	**(2,368)**
Of which: in Stage 3	*25,672*	*1,605*	*67,748*	*3,529*	*2,300*	*16*	*(2,059)*

Memorandum items: financing classified as non-current assets held for sale *
(*) Corresponds to "Non-current assets and disposal groups classified as held for sale".

Concentration risk

In the Corporate Risk Catalogue, concentration risk is included within credit risk, since it is the main risk source, although it covers all types of assets, as recommended by sector supervisors.

The Entity has developed policies that lay down guidelines for concentration risk or frameworks that develop calculation methodologies and set specific limits within management. Additionally, mechanisms have been developed to systematically identify the aggregated exposure and, wherever it is considered necessary, limits on relative exposures have been defined, under the RAF.

Concentration in customers or in "major risks"

The Entity monitors compliance with the regulatory limits (25% of Tier 1 capital) and the RAF thresholds. At year-end, no breach of the defined thresholds had been observed.

The Entity also sets internal limits that are stricter than the regulatory limits for corporate customers based on their credit quality.

Concentration in countries

The Entity has an internal model for assigning limits to exposures to residents in different countries. This internal model takes into consideration not only the solvency of the group itself, but also the credit quality and economic relations with the various countries. A similar methodology is used to assign limits to exposures to central, regional and local governments.

Concentration by geographical area and counterparty type

The Entity also monitors exposures, segregated by geographical area, issuer/counterparty type and product, classified into loans and advances, debt securities, equity instruments, derivatives and guarantees granted.

The segmentation of financial exposures by geographical area and counterparty type is set out below:

Concentration by geographical area and counterparty type
(Millions of euros)

	Total	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	60,310	36,891	13,471	2,877	7,071
Public administrations	88,273	71,733	12,378	2,475	1,687
Central government	73,283	57,043	12,082	2,472	1,686
Other public administrations	14,990	14,690	296	3	1
Other financial corporations and individual entrepreneurs (financial business)	39,485	29,295	7,206	955	2,029
Non-financial corporations and individual entrepreneurs (non-financial business)	168,707	132,122	21,443	6,153	8,989
Real estate construction and development (including land)	4,265	4,224	1	39	1
Civil engineering	6,687	5,437	314	931	5
Other	157,755	122,461	21,128	5,183	8,983
Large corporates	112,209	79,889	19,744	4,552	8,024
SMEs and individual entrepreneurs	45,546	42,572	1,384	631	959
Other households	141,886	139,887	690	241	1,068
Homes	122,830	120,890	670	229	1,041
Consumer lending	8,728	8,708	10	5	5
Other purposes	10,328	10,289	10	7	22
TOTAL 31-12-2023	**498,661**	**409,928**	**55,188**	**12,701**	**20,844**
TOTAL 31-12-2022	**495,077**	**417,095**	**46,432**	**12,034**	**19,516**

The following is a breakdown of the segmentation of Spain's financial exposures by Autonomous Community:

Concentration by Autonomous Community
(Millions of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castile-La Mancha	Castile and León	Catalonia	Madrid	Navarre	Valencia	Basque Country	Other *
Central banks and credit institutions	36,891	169			1	1	48	35,969		10	437	256
Public administrations	71,733	1,406	514	976	339	1,386	1,983	3,523	110	2,187	564	1,702
Central government	57,043											
Other public administrations	14,690	1,406	514	976	339	1,386	1,983	3,523	110	2,187	564	1,702
Other financial corporations and individual entrepreneurs (financial business)	29,295	70	3	13	2	49	2,347	25,744		157	833	77
Non-financial corporations and individual entrepreneurs (non-financial business)	132,122	8,967	5,019	3,481	1,926	2,424	19,077	66,340	1,865	9,125	3,432	10,466
Real estate construction and development (including land)	4,224	398	178	170	65	116	1,002	1,608	114	209	251	113
Civil engineering	5,437	436	165	135	90	116	622	2,694	87	333	168	591
Other	122,461	8,133	4,676	3,176	1,771	2,192	17,453	62,038	1,664	8,583	3,013	9,762
Large corporates	79,889	2,410	2,959	1,521	356	647	6,966	54,583	774	3,855	1,419	4,399
SMEs and individual entrepreneurs	42,572	5,723	1,717	1,655	1,415	1,545	10,487	7,455	890	4,728	1,594	5,363
Other households	139,887	20,592	6,487	6,737	3,805	4,214	33,019	29,589	2,694	15,065	3,712	13,973
Homes	120,890	17,516	5,771	5,872	3,353	3,648	27,698	26,045	2,334	13,098	3,338	12,217
Consumer lending	8,708	1,298	381	482	232	257	2,404	1,513	171	926	187	857
Other purposes	10,289	1,778	335	383	220	309	2,917	2,031	189	1,041	187	899
TOTAL 31-12-2023	**409,928**	**31,204**	**12,023**	**11,207**	**6,073**	**8,074**	**56,474**	**161,165**	**4,669**	**26,544**	**8,978**	**26,474**
TOTAL 31-12-2022	**417,095**	**33,407**	**12,738**	**12,166**	**6,743**	**8,532**	**58,679**	**150,022**	**5,044**	**28,606**	**9,357**	**29,028**

(*) Includes autonomous communities that combined represent no more than 10% of the total

Concentration by economic sector

Risk concentration by economic sector is subject to RAF limits, differentiating between private business economic activities and public sector financing, and the channels of the internal report. Particularly, for the private business sector, a maximum concentration limit in any economic sector is established by aggregating the accounting positions recognised, excluding treasury repo/depo operations and those of the trading portfolio.

The Entity also has a model that assigns maximum exposures to the different sectors according to the economic outlook for each one and their contribution to the portfolio's profitability and credit quality targets.

Total gross loans to customers by activity were as follows (excluding advances):

Concentration by activity of loans to customers - 31-12-2023
(Millions of euros)

	Total	Of which real estate collateral	Of which other collateral	Secured loans. Carrying amount based on latest available appraisal (loan to value)				
				≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤ 100%	> 100%
Public administrations	16,287	351	7	92	188	36	3	39
Other financial corporations and individual entrepreneurs (financial business)	22,988	706	423	129	278	493	76	153
Non-financial corporations and individual entrepreneurs (non-financial business)	139,348	21,715	1,913	8,989	7,625	3,393	1,077	2,544
Real estate construction and development (including land)	4,060	3,578	18	1,157	1,222	603	217	397
Civil engineering	6,094	506	142	280	158	52	33	125
Other	129,194	17,631	1,753	7,552	6,245	2,738	827	2,022
Large corporates	88,136	6,247	1,152	2,286	2,360	1,113	326	1,314
SMEs and individual entrepreneurs	41,058	11,384	601	5,266	3,885	1,625	501	708
Other households	141,385	126,419	669	42,163	39,570	31,795	7,981	5,579
Homes	122,830	120,311	228	38,714	37,800	31,087	7,673	5,265
Consumer lending	8,728	2,011	242	1,301	577	219	85	71
Other purposes	9,827	4,097	199	2,148	1,193	489	223	243
TOTAL	**320,008**	**149,191**	**3,012**	**51,373**	**47,661**	**35,717**	**9,137**	**8,315**
Memorandum items: Refinancing, refinanced and restructured operations	*6,283*	*3,656*	*22*	*1,074*	*1,065*	*624*	*499*	*416*

Concentration by activity of loans to customers - 31-12-2022
(Millions of euros)

	Total	Of which real estate collateral	Of which other collateral	Collateralised loans carrying amount based on latest available appraisal (loan to value)				
				≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤ 100%	> 100%
Public administrations	18,819	408		81	202	51	21	53
Other financial corporations and individual entrepreneurs (financial business)	18,866	607	593	286	207	145	495	67
Non-financial corporations and individual entrepreneurs (non-financial business)	141,632	22,489	2,217	9,898	7,764	3,649	1,368	2,027
Other households	149,998	134,944	749	44,031	43,440	33,042	8,858	6,322
TOTAL	**329,315**	**158,448**	**3,559**	**54,296**	**51,613**	**36,887**	**10,742**	**8,469**
Memorandum items: Refinancing, refinanced and restructured operations	*7,992*	*4,595*	*72*	*1,276*	*1,323*	*920*	*559*	*589*

Loans and advances to customers by nature were as follows:

Breakdown of loans and advances to customers by type
(Millions of euros)

	31-12-2023			31-12-2022		
	Stage 1	Stage 2 + POCI w/o imp.	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI w/o imp.	Stage 3 + POCI with impairment
Public administrations	15,802	479	12	18,502	293	29
Other financial corporations	22,673	241	106	18,693	171	23
Loans and advances to companies and individual	125,489	12,640	4,267	127,222	13,226	4,366
Real estate construction and development (including land)	8,634	1,291	695	9,010	1,588	643
Other companies and individual entrepreneurs	116,855	11,349	3,572	118,212	11,638	3,723
Other households	127,908	11,807	4,640	136,285	11,991	4,599
Homes	111,597	9,766	3,573	119,546	9,761	3,397
Other	16,311	2,041	1,067	16,739	2,230	1,202
TOTAL	**291,872**	**25,167**	**9,025**	**300,702**	**25,681**	**9,017**

Breakdown of hedges of loans and advances to customers by type
(Millions of euros)

	31-12-2023			31-12-2022		
	Stage 1	Stage 2 + POCI w/o imp.	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI w/o imp.	Stage 3 + POCI with impairment
Public administrations	(1)		(5)			(5)
Other financial corporations	(14)	(6)	(12)	(7)	(3)	(11)
Loans and advances to companies and individual entrepreneurs	(247)	(419)	(2,382)	(523)	(525)	(2,134)
Real estate construction and development (including land)	(34)	(57)	(375)	(55)	(112)	(337)
Other companies and individual entrepreneurs	(213)	(362)	(2,007)	(468)	(413)	(1,797)
Other households	(160)	(479)	(2,331)	(467)	(587)	(1,823)
Homes	(81)	(330)	(1,695)	(331)	(391)	(1,241)
Other	(79)	(149)	(636)	(136)	(196)	(582)
TOTAL	**(422)**	**(904)**	**(4,730)**	**(997)**	**(1,115)**	**(3,973)**
Of which: identified individually		*(178)*	*(992)*		*(170)*	*(996)*
Of which: identified collectively	*(422)*	*(726)*	*(3,738)*	*(997)*	*(945)*	*(2,977)*

Breakdown of loans and advances to customers according to arrears status and rates
(Millions of euros)

	31-12-2023	31-12-2022
By arrears status		
Of which: default on payment of less than 30 days or up to date on payments	319,371	329,067
Of which: default on payment between 30 and 60 days	1,075	921
Of which: default on payment between 60 and 90 days	634	717
Of which: default on payment between 90 days and 6 months	1,077	733
Of which: default on payment between 6 months and 1 year	1,302	1,109
Of which: default on payment of more than 1 year	2,605	2,853
By interest rate type		
Fixed	115,532	114,379
Floating	210,532	221,021

Concentration by economic activity

The breakdown of loans and advances by economic activity is set out below:

Concentration by economic activity of non-financial companies (CNAE analytics)
(Millions of euros)

	31-12-2023			31-12-2022		
	Gross carrying amount	*Of which: Stage 3*	Hedge	Gross carrying amount	*Of which: Stage 3*	Hedge
Agriculture, livestock, forestry and fishing	2,457	*147*	(106)	2,399	147	(106)
Mining and quarrying	511	*9*	(9)	525	10	(8)
Manufacturing industry	26,725	*652*	(447)	27,336	571	(465)
Electricity, gas, steam and air conditioning supply	16,777	*146*	(90)	17,974	155	(118)
Water supply	1,852	*7*	(9)	1,803	6	(14)
Buildings	9,268	*572*	(420)	9,891	505	(439)
Wholesale and retail trade	19,149	*724*	(559)	19,484	681	(511)
Transport and storage	13,798	*285*	(297)	13,696	241	(337)
Accommodation and food service activities	8,949	*352*	(190)	9,128	474	(209)
Information and communication	4,175	*90*	(64)	4,048	98	(77)
Financial and insurance activities	1,779	*17*	(31)	867	2	(41)
Real estate	16,853	*275*	(180)	17,766	269	(234)
Professional, scientific and technical activities	2,986	*340*	(183)	3,311	301	(190)
Administrative and support service activities	5,707	*85*	(59)	4,529	90	(72)
Public administration and defence; compulsory social security	1,675		(3)	1,591		(10)
Education	519	*41*	(39)	575	30	(23)
Human health services and social work activities	1,578	*23*	(28)	1,671	25	(29)
Arts, entertainment and recreation	1,013	*149*	(60)	1,071	198	(82)
Other services	2,215	*22*	(152)	2,388	124	(106)
TOTAL	**137,986**	***3,936***	**(2,926)**	**140,053**	**3,927**	**(3,071)**

Concentration according to credit quality

The methodology applied to assign credit ratings to fixed income issuances is based on:

- Fixed-income instruments: the regulatory banking criteria defined in the CRD IV regulation and the CRR on capital requirements, and therefore, the second best rating of all those available is used, if more than two ratings are available. In this context, for example, as at 31 December 2023 and 2022, Spain's sovereign debt rating stands at A-.
- Loan portfolio: certification of the internal classifications to *Standard & Poor's* methodology.

The risk concentration according to credit quality of credit risk exposures associated with debt instruments for the Entity is stated as follows:

Concentration according to credit quality - 31-12-2023
(Millions of euros)

	FA at amortised cost (Note 13)					FA held for trading - DS (Note 10)	FA not for trading * - DS (Note 11)	FA at FV with changes in other comp. income (Note 12)	Loan commitments, financial guarantees and other commitments given (Note 24)		
	Loans and advances to customers										
	Stage 1	Stage 2	Stage 3	POCI	Debt sec.				Stage 1	Stage 2	Stage 3
AAA/AA+/AA/AA-	16,987	3			11,946	3		2,527	6,601	1	
A+/A/A-	44,143	88			54,862	142		3,213	9,828	12	
BBB+/BBB/BBB-	60,961	539			5,011	176		1,496	16,184	179	
INVESTMENT GRADE	**122,091**	**630**			**71,819**	**321**		**7,236**	**32,613**	**192**	
Allowances for impairment	(167)	(7)			(5)			(1)	(4)		
BB+/BB/BB-	80,291	7,263	2			2		19	45,968	3,306	28
B+/B/B-	13,468	9,295	29						7,546	1,783	1
CCC+/CCC/CCC-	929	4,452	173		28				252	408	12
No rating	76,951	3,520	8,548	280	161	18		1	35,720	(58)	776
NON-INVESTMENT GRADE	**171,639**	**24,530**	**8,752**	**280**	**189**	**20**		**20**	**89,486**	**5,439**	**817**
Allowances for impairment	(271)	(897)	(4,496)	(234)					(52)	(72)	(258)
TOTAL	**293,292**	**24,256**	**4,256**	**46**	**72,003**	**341**		**7,255**	**122,099**	**5,631**	**817**

Debt sec.: Debt securities; FA: Financial assets
(*) Compulsorily measured at fair value through profit or loss

Concentration according to credit quality - 31-12-2022
(Millions of euros)

	FA at amortised cost (Note 13)					FA held for trading - DS (Note 10)	FA not for trading * - DS (Note 11)	FA at FV with changes in other comp. income (Note 12)	Financial guarantees, loan commitments and other commitments given (Note 24)		
	Loans and advances to customers										
	Stage 1	Stage 2	Stage 3	POCI	Debt sec.				Stage 1	Stage 2	Stage 3
AAA/AA+/AA/AA-	16,019	7			8,219			2,426	5,635	1	
A+/A/A-	42,886	90			57,524	24		6,592	9,290	15	
BBB+/BBB/BBB-	82,548	738			3,737	39		1,536	36,081	204	
INVESTMENT GRADE	**141,453**	**835**			**69,480**	**63**		**10,554**	**51,006**	**220**	**1**
Allowances for impairment	(501)	(12)							(4)		
BB+/BB/BB-	67,190	6,574	1					74	28,815	2,583	16
B+/B/B-	16,549	10,522	28						5,443	1,992	4
CCC+/CCC/CCC-	792	4,114	98		18				278	449	4
No rating	77,007	3,633	8,425	468	2,746	119		10	41,234	305	867
NON-INVESTMENT GRADE	**161,538**	**24,843**	**8,552**	**468**	**2,764**	**119**		**84**	**75,770**	**5,329**	**891**
Allowances for impairment	(513)	(1,103)	(3,751)	(222)					(56)	(66)	(375)
TOTAL	**301,977**	**24,563**	**4,801**	**246**	**72,244**	**182**		**10,638**	**126,776**	**5,549**	**892**

Debt sec.: Debt securities; FA: Financial assets
(*) Compulsorily measured at fair value through profit or loss

Concentration according to sovereign risk

The Entity's position in sovereign debt is subject to the general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile:

- The position in public, regional and local debt is subject to the general concentration and country risk limits established. Regular control procedures are in place for preventing new positions in countries in which there is a high risk concentration, unless express approval is given by the pertinent authority.
- For fixed-income securities, a framework is in place regulating the solvency, liquidity and geographic location of all of the fixed-income issues and any similar transaction implying payment in cash for the buyer and the assumption of the issuer's credit risk or related collateral. This control is exercised during the risk acceptance phase and throughout the life of the position in the portfolio.
- Public debt positions held on the Treasury Desk are subject to the framework for market risk control and limits.

The risk associated with exposures to sovereign risk, whether direct exposure or assets with sovereign backing, is continuously monitored in view of publicly available information, which includes the ratings of public agencies.

Furthermore, as specified in the table "Maximum exposure to credit risk" in Note 3.4.1, there are no material impairments of debt securities.

The carrying amounts of the main items related to sovereign risk exposure for the Entity are detailed below:

Exposure to sovereign risk - 31-12-2023
(Millions of euros)

Country/Supra-national body	Residual maturity	FA at amortised cost	FA held for trading	FA at FV w/changes in other compr. income	FA not designated for trading *	FL held for trading - Short positions
Spain	Less than 3 months	3,445	1	721		
	Between 3 months and 1	3,405	34	1,301		(9)
	Between 1 and 2 years	22,518		187		
	Between 2 and 3 years	8,353				
	Between 3 and 5 years	9,488	76	763		
	Between 5 and 10 years	14,076	20	19		(13)
	Over 10 years	7,157				
	TOTAL	**68,442**	**131**	**2,991**		**(22)**
Italy	Less than 3 months					
	Between 3 months and 1 year			283		
	Between 1 and 2 years					
	Between 2 and 3 years	146				
	Between 3 and 5 years	888	9			(5)
	Between 5 and 10 years	2,357	13	423		(11)
	TOTAL	**3,391**	**22**	**706**		**(16)**
US	Less than 3 months					
	Between 5 and 10 years			2,218		
	TOTAL			**2,218**		
France	Less than 3 months					
	Between 1 and 2 years	52				
	Between 3 and 5 years	678				
	Between 5 and 10 years	1,346				
	Over 10 years					
	TOTAL	**2,076**				
Japan	Less than 3 months					
	Between 3 and 5 years	547				
	TOTAL	**547**				
European Union	Less than 3 months					
	Between 2 and 3 years	693				
	Between 3 and 5 years	2,715				
	Between 5 and 10 years	1,574				
	Over 10 years			140		

Exposure to sovereign risk - 31-12-2023
(Millions of euros)

Country/Supra-national body	Residual maturity	FA at amortised cost	FA held for trading	FA at FV w/changes in other compr. income	FA not designated for trading *	FL held for trading - Short positions
	TOTAL	**4,982**		**140**		
Other	Less than 3 months	54		1		
	Between 3 months and 1 year	29		154		(15)
	Between 1 and 2 years	29				
	Between 2 and 3 years	66				
	Between 5 and 10 years	319				
	Over 10 years	1,746				
	TOTAL	**2,243**		**155**		**(15)**
TOTAL		**81,681**	**153**	**6,210**		**(53)**
Of which: Debt securities		*65,095*	*153*	*6,210*		*(53)*

FA: Financial assets; FL: Financial liabilities; FV: Fair value
(*) Compulsorily measured at fair value through profit or loss

Sovereign risk exposure - 31-12-2022
(Millions of euros)

Country/Supranational body	FA at amortised cost	FA held for trading	FA at FV w/changes in other compr. income	FA not designated for trading *	FL held for trading - Short positions
Spain	76,619	23	6,372	50	(28)
Italy	3,326	4	668		
US			2,242		
France	2,073				
Japan	730				
European Union	2,512		128		
Other	290		1		(10)
TOTAL	**85,550**	**27**	**9,411**	**50**	**(38)**

FA: Financial assets; FL: Financial liabilities; FV: Fair value
(*) Compulsorily measured at fair value through profit or loss.

Information regarding financing for real estate construction and development, home purchasing, and foreclosed assets

The main data regarding financing for real estate development, home purchasing and foreclosed assets are discussed below.

Financing for real estate construction and development

The tables below show financing for real estate construction and development, including developments carried out by non-developers (business in Spain):

Financing for real estate construction and development
(Millions of euros)

	31-12-2023		31-12-2022	
	Total amount	*Of which: Non-performing*	Total amount	*Of which: Non-performing*
Gross amount	4,385	*293*	4,823	*271*
Allowances for impairment	(203)	*(148)*	(242)	*(150)*
CARRYING AMOUNT	**4,182**	***145***	**4,581**	***121***
Excess gross exposure over the maximum recoverable value of effective collateral	935	*155*	943	*147*
Memorandum items: Asset write-offs	*1,822*		*1,884*	
Memorandum items: Loans to customers excluding public administrations (business in Spain) (carrying amount)	*281,623*		*295,980*	

The amounts shown in the tables above do not include funding extended by the Entity to its subsidiary companies, as follows:

Financing extended to group real estate companies
(Millions of euros)

	Carrying amount	
	31-12-2023	31-12-2022
Finance to Group subsidiaries	**4,270**	**4,495**
BuildingCenter	*4,270*	*4,495*

The tables below show the breakdown of financing for real estate developers and developments, including developments carried out by non-developers (business in Spain), by collateral:

Financing for real estate developers and developments by collateral
(Millions of euros)

	Gross amount	
	31-12-2023	31-12-2022
Without mortgage collateral	**514**	**618**
With mortgage collateral	**3,871**	**4,205**
Buildings and other completed constructions	2,783	2,912
Homes	1,870	1,959
Other	913	953
Buildings and other constructions under construction	870	952
Homes	746	811
Other	124	141
Land	218	341
Consolidated urban land	104	156
Other land	114	185
TOTAL	**4,385**	**4,823**

The following table presents financial guarantees given for real estate construction and development, including the maximum level of exposure to credit risk (i.e. the amount the Entity could have to pay if the guarantee is called on).

Financial guarantees
(Millions of euros)

	31-12-2023	31-12-2022
Financial guarantees given related to real estate construction and development	**113**	**210**
Amount recognised under liabilities		

The table below provides information on guarantees received for real estate development loans by classification of customer insolvency risk:

Guarantees received for real estate development transactions *
(Millions of euros)

	31-12-2023	31-12-2022
Value of collateral *	**11,063**	**11,984**
Of which: guarantees non-performing risks	*626*	*625*

(*) The maximum amount of the effective collateral that can be considered for the purposes of the impairment calculation, i.e., the estimated fair value of real estate properties based on their latest available appraisal or an update of that appraisal based on the applicable regulations in force. In addition, the remaining collateral is included as the current value of the collateral that has been pledged to date, not including personal guarantees.

Financing for home purchases

The breakdown of home-purchase loans (business in Spain), as well as the annual financing granted to purchase homes from credit streamlining at the end of these financial years, is as follows:

Loans granted for financing buyers of foreclosed homes
(Millions of euros)

	2023	2022
Financing granted in the year	170	330
Average percentage financed	90%	93%

Home purchase loans with mortgage at these dates by the loan-to-value (LTV) ratio, based on the latest available appraisal, are as follows:

Home purchase loans by LTV
(Millions of euros)

	31-12-2023		31-12-2022	
	Gross amount	*Of which: non-performing*	Gross amount	*Of which: non-performing*
Not real estate mortgage secured	**964**	***6***	**1,068**	***7***
With real estate mortgage, by LTV ranges *	**117,738**	***3,313***	**124,599**	***3,097***
LTV ≤ 40%	36,442	*429*	37,611	*365*
40% < LTV ≤ 60%	36,919	*598*	40,274	*549*
60% < LTV ≤ 80%	30,524	*646*	31,803	*610*
80% < LTV ≤ 100%	6,871	*529*	7,319	*506*
LTV > 100%	6,982	*1,111*	7,592	*1,067*
TOTAL	**118,702**	***3,319***	**125,667**	***3,104***

(**) LTV calculated according to the latest available appraisals. The ranges for non-performing transactions are updated in accordance with prevailing regulations.

Counterparty risk generated by transactions with derivatives and security financing transactions

Monitoring and measurement of counterparty risk

Counterparty risk is credit risk generated by derivatives 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 the CVA (credit risk valuation adjustment) and the central counterparty default fund (guarantee fund for defaults).

The approval of new transactions involving assuming counterparty risk in the Entity is subject to an internal framework that has been approved by the Global Risk Committee, which enables rapid decision-making for both financial and other counterparties.

In the case of transactions with financial institutions, the Entity has a specific internal framework setting out the methodology used to grant credit lines. The maximum authorised credit risk exposure with an entity is primarily determined on the basis of the external rating and the analysis of their financial statements. The abovementioned framework also includes the model for determining limits and calculating consumer risk for central counterparties (CCPs).

In transactions with other counterparties, including retail customers, derivative transactions relating to asset applications (loan interest rate risk hedging) are approved jointly with the asset transaction. All other transactions subject to counterparty risk do not require explicit approval, provided that the consumption does not exceed the allocated risk limit of said counterparty. Otherwise, an individual study will be requested. Approval of transactions corresponds to the risk areas responsible for credit risk analysis and approval.

The definition of limits for counterparty risk is complemented by internal concentration limits, mainly for country and large exposure risks.

In **derivative transactions**, exposure to counterparty risk is calculated based on the related market risk (loss incurred if the counterparty defaults at the current time) and their related potential value (possible changes in their value under extreme market price conditions based on the historical pattern). The equivalent credit exposure for derivatives is understood as the maximum potential loss over the life of an operation that the bank might incur should the counterparty default at any time in the future. This is calculated using a Monte Carlo simulation with portfolio effect and offsetting of positions, as applicable, at a 95% confidence interval, based on stochastic models incorporating the volatility of the underlying and all of the characteristics of the transactions.

Counterparty risk exposure for **securities lending** in the Entity is calculated as the difference between the market value of the cash/securities granted to the counterparty and the market value of the securities/cash received as collateral, considering the applicable volatility adjustments in each case.

When calculating the exposure of derivatives and securities lending, the mitigating effect of collateral received under Framework Collateral Agreements is considered.

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 Entity for **financial counterparties** is monitored 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 monitored through corporate applications, which contain both the limits of the lines of derivatives risk (if any) and credit exposure of operations.

Measures to mitigate counterparty risk

The main risk mitigation measures employed for counterparty risk with financial institutions involve:

- **ISDA/CMOF contracts:** standardised contracts for global derivative operations with a counterparty, which 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. Therefore, in the event of default of the counterparty, a single payment or collection obligation is established in relation to all derivatives closed out with the counterparty.
- **CSA Appendix (ISDA) / Appendix III (CMOF):** agreements whereby each of the parties undertake to provide collateral (usually a cash deposit) as security for the net counterparty risk position arising from the derivatives traded between them. The calculation of the collateral to be exchanged takes into account the compensation clauses included in the ISDA or CMOF contracts.
- **GMRA/ CME/ GMSLA contracts**: agreements whereby the parties undertake to deliver collateral for the net counterparty risk position arising from repo or securities lending transactions, calculated as the deviation that may occur between the value of the amount accrued for the simultaneous purchase and sale of securities and the current market value of these securities.

- **CTA contracts:** agreements in which the parties undertake to deliver collateral to mitigate the potential future exposure (initial margin) of the derivatives contracted upon the entry into force of the initial margin swap obligation.
- **Break-up clauses***:* provisions in derivative contracts that enable, at a certain point in the contract, the early termination by free decision of one of the parties. This mitigates counterparty risk by reducing the effective duration of the operations subject to the clause.
- **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 fashion. Whenever its feasible, CaixaBank uses the Continuous Linked Settlement (CLS) system that allows the Entity to ensure delivery against payment in the case of simultaneous collection and payment flows in different currencies.
- **Central Counterparties (CCP).** the use of CCPs in derivatives and securities lending transactions can mitigate the associated counterparty risk, as these entities perform interposition functions on their own account between the two bilateral counterparties involved in the transaction, assuming the role of counterparty to each of them and, consequently, the corresponding counterparty risk.

The EMIR Regulation and its amendment, EMIR-Refit, establish a series of obligations for all investors trading derivatives contracts. Of particular note is the mandatory use of an authorised central counterparty when trading in certain derivatives contracts or the reporting to trade repositories authorised or recognised by ESMA of all derivative contracts traded.

For non-financial counterparties, the mitigation techniques for counterparty risk involve: ISDA/CMOF contracts, CSA contract/CMOF Appendix III and break-up clauses, as well as pledges of financial guarantees and the use of guarantees issued by counterparties with higher credit quality than the original counterparty in the transaction.

The Entity has signed collateral agreements, mainly with financial institutions. Risk is quantified daily, in most cases, by marking to market all outstanding transactions, subject to the collateral framework agreement, and comparing this amount to the current guarantee received/delivered. This entails modification, where applicable, of the collateral delivered by the debtor. In the hypothetical case of a downgrade of the Entity's rating, the impact on collateral would be significant because most of the collateral agreements do not provide for franchises related to the Entity's external credit rating.

Risk associated with the investee portfolio

The risk associated with equity investments (or "investees") is included under credit risk for investments that are not classified in the held-for-trading portfolio. More specifically, the Corporate Risk Catalogue contemplates it as a specific credit risk item that reflects the potential loss over a medium and long-term time horizon, generated by unfavourable movements in market prices or impairment of the value of the positions that make up the portfolio of the CaixaBank Group companies' equity investments.

The way in which each share is methodologically processed for capital consumption will depend on: i) the accounting classification of the share, for investments classified in the portfolio at fair value with changes in other comprehensive income, the calculation is carried out using the internal VaR model; and ii) the longevity strategy, for investments intended to be held on a long-term basis or there is a long-term link in their management, the most significant risk is credit risk, and, therefore, the PD/LGD approached is used whenever possible.

If the requirements for applying the aforementioned methods are not met or there is not sufficient information, the simple risk-weight approach is applied in accordance with current regulations. Without prejudice to the foregoing, for certain cases laid down in the regulation corresponding to significant financial holdings, the capital consumption will be subjected to deductions from own funds or a fixed weighting of 250%.

As regards management, a financial analysis and control is conducted on the main investees by specialists exclusively responsible for monitoring changes in economic and financial data and for understanding and issuing alerts in the event of changes in regulations and fluctuations in competition in the countries and sectors in which the investees operate. These analysts also interact with the Investor Relations departments of the listed investees and compile the information needed, including third-party reports (e. g. investment banks and rating agencies) needed for an overview of possible risks to the value of the shareholdings.

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 these analysts. In these processes, the outlook for securities markets and analysts' views (e.g. recommendations, target prices, ratings, etc.) are shared with Senior Management for regular comparison with the market.

COVID-19 support measures

During the pandemic, CaixaBank offered its customers legislative (based on national laws) and non-legislative (based on sector or individual regimes) moratoriums intended to curb the effects of COVID-19. These moratoriums expired entirely in 2022.

Similarly, of particular note were the efforts made by CaixaBank to ensure the deployment of new ICO (Spanish Official Credit Institute) guarantee facilities, ICO-COVID facilities, which CaixaBank also extends using working capital facilities and special funding facilities, among others.

At 31 December 2023, 5% of the total amount of loans granted with the ICO guarantee has already been repaid. Practically all of the remaining amount, is repaying principal at the close of 2023. 4.2% of government guaranteed loans are classified in Stage 3.

The following is a breakdown of the public guarantee financing operations (carrying amount):

Breakdown of government guaranteed loans
(Millions of euros)

	31-12-2023	31-12-2022
Public administrations	**4**	**7**
Non-financial corporations and individual entrepreneurs (non-financial business)	**11,419**	**16,487**
Real estate construction and development (including land)	33	75
Civil engineering	931	1,352
Other	10,455	15,060
Large corporates	2,384	3,685
SMEs and individual entrepreneurs	8,071	11,375
TOTAL	**11,423**	**16,494**

3.4.2 Actuarial risk

The Entity is only exposed to actuarial risk as a result of pension commitments that are not insured by any insurance firm. Given that the majority are insured, this risk is not significant in CaixaBank. Furthermore, insurance activity, which is what has and manages actuarial risk resulting from customers' insurance contracts, takes place via VidaCaixa, and therefore has no impact on CaixaBank's financial statements (non-consolidated).

3.4.3 Structural rate risk

Interest rate risk in the banking book

Risk defined as the negative impact on the economic value of balance sheet items or on financial income due to changes in the temporary structure of interest rates and their impact on asset and liability instruments and those off the Entity's balance sheet not recognised in the trading book.

This risk is analysed considering a broad set of market-type scenarios, including the potential impact of all possible sources of risk, i.e. GAP risk (with its risk repricing risk and curve risk components), basis risk and optionality risk. The latter considers automatic optionality related to the behaviour of interest rates and the optionality of customer behaviour, which is not only dependent on rates.

Additionally, the balance sheet credit spread risk (hereinafter CSRBB), arising from changes in the market price of credit risk, liquidity risk and potentially other characteristics of instruments with interest credit risk, is taken into account. This risk is explicitly and comprehensively assessed and monitored in the risk management processes. 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 and considering the complexity of the balance sheet.

It uses both static and dynamic measurements:

Static measurements: 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 comparing the values of the assets and liabilities reviewed or that mature in a particular period.
- **Balance sheet economic value:** it is calculated as the sum of i) the fair value 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 Entity. 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 Entity then uses this sensitivity measurement to define operating risk thresholds for economic value for particular interest rate scenarios.
- **Value at Risk (VaR):** by applying the monthly historical changes to the current rate levels, the potential economic value impact is calculated for both the risk-free interest rate and the credit spread (limited solely to the on-balance sheet positions affected).

Dynamic measurements: 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 from the Entity's budget are included.

- **Net interest income projections:**

  The Entity projects future net interest income (1, 2 and 3 years ahead) under various interest rate scenarios. The objective is to project net interest income based on 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.

  Forecasts of net interest income depend on assumptions and events other than just the future interest rate curve: they also consider factors such as customer behaviour (early cancellation of loans and early redemption of fixed-term deposits), the maturity of demand accounts and the future performance of the Entity's business.

- **Net interest income volatility:**

  The difference between these net interest income figures (the differences resulting from an increase, decrease, or changes compared to the baseline scenario) compared to the baseline scenario give us a measure of the sensitivity, or volatility, of net interest income.

  The Entity then uses this sensitivity measurement to define operating risk thresholds for net interest income for particular interest rate scenarios.

- **Earnings at risk (EaR):** By applying the monthly historical changes to the current rate levels, the potential impact on the Entity's net interest margin is calculated for both the risk-free interest rate and the credit spread (limited solely to the on-balance sheet positions affected).

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.

The following table shows, using a static gap, the distribution of interest rate revaluations and maturities of sensitive items on the Entity's balance sheet, without taking into account, where applicable, the value adjustments or value corrections at year-end:

Matrix of maturities and revaluations of the balance sheet sensitive to interest rates
(Millions of euros)

	=< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	Total
ASSETS							
Interbank and Central Banks	40,469		227	250		250	41,196
Loans and advances to	226,453	27,609	15,562	9,680	8,614	34,823	322,741
Fixed income portfolio	22,810	5,906	7,654	5,184	10,708	25,336	77,598
TOTAL ASSETS	**289,732**	**33,515**	**23,443**	**15,114**	**19,322**	**60,409**	**441,535**
LIABILITIES							
Interbank and Central Banks	32,904	71	47	176	14	31	33,243
Customer deposits	197,103	57,575	10,142	5,682	5,694	85,638	361,834
Issuances	10,478	13,249	8,153	7,113	6,522	11,725	57,240
TOTAL LIABILITIES	**240,485**	**70,895**	**18,342**	**12,971**	**12,230**	**97,394**	**452,317**
ASSETS LESS LIABILITIES	**49,247**	**(37,380)**	**5,101**	**2,143**	**7,092**	**(36,985)**	**(10,782)**
Hedges	(62,513)	24,528	6,505	19,282	4,865	7,624	291
TOTAL DIFFERENCE	**(13,266)**	**(12,852)**	**11,606**	**21,425**	**11,957**	**(29,361)**	**(10,491)**

Below is the sensitivity of the net interest income and economic value to sensitive balance sheet assets and liabilities for a scenario of rising and falling interest rates of 100 basis points:

Interest rate sensitivity
(incremental % with respect to the market baseline scenario / implicit rates)

	+100 BP	-100 BP
Net interest income (1)	(2.75%)	3.18%
Economic value of equity for sensitive balance sheet aggregates (2)	1.95%	(2.66%)

(1) Sensitivity of the 1-year NII of sensitive balance sheet aggregates.
(2) Sensitivity of economic value for sensitive balance sheet aggregates on Tier 1.

With regard to measurement tools and systems, information is obtained at the transaction level of the Entity'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 behavioural customer models based on historical information (e.g. pre-payment models and demand accounts). 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 static gaps, the net interest income forecasts and the economic value of the Entity.

To mitigate the interest rate risk in the banking book, the Entity 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, the Entity uses hedges as a strategy for mitigating its exposure and preserving the economic value of the balance sheet. The most important hedges on the bank's balance sheet are loan hedges, issue hedges and demand account hedges. The most relevant are issue hedges that are structured as macro fair value hedges.

Exchange rate risk in the banking book

Exchange rate risk in the banking book corresponds to the potential risk in the assets affected by adverse movements in exchange rates.

The Entity has foreign currency assets and liabilities in its balance sheet primarily as a result of its commercial activity and its shares in foreign currencies, in addition to the foreign currency assets and liabilities deriving from the Entity's measures to mitigate exchange rate risk.

The equivalent euro value of foreign currency assets and liabilities in the Entity's balance sheet is as follows:

Foreign currency positions

(Millions of euros)

	31-12-2023	31-12-2022
Cash and cash balances at central banks and other demand deposits	495	583
Financial assets held for trading	1,803	1,949
Financial assets with changes in other comprehensive income	2,230	2,252
Financial assets at amortised cost	24,577	22,150
Other assets	(1,593)	(4,267)
TOTAL FOREIGN CURRENCY ASSETS	**27,512**	**22,667**
Financial liabilities at amortised cost	15,699	12,376
Deposits	9,080	9,301
Central banks	548	660
Credit institutions	4,138	4,440
Customers	4,394	4,201
Debt securities issued	6,044	2,462
Other financial liabilities	575	613
Other liabilities	2,681	2,496
TOTAL FOREIGN CURRENCY LIABILITIES	**18,380**	**14,872**

The Entity maintains the hedging of foreign currency risk, which may be carried out via transactions in cash or financial derivatives that mitigate asset and liability positions in 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 currency risk assumed in its commercial activity, which explains why the Entity's exposure to this risk is low.

The remaining minor foreign currency positions in the banking book and of the treasury activity are chiefly held with credit institutions in major currencies. The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The breakdown by currency of the main headings of the balance sheet are set out below:

Breakdown of the main balance sheet items by currency - 31-12-2023

(Millions of euros)

	Cash *	FA held for trading	FA with changes in OCI	FA at amortised cost	FL at amortised cost	Other liabilities
USD	224	752	2,225	17,516	12,261	1,082
JPY	8			134	197	
GBP	29	977	3	3,634	2,274	1,095
PLN (Polish Zloty)	67	1		961	174	58
CHF	4			131	251	2
CAD	20	99		1,051	55	339
Other	143	(26)	2	1,150	487	105
TOTAL	**495**	**1,803**	**2,230**	**24,577**	**15,699**	**2,681**

FA: Financial assets; FL: Financial liabilities

(*) Cash and cash balances at central banks and other demand deposits

Given the reduced exposure to exchange rate risk and considering the existing hedges, the sensitivity of the balance sheet's economic value is not significant.

3.4.4 Liquidity and funding risk

Overview

Liquidity and funding risk refers to insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements, or the investment needs of the Entity.

The Entity manages this risk to maintain sufficient liquidity levels so that it can comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, at all times within the RAF. The strategic principles to achieve the management objectives are as follows:

- A decentralised liquidity management system across three units (the CaixaBank subgroup, the BPI subgroup and CaixaBank Wealth Management Luxembourg, S.A.), which includes a segregation of duties to ensure optimal management, control and monitoring of risks.
- Maintaining an efficient level of liquid funds in order to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Active management of liquidity through ongoing monitoring of liquid assets and the balance sheet structure.
- Sustainability and stability as principles of the funding source strategy, which is based on i) the customer deposit-based funding structure and ii) capital market funding, complementing the funding structure.

The liquidity risk strategy and appetite for liquidity and financing risk involves:

- Identifying the significant liquidity risks for the Entity and its liquidity management units;
- Formulating the strategic principles the Entity must observe in managing each of these risks;
- Establishing the relevant metrics for each of these risks;
- Setting appetite, tolerance, compliance / benchmark and, where applicable, recovery thresholds within the RAF.
- Setting up management and control procedures for each of the risks, including mechanisms for internal and external systematic monitoring;
- Defining a stress testing framework and a Liquidity Contingency Plan to ensure liquidity risk can be appropriately managed in moderate and severe crisis situations,
- And a recovery planning framework, in which scenarios and measures are devised for stress conditions.

In particular, the Entity holds specific strategies with regard to: i) management of intraday liquidity risk; ii) management of the short-term liquidity; iii) management of sources of financing/concentrations; iv) management of liquid assets; and v) management of collateralised assets. Similarly, the Entity has procedures to minimise liquidity risks in stress conditions through i) the early detection of the circumstances through which it can be generated; ii) minimising negative impacts; and iii) sound management to overcome a potential crisis situation.

Mitigation techniques for liquidity risk

On the basis of the principles mentioned in the previous section, a Contingency Plan has been drawn up defining an action plan for each of the established crisis scenarios. This sets out measures to be taken on the commercial, institutional and disclosure level to deal with this kind of situation, including the possibility of using the liquidity reserves or extraordinary sources of finance. In the event of a situation of stress, the liquid asset buffer will be managed in order to minimise liquidity risk.

The measures in place for liquidity risk management and anticipatory measures feature:

- Delegation of the Annual General Meeting or, where applicable, of the Board of Directors for issuance, depending on nature of the type of instrument.
- 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 guarantees have been posted to ensure that liquidity can be obtained immediately:

Available in ECB facility
(Millions of euros)

	31-12-2023	31-12-2022
Value of guarantees delivered as collateral	**73,034**	**71,550**
Drawn down		**(15,178)**
TLTRO III *		(15,178)
Interest on drawn guarantees		**240**
TOTAL AVAILABLE BALANCE IN ECB FACILITY	**73,034**	**56,611**

(*) Interest accrued from the borrowing from TLTRO III on 31 December 2023 and 2022 amounts to EUR -356 million (expense) and EUR 373 million (income), respectively. The value "interest on drawn guarantees" is the calculation carried out by the Bank of Spain to assess the guarantees drawn in the facility. The Entity repaid a TLTRO III balance of EUR 15,178 million in 2023, of which EUR 7,143 million corresponded to ordinary repayment and EUR 8,035 million to early repayment, and there was no financing outstanding at year-end.

- Maintaining issuance programmes aimed at expediting formalisation of securities issuances in the market.

Debt issuance capacity - 31-12-2023
(Million euros / Million dollars)

	Currency	Total issuance capacity	Total issued
CaixaBank fixed-income programme (CNMV 26-07-2023)	EUR	30,000	185
CaixaBank EMTN ("Euro Medium Term Note") programme (Ireland 18-04-2023)	EUR	30,000	25,015
CaixaBank US MTN ("U.S. Medium Term Note") programme (Ireland 29-03-2023)	USD	5,000	3,250
CaixaBank ECP ("Euro Commercial Paper") programme (Ireland 26-04-2023)	EUR	3,000	1,121

- Capacity to issue backed bonds

Covered bond issuance capacity - 31-12-2023
(Millions of euros)

	Issuance capacity *	Total issued
Mortgage covered bonds	41,654	56,840
Public sector covered bonds	6,411	4,500

(*) The liquid assets segregated in the liquidity buffer, if any, are not included in the calculation of the issuance capacity. Considering the liquidity cushion, the issuance capacity is EUR 41,654 million for mortgage covered bonds and EUR 6,411 million for covered bonds, as there are no assets segregated in the liquidity cushion at the end of December 2023.

The degree of collateralisation and overcollateralisation of CaixaBank's mortgage covered bonds issued is as follows:

Collateralisation of mortgage covered bonds of CaixaBank
(Millions of euros)

		31-12-2023	31-12-2022
Mortgage covered bonds issued	(A)	56,840	59,571
Portfolio of loan and credit collateral for mortgage covered bonds	(B)	103,418	107,778
COLLATERALIZATION	**(B)/(A)**	**182 %**	**181 %**
OVERCOLLATERALIZATION	**[(B)/(A)]-1**	**82 %**	**81 %**

(*) The liquidity buffer is included in the coverage set. At year-end there is no balance in the liquidity buffer of the hedging pool, since there is no requirement, while in 2022 liquid assets were separated for the hedging pool amounting to EUR 790 million.

- To facilitate access to short-term markets, CaixaBank currently maintains the following:
    - Interbank facilities with a significant number of (domestic and foreign) banks, as well as central banks.
    - Repo facilities with a number of domestic and foreign counterparties.
    - Access to central counterparty clearing houses for repo business (LCH SA – Paris, Meffclear and EUREX – Frankfurt).
- The Contingency Plan and Recovery Plan contain a wide range of measures that allow for liquidity to be generated 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 and the expected period of execution.

Liquidity situation

The following table presents a breakdown of the Entity's liquid assets based on the criteria established for determining high quality liquid assets to calculate the LCR:

Liquid assets *
(Millions of euros)

	31-12-2023		31-12-2022	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	94,086	94,056	86,535	86,497
Level 2A assets	65	55	247	210
Level 2B assets	1,394	697	1,664	905
TOTAL HIGH QUALITY LIQUID ASSETS (HQLAs)	**95,545**	**94,809**	**88,447**	**87,613**
Assets available in facility not considered HQLAs		53,683		38,645
TOTAL LIQUID ASSETS		**148,492**		**126,258**

(*) Assets under the calculation of the LCR (Liquidity Coverage Ratio). It corresponds to high-quality liquid assets available to meet liquidity needs for a 30 calendar day stress scenario.

The liquidity and financing ratios for the Entity are presented below:

LCR and NSFR
(Millions of euros)

	31-12-2023	31-12-2022
High-quality liquid assets - HQLAs (numerator)	94,809	87,613
Total net cash outflows (denominator)	43,491	44,010
Cash outflows	55,137	55,202
Cash inflows	11,646	11,192
LCR (LIQUIDITY COVERAGE RATIO) (%) (1)	**218%**	**199%**
NSFR (NET STABLE FUNDING RATIO) (%) (2)	**143%**	**141%**

(1) LCR: regulatory ratio whose objective is to maintain an adequate level of high-quality assets available to cover liquidity needs with a 30-day horizon, under a stress scenario.
According to Commission Delegated Regulation (EU) 2015/61 and its implementing regulation supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards the liquidity coverage requirement for credit institutions, the regulatory minimum LCR ratio is 100%.

(2) NSFR – regulatory balance sheet structure ratio that measures the ratio between the quantity of available stable funding (ASF) and the quantity of required stable funding (RSF). Available stable funding is defined as the proportion of own funds and customer funds that are expected to be stable in the time horizon of one year. The amount of stable funding required by an institution is defined in accordance with its liquidity and the residual maturities of its assets and its balance sheet positions.
Regulation (EU) 2019/876 of the European Parliament and of the Council sets the regulatory minimum for the NSFR ratio at 100%.

Key credit ratings are displayed below:

CaixaBank credit ratings

	Issuer rating						
	Long-term debt	Short-term debt	Outlook	Preferred senior debt	Assessment date	Rating of mortgage covered bonds	Last review date of mortgage covered bonds
S&P Global	A-	A-2	Stable	A-	25-04-2023	AA+	26-01-2023
Fitch Ratings	BBB+	F2	Stable	A-	13-06-2023		
Moody's	Baa1	P-2	Stable	Baa1	06-12-2023	Aa1	14-04-2023
DBRS	A	R-1(low)	Stable	A	14-03-2023	AAA	12-01-2024

In the event of a downgrade of the current credit rating, additional collateral must be delivered to certain counterparties, or there are early redemption clauses. The breakdown of the impact on liquidity deriving from 1, 2 and 3-notch downgrading is shown below:

Sensitivity of liquidity to variations in the credit rating
(Millions of euros)

	1-notch downgrade	2-notch downgrade	3-notch downgrade
Trading in derivatives / repos (CSA / GMRA / GMSLA agreements) *	3	14	14
Deposits taken with credit institutions *	0	0	812

(*) The balances presented are accumulated for each rating reduction.

Asset encumbrance – assets received and delivered under guarantee

The following table presents the assets delivered under guarantee:

Assets securing financing operations and unencumbered assets
(Millions of euros)

	31-12-2023		31-12-2022	
	Carrying amount of committed assets	Carrying amount of non-committed assets	Carrying amount of committed assets	Carrying amount of non-committed assets
Equity instruments		1,177		1,095
Debt securities *	21,763	57,836	22,379	60,686
of which: covered bonds		*3*		
of which: asset-backed securities		*532*	*10*	*68*
of which: issued by public administrations	*21,437*	*50,020*	*21,194*	*54,755*
of which: issued by financial corporations	*83*	*6,760*	*913*	*5,264*
of which: issued by non-financial corporations	*243*	*522*	*262*	*599*
Other assets **	57,107	362,141	79,320	334,239
Of which: loans and receivables	*57,107*	*309,978*	*79,320*	*280,119*
TOTAL	**78,870**	**421,154**	**101,699**	**396,020**

(*) Mainly corresponds to assets provided in repurchase agreements and ECB financing transactions.
(**) Mainly corresponds to assets pledged for securitisation bonds, mortgage-covered bonds and public-sector covered bonds. These issuances are chiefly used in operations of issuances to market and as a guarantee in ECB funding operations.

The following table presents the assets received under guarantee:

Assets securing financing operations and unencumbered assets
(Millions of euros)

	31-12-2023		31-12-2022	
	FV of committed assets	FV of non-committed assets	FV of committed assets	FV of non-committed assets
Collateral received *	7,327	16,570	3,885	23,365
Equity instruments				
Debt securities	7,327	14,299	3,885	20,401
Other guarantees received		2,271		2,964
Own debt securities other than covered bonds or own asset-backed securities **		192		250
Issued and unpledged covered bonds and own asset-backed securities ***		60,624		52,059
TOTAL	**7,327**	**77,385**	**3,885**	**75,674**

(*) Mainly corresponds to assets received in reverse repurchase agreements and derivatives and securities lending transactions.
(**) Senior debt treasury shares.
(***) Corresponds to treasury shares issued in the form of securitisations and covered bonds (mortgage / public sector).
FV: Fair value

The asset encumbrance ratio is as follows:

Asset encumbrance ratio
(Millions of euros)

	31-12-2023	31-12-2022
Encumbered assets and collateral received (numerator)	**86,196**	**105,583**
Debt securities	29,089	26,263
Loans and receivables	57,107	79,320
Total assets + Total assets received (denominator)	**523,920**	**524,968**
Equity instruments	1,177	1,095
Debt securities	101,225	107,350
Loan portfolio	367,085	359,439
Other assets	54,433	57,084
ASSET ENCUMBRANCE RATIO	**16.45%**	**20.11%**

In 2023, the collateralised assets ratio decreased compared to 2022, falling by 3.66 percentage points, mainly attributable to the repayment of TLTRO III.

Secured liabilities and the assets securing them are as follows:

Secured liabilities
(Millions of euros)

	31-12-2023		31-12-2022	
	Liabilities hedged, contingent liabilities or securities ceded	Assets, guarantees received and treasury instruments issued *	Liabilities hedged, contingent liabilities or securities ceded	Assets, guarantees received and treasury securities issued *
Financial liabilities	53,604	69,384	69,175	96,999
Derivatives	10,198	10,764	11,541	12,140
Deposits	27,775	32,321	39,425	54,658
Issuances	15,632	26,298	18,209	30,201
Other sources of charges	11,287	16,812	4,856	8,584
TOTAL	**64,891**	**86,196**	**74,031**	**105,583**

(*) Excluding encumbered covered bonds and asset-backed securities

With regard to the financial assets used as collateral for liabilities, deposits mainly include repo transactions in which we use fixed-income bonds as collateral and, to a lesser extent, issues of covered bonds recorded as deposits. The debt securities caption includes issues of mortgage covered bonds secured by loans from the mortgage portfolio, and the derivatives caption includes collateral provided to counterparties for the value of derivatives secured by fixed-income bonds or cash.

Residual maturity periods

The following is a breakdown by maturity of balances, including interest flows based on the market curves of the reference date (implicit rates):

Residual maturity periods - 31-12-2023
(Millions of euros)

	Demand	< = 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interbank assets		38,242	2,007	842	280	41,371
Loans and advances - Customers	1,379	33,761	51,195	143,784	154,962	385,081
Debt securities		3,479	16,971	35,270	25,967	81,687
TOTAL ASSETS	1,379	75,482	70,173	179,896	181,209	508,139
Interbank liabilities		27,433	4,619	1,423	190	33,665
FL - Customer deposits	102,257	21,841	73,738	79,153	85,640	362,629
FL - Debt securities issued		4,975	6,185	40,323	13,991	65,474
TOTAL LIABILITIES	102,257	54,249	84,542	120,899	99,821	461,768
Of which are wholesale issues net of treasury shares and multi-issuers		*2,498*	*2,499*	*25,564*	*24,166*	*54,727*
Of which are other financial liabilities for lease		*1*	*20*	*66*	*1,425*	*1,512*
Drawable by third parties		5,449	14,379	25,829	42,441	88,099

FA: Financial assets; FL: Financial liabilities

N.B.: Prepayments do not apply. Interest is included excluding hedging

The transaction maturities are projected according to their contractual and residual maturity, irrespective of any assumption that the assets or liabilities will be renewed. In the case of demand accounts, with no defined contractual maturity, the Entity's internal behaviour models are applied. In order to assess the negative gap in the short term, the following aspects must be considered:

- The Entity has high and stable retail financing with probable renewal.
- Additional guarantees are available at the European Central Bank, and there is the capacity to generate new deposits through asset securitisation and the issuance of mortgage- or public sector-covered bonds.

The calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market. The monetisation of available liquid assets is also not included.

With respect to issuances, the Entity's policies take into account a balanced distribution of maturities, preventing concentrations and diversifying financing instruments.

In addition, the Entity's reliance on wholesale markets is limited.

3.4.5 Market risk

Overview

The Entity identifies market risk as the loss of value, impacting on performance or solvency, of a portfolio (set of assets and liabilities), due to unfavourable movements in prices or market rates. Market risk quantifies possible loss in the trading portfolio that may be due to fluctuations in interest rates, exchange rates, credit spread, external factors or prices on the markets where trading is conducted.

The market risk includes almost all the Entity's trading portfolio, as well as the deposits and repos arranged by trading desks for management.

Risk factors are managed according to the return-risk ratio determined by market conditions and expectations, the limits structure and the authorised operating framework.

Market risk cycle

Monitoring and measurement of market risk

On a daily basis, the Group monitors the operations traded, calculating how market changes will affect the profit and loss of positions held, quantifying the market risk undertaken, and monitoring compliance with limits. With the results obtained from these activities, a daily report is produced on positions, risk quantification and the utilisation of risk thresholds, which is distributed to Senior Management, the officers in charge of managing them, to Model Validation and Risk and to the Internal Audit division.

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

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.

Value-at-risk (VaR)

The benchmark market risk measurement is VaR at 99% with a one-day time horizon for which the RAF defines a limit for the Entity's trading activities of EUR 20 million (excluding the economic hedging CDS for the CVA, recognised for accounting purposes in the held-for-trading portfolio).

Daily VaR uses the historical simulation methodology which is based on the calculation of the impact on the value of the current portfolio of historical variations in risk factors: Daily changes observed over the last year are taken into account, with a confidence interval of 99%. VaR by historical simulation is suitable, given that it does not include any assumptions on the statistical behaviour of the risk factors, incorporating the consideration of non-linear relationships between them.

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 also made using historical methodology and with a 99% confidence interval and assuming daily changes in credit spreads.

The total VaR results from the aggregation of both VaR: the VaR calculated for fluctuations in interest rates, exchange rates (and the volatility of both), inflation, commodities (excluding the current position) and equities, plus the VaR spread.

Additional measures to VaR

As an analysis measurement, the Entity 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.

- 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, which is justified by the high liquidity of portfolio issuances. The estimate is made using Monte Carlo simulation of possible future states of external rating of the issuer and the issuance, based on transition matrices published by the main ratings agencies, where dependence between credit quality variations between the different issuers is modelled using Student's t-distribution.

The maximum, minimum and average values of these measurements in this year, as well as their value at the close of the period of reference, are shown in the following table.

Summary of risk measurements - 2023

(Millions of euros)

	Maximum	Minimum	Average	Latest
1-day VaR	4.2	0.9	2.1	1.6
1-day Stressed VaR	10.8	1.8	3.3	2.7
Incremental risk	29.0	4.6	14.5	10.0

Backtest

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 time horizon of one day, 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.

No significant incidents have been detected in 2023.

Stress test

Two 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 the main risk factors. It considers parallel interest rate shifts (rising and falling); changes at various points of the slope of the interest rate curve (steepening and flattening); variation of the spread between the instruments subject to credit risk and public debt securities (bond-swap spread); shifts in the EUR/USD curve differential; higher and lower volatility of interest rates; variation of the euro with respect to the USD, JPY and GBP; and variation in exchange rate volatility, share prices; and higher and lower volatility of shares and commodities.

Historical scenarios: this technique addresses the potential impact of actual past situations on the value of the positions held.

Review 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.

Based on the set of measures described above, the management of market risk on trading positions in markets is in accordance with the methodological and monitoring guidelines.

Mitigation of market risk

As part of the required monitoring and control of the market risks taken, there is a structure of overall VaR limits complemented by the definition sublimits, 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 return/risk ratio determined by market conditions and expectations, always within the assigned limits.

Beyond the trading portfolio, fair-value hedge accounting is used, which eliminates potential accounting mismatches between the balance sheet and statement of profit or loss caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, limits for each hedge are established and monitored, in this case expressed as ratios between total risk and the risk of the hedged items.

3.5 OPERATIONAL RISK

Overview

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 heterogeneity of the nature of operational events, CaixaBank does not record operational risk as a single element in the Corporate Risk Catalogue, but rather it has included the following risks of an operational nature: conduct and compliance, legal and regulatory, technology and other operational risks. For each of these risks in the Catalogue, the Group upholds the corresponding specific management frameworks, without prejudice to the additional existence of an operational corporate risk management policy.

CaixaBank integrates operational risk into its management processes in order to deal with the financial sector's complex regulatory and legal environment. The overall objective of managing this risk is to improve the quality of business management, supplying relevant information to allow decisions to be made that ensure the organisation's long-term continuity, optimisation of its processes and the quality of both internal and external customer service. This objective 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 or emerging operational risks.
- To adopt measures to sustainably mitigate and reduce operational losses.
- To promote the establishment of systems for the ongoing 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.

Operational risk management cycle

Identification and measurement of operational risk

The internal operational risk database is the information structure holding data on the Entity's operational losses. Operational risks are structured into four categories or hierarchical tiers, from the most generic to the most specific and detailed:

- Tiers 1 and 2 of the regulations: Tier 1 comprises 7 subcategories (Internal Fraud; External fraud; Employment practices and security in workplace; Customers; Products and business practices; Damages to physical assets; Business interruptions and system faults, Execution and Delivery and process management) and Tier 2 comprises 20 subcategories.
- Tier 3 Group internal: represents the combined individual risk of all the business areas and Group companies.
- Tier 4 individual risks: represents the materialisation of particular Tier 3 risks in a process or activity.

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.

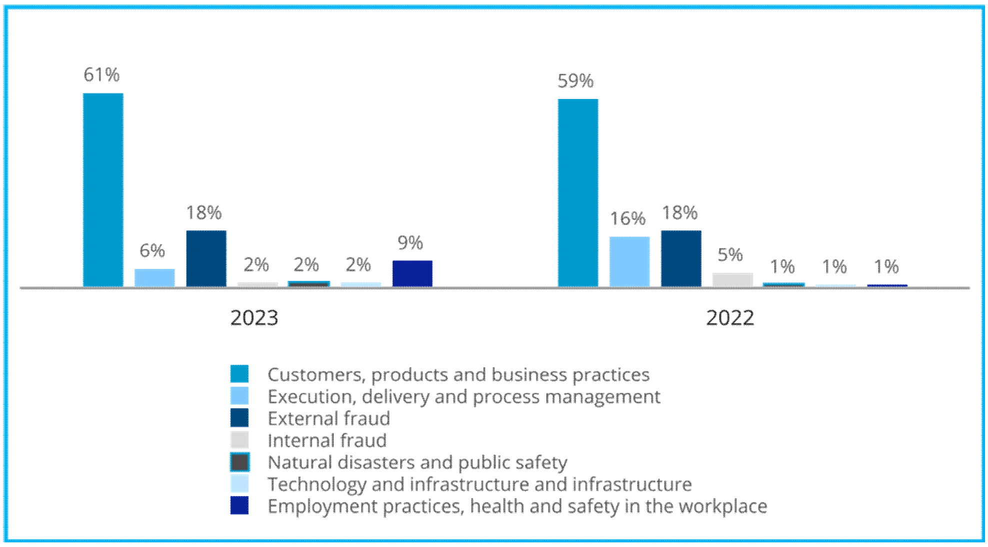
Operational risk is measured with the following aspects:

- Quantitative measurement

  The database of internal operational loss events is one of the foundations for managing operational risk and the future calculation of regulatory capital for operational risk, and it is also the core pillar used for the calculation of economic capital.

  An **operational event** is the implementation of an identified operational risk, an event that causes an operational loss. It is the concept around which the entire data model revolves in the Internal Database. Loss events are defined as each individual economic impact related to an operational loss or recovery.

  Gross losses by regulatory category (Tier 1) risk are broken down as follows:



  The Group uses the standardised method to calculate regulatory capital consumption requirements for operational risk (see Note 4), however, the Entity's operational risk measurement and management is based on policies, processes, tools and methodologies that are risk-sensitive, in line with market practices.

  Therefore, the measurement of minimum capital requirements provided by the standard regulatory methodology (percentages applied to gross margin items) is used for supervisory reporting and compliance with minimum capital adequacy levels. In addition, the Group has aligned itself with international practices and has developed a model for calculating economic capital requirements, which covers all the risks in the Corporate Catalogue included in the range of operational risks.

- Qualitative measurement

  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.

  Expert annual workshops and meetings are also held to generate extreme operational loss scenarios. The purpose is for these scenarios to be used to detect areas of improvement in the management and to supplement the available external and internal historical data on operational losses.

In addition, there are **Key Risk Indicators** (KRI) that make it possible to: i) anticipate the development of operational risks, taking a forward-looking approach to their management and ii) provide information on development of the operational risk profile and the reasons for this. A KRI is a metric that detects and anticipates changes in said risk, and 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.

Monitoring and mitigation of operational risk

With the aim of contributing to the sustainable and recurring reduction of operational risks, an annual forecast of operational losses is carried out, covering the entire scope of management and enabling monthly monitoring to analyse and, where applicable, correct any possible deviations. The degree of compliance with the forecast is monitored periodically by the Operational Risk Committee, where the main deviations are analysed taking account of the nature of the operational losses and the most and least effective mitigating actions.

The generation of action and mitigation plans is one of the links in the Entity's operational risk management chain. The action and mitigation plans may originate from any of the operational risk management tools or other sources: self-assessments, extreme scenarios, external sources (ORX, specialised press), KRIs, losses due to operational events, internal audits and internal validation reports.

Therefore, with the aim of monitoring and mitigating the operational risk, the following have been defined: action plans that entail appointing a centre to be in charge, setting out the actions to be undertaken to mitigate the risk covered by the plan, the percentage or degree of progress, which is updated regularly, and the final commitment date. This allows mitigation by i) decreasing the frequency at which the events occur, as well as their impact; ii) holding a solid structure of sustained control in policies, methodologies, processes and systems and iii) integrating —into the everyday management of the Entity— the information provided by operational risk management levers.

In addition, the corporate insurance programme for dealing with operational risk is designed to cover certain risks, and it is updated annually. Risk transfer depends on risk exposure, tolerance and appetite at any given time.

Risk of an operational nature

The Corporate Risk Catalogue risks that are identified in the regulatory framework as operational risk, are described below.

3.5.1 Conduct and compliance risk

Insofar as operational risk is concerned, according to the regulatory definition, conduct and compliance risk is defined as the Entity's risk arising from the application of conduct criteria that run contrary to the interests of its customers and stakeholders or acts or omissions by the Entity that are not compliant with the legal or regulatory framework, or with internal codes, rules or procedures, or with codes of conduct and ethical and good practice standards. The Entity's objective is: 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 conduct and compliance risk, the Entity promotes awareness-raising and the promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its employees and other members of its 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 conduct and compliance risk implement and manage first-level indicators or controls to detect potential sources of risk and act effectively to mitigate them. In turn, the function of Compliance, as the second line of defence, is to identify, evaluate, supervise and report on the risks of sanctions or financial losses to which the Entity is exposed, as a result of the breach of or defective/inadequate compliance with laws, regulations, legal or administrative requirements, codes of conduct, ethical standards or good practices, relating to the scope of action.

3.5.2 Legal and regulatory risk

Legal and regulatory risk is defined as the potential loss or decrease in the profitability of the Entity as a result of changes in the legislation, of the incorrect implementation of this legislation in the Entity's processes, of the its inappropriate interpretation in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.

It is managed according to certain operational principles, with a view to ensure that the appetite and risk tolerance limits defined in the Group's RAF are respected.

In this regard, the Entity constantly monitors and tracks regulatory changes, in pursuit of greater legal certainty and defence of legitimate interests, chiefly those described in Note 3.1 in relation to the regulatory environment. As regards the latter, the activities are coordinated in the Regulation Committee, the body responsible for defining the Entity's strategic stance in financial regulation matters, driving the representation of the Entity's interests and coordinating the regular assessment of the regulatory initiatives and proposals that may affect the Entity.

Additionally, it appropriately implements standards and conducts monitoring —in each of the bank's initiatives— of its adaptation to consumer protection and privacy standards. This is coordinated by the Transparency Committee, the body responsible for ensuring transparency in the marketing of financial products and services. This Committee, through the Product Committee, is tasked with approving any new product or service, applying transparency and consumer protection regulations. In addition, the Privacy Committee constantly monitors compliance with aspects related to privacy and the protection of customers' personal data.

In order to ensure the correct interpretation of the standards, in addition to work on the study of jurisprudence, and decisions of the statutory authorities, in order to adjust the bank's activity to such criteria, it also enquires as to when it is necessary for the relevant administrative authorities.

In relation to the claims filed with the Customer Service Office, as well as the sustained flow of existing litigiousness, the Group has policies, criteria, analysis and monitoring procedures for these judicial claims and processes. These enable the Group to gain better knowledge of the activities that it develops, to identify and establish ongoing improvement in contracts and processes, to implement measures to raise awareness on regulations and early restoration of customers' rights in the event of any incidents, through agreements and establishing the appropriate accounting hedges, in the form of provisions, in order to cover hypothetical financial damages whenever they are deemed likely.

3.5.3 Technology risk

Also within the framework of operational risk, technology risk in the Corporate Risk Catalogue is defined as the risk of losses due to the inadequacy or failures of the hardware or software of technological infrastructure, due to cyber attacks or other circumstances that may compromise the availability, integrity, accessibility and security of infrastructure and data. The risk is broken down into 5 categories that affect ICT (Information and Communications Technology): i) availability; ii) information security; iii) operation and management of change; iv) data integrity; and v) governance and strategy.

Its current measurement is incorporated into a RAF recurring follow-up indicator, calculated on the basis of individual indicators and controls linked to the different areas comprising technology risk. Regular reviews are carried out by sampling, which make it possible to check the quality of the information and the methodology used in creating the indicators reviewed.

The internal governance frameworks associated with different fields of technology risk have been designed according to renowned international standards and/or they are aligned with the guidelines published by different supervisors:

- IT governance, designed and developed under the ISO 38500 standard.
- Information security, designed and developed under the ISO 27002 standard, and certification of the Information Security Management System based on the ISO 27001 standard.
- Information Technology contingency, designed and developed under the ISO 27031 standard.
- Information governance and data quality, designed and developed under the standard BCBS 239.

With the different frameworks of governance and management systems, CaixaBank seeks to guarantee:

- Compliance with recommendations issued by regulators: Bank of Spain, European Central Bank, etc.
- Maximum security in its operations, both in regular processes and in one-off situations.

And it also demonstrates to its customers, investors, and other stakeholders:

- Its commitment to the governance of information technologies, and business security and continuity.
- The implementation of management systems according to most renowned international standards.
- The existence of different cyclical processes based on ongoing 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 Secretary of Home Office Security.

Furthermore, CaixaBank holds 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 fraud 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 level of residual risk, establishing mitigation plans where necessary.

3.5.4 Other operational risks

In the Corporate Risk Catalogue, this means losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, risk factors related to outsourcing, operational continuity or external fraud.

All of the Group's areas and companies are responsible for the set of other operational risks that arise within their respective remits. This means identifying, assessing, managing, controlling and reporting the operational risks of their activity and helping CaixaBank's Non-Financial Risk Control Division to implement the management model throughout the Group.

CaixaBank's second line of defence has developed control frameworks for outsourcing and external fraud risks, similar to those used in technology 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 required.

4. CAPITAL ADEQUACY MANAGEMENT

The following table details a summary of the Entity's eligible own funds:

Eligible own funds
(Millions of euros)

	31-12-2023		31-12-2022	
	Amount	In %	Amount	In %
Net equity	**36,339**		**34,262**	
Shareholders' equity	38,206		36,639	
Capital (Note 22)	7,502		7,502	
Profit/(loss)	4,816		3,145	
Reserves and other	25,888		25,992	
Minority interests and OCI	(1,867)		(2,377)	
Other CET1 instruments	**(2,664)**		**(800)**	
Adjustments applied to the eligibility of minority interests and OCI	279		466	
Other adjustments (1)	(2,943)		(1,266)	
CET1 Instruments	**33,675**		**33,462**	
Deductions from CET1	**(5,362)**		**(5,968)**	
Intangible assets	(3,489)		(3,463)	
Deferred tax assets	(1,544)		(1,901)	
Other deductions from CET1	(329)		(604)	
CET1	**28,313**	**12.4%**	**27,494**	**12.8%**
AT 1 instruments (2)	4,487		4,238	
AT1 Deductions				
TIER 1	**32,800**	**14.4%**	**31,732**	**14.8%**
T2 instruments (3)	6,309		5,575	
T2 Deductions				
TIER 2	**6,309**	**2.8%**	**5,575**	**2.6%**
TOTAL CAPITAL	**39,109**	**17.1%**	**37,307**	**17.3%**
Other eligible subordinated instruments. MREL	14,001		11,048	
MREL, SUBORDINATED (4)	**53,110**	**23.3%**	**48,355**	**22.5%**
Other computable instruments MREL	8,190		7,448	
MREL (4)	**61,300**	**26.8%**	**55,803**	**25.9%**
RISK WEIGHTED ASSETS (RWA)	**228,428**		**215,103**	
Individual CaixaBank ratios:				
CET1		12.1%		12.9%
TIER 1		14.2%		15.0%
Total capital		17.1%		17.8%
RWAs	215,492		199,250	

(1) This primarily includes the dividend forecast, the total amount of the share buyback programme ending in January 2024 (EUR 500 million) and the IFRS 9 transitional adjustment.
(2) In the first quarter of 2023, an AT1 issue of EUR 750 million was completed. In the second quarter, an issue of EUR 500 million was no longer included, as it was amortised in September 2023 (see Note 20). After the close, in January 2024, a new issue of AT1 for EUR 750 million was carried out, and, at the same time, EUR 605 million of a previous issue of AT1 was repurchased through a buyback operation (see Note 1.9).
(3) Two Tier 2 instruments were issued in the first half of the year, one for GBP 500 million and the other for EUR 1,000 million. In the second quarter an issue of EUR 1,000 million was no longer included, as it was amortised in July 2023 (see Note 20).
(4) See Note 20 for the senior preferred and senior non-preferred issuances conducted during the year.

The following chart sets out a summary of the minimum requirements of eligible own funds:

Minimum requirements
(Millions of euros)

	31-12-2023		31-12-2022	
	Amount	In %	Amount	In %
BIS III minimum requirements				
CET1 *	19,476	8.5%	17,929	8.3%
Tier 1	23,610	10.3%	21,822	10.1%
Total capital	29,120	12.7%	27,010	12.6%

(*) Includes the minimum Pillar 1 requirement of 4.5%; the Pillar 2 requirement (supervisory review process) of 0.93%; the capital conservation buffer of 2.5%, the countercyclical buffer of 0.10% and the OEIS (Other Systemically Important Entity) buffer of 0.50%.

The following chart provides a breakdown of the leverage ratio:

Leverage ratio

(Millions of euros)

	31-12-2023	31-12-2022
Exposure	563,578	563,692
Leverage ratio (Tier 1/Exposure)	5.8%	5.6%

The changes in eligible own funds are as follows:

Changes in eligible own funds

(Millions of euros)

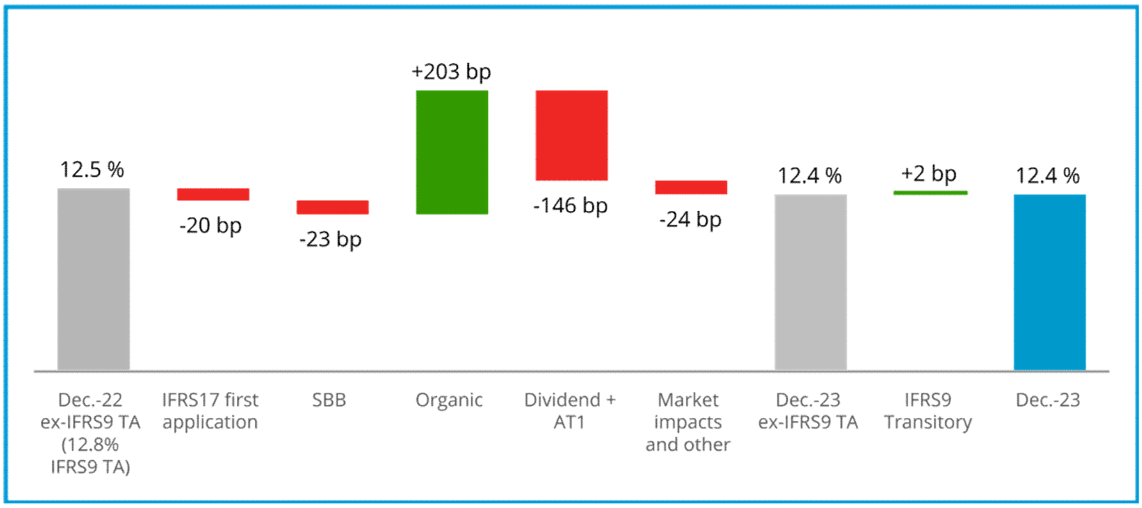
	31-12-2023		31-12-2022	
	Amount	In %	Amount	In %
CET1 AT THE START OF THE YEAR	27,494	12.8%	28,337	13.1%
Changes in CET1 instruments	**214**		**(1,362)**	
Capital			(559)	
Benefit	4,816		3,145	
Expected dividends	(2,889)		(1,730)	
Reserves	(1,519)		(1,781)	
Valuation adjustments and other (1)	(194)		(437)	
Changes in deductions from CET1	**605**		**519**	
Intangible assets	(25)		393	
Deferred tax assets	357		173	
Other deductions from CET1	273		(47)	
CET1 AT THE END OF THE YEAR	28,313	12.4%	27,494	12.8%
ADDITIONAL TIER 1 AT THE START OF THE YEAR	4,238	2.0%	4,985	2.3%
Changes in AT1 instruments (2)	**249**		**(747)**	
Preference issues	750			
Redemption of issuances	(500)		(750)	
Other	(1)		3	
ADDITIONAL TIER 1 AT THE END OF THE YEAR	4,487	2.0%	4,238	2.0%
TIER 2 AT THE START OF THE YEAR	5,575	2.6%	5,192	2.4%
Changes in Tier 2 instruments (2)	**734**		**383**	
Subordinated issuances	1,564		750	
Redemption of issuances	(1,000)		(500)	
Other	170		133	
TIER 2 AT THE END OF THE YEAR	6,309	2.8%	5,575	2.6%

(1) Includes IFRS 9 transitional adjustment

(2) See Note 20 for Tier 1 and Tier 2 instruments issued and redeemed in the year.

The causative details of the main aspects of the financial year that have influenced the CET1 ratio are set out below:

Changes in CET1



The Common Equity Tier 1 (CET 1) ratio stood at 12.4%, considering the one-off impact of the first application of IFRS 17 (-20 bps) and the full repurchase under the SBB programme initiated in September 2023 (EUR 500 million, -23 bps) (see Note 22).

A cash dividend of 39.19 euro cents per share, equivalent to a payout of 60% of consolidated net income, has been proposed to the Annual General Meeting.

The organic performance for the year was +203 bps, the proposed dividend for the year and the AT1 coupon payment was -146 bps, and the market and other performance was -24 bps. The impact of IFRS 9 phase in was +2 basis points at 31 December.

The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities. At 31 December, CaixaBank has a margin of 387 basis points, equating to EUR 8,839 million, until the Group's MDA trigger.

Information on capital requirements by risk calculation method is presented below:

Breakdown of risk weighted assets by method
(Millions of euros)

	31-12-2023		31-12-2022	
	Amount	In %	Amount	In %
Credit risk *	**188,636**	**82.6%**	**175,185**	**81.4%**
Standardised approach	66,881	29.3%	80,919	37.6%
IRB approach	121,755	53.3%	94,266	43.8%
Shareholder risk	**18,837**	**8.2%**	**19,978**	**9.3%**
PD/LGD method	2,788	1.2%	2,890	1.3%
Simple method	16,049	7.0%	17,088	7.9%
Market risk	**982**	**0.4%**	**1,130**	**0.5%**
Standardised approach	209	0.1%	12	0.0%
Internal models (IMM)	773	0.3%	1,118	0.5%
Operational risk	**19,973**	**8.7%**	**18,810**	**8.7%**
Standardised approach	19,973	8.7%	18,810	8.7%
TOTAL	**228,428**	**100.0%**	**215,103**	**100.0%**

(*) Includes credit valuation adjustments (CVA), deferred tax assets (DTAs) and securitisations.

In July 2023, the European Banking Authority (EBA) published the results of the stress tests, with a scope of 75% of the European banking sector's assets, which have been carried out on 70 banks (of which 57 belong to the European Union), including the CaixaBank Group.

The ECB will use the results of the stress test to assess the Pillar 2 capital needs of the various banks in the framework of its Supervisory Review and Evaluation Process (SREP). The qualitative results will be incorporated into the risk governance part of the SREP, thereby influencing the setting of Pillar 2 capital requirements (P2R). The quantitative results will be used as a core element in setting the Pillar 2 guidance (P2G), which is the level of capital that the ECB expects institutions to hold in addition to their mandatory capital requirements (P2R).

The exercise involves two macroeconomic scenarios (baseline and adverse), over a 3-year time horizon with a starting point in December 2022. The adverse scenario is built on a hypothetical increase in geopolitical tensions, including high inflation and higher interest rates, which would have strong adverse effects on private consumption and investment, both domestically and globally. In terms of GDP decline, the 2023 adverse scenario has been the most severe scenario used so far in EU-wide stress. As in previous years, the stress test involved a bottom-up exercise with some top-down elements.

In this adverse scenario, the CaixaBank Group would achieve a fully loaded CET1 capital ratio of 9.3% in the last year of the projection, down -313 bps from the starting position at December 2022 (12.5%). In the baseline scenario, it would achieve a fully loaded CET1 capital ratio of 15.2% in the last year of the projection, up +276 bps from the starting position at December 2022 (12.5%).

5. APPROPRIATION OF PROFIT/(LOSS)

The appropriation of profits of CaixaBank, S.A. from the 2023 financial year, which the Board of Directors agrees to propose to the General Shareholders' Meeting for approval, based on the information available to elaborate these financial statements, is presented below:

Appropriation of profits of CaixaBank, S.A.
(Millions of euros)

	Amount
Basis of appropriation	
Profit/(loss) for the year	4,304
Distribution	
To dividends (1)	2,889
To reserves (2)	1,415
To legal reserve (3)	
To voluntary reserve (2) (4)	1,415
NET PROFIT FOR THE YEAR	**4,304**

(1) Estimated amount corresponding to payment of the dividend of EUR cents 39.19 per share, to be paid in cash. This amount is equivalent to 60% of consolidated net profit, in line with the dividend policy currently in force. It is noted that this dividend has been calculated taking the following into account: (a) the Company currently holds 129,404,256 treasury shares acquired under the share buyback programme completed on 3 January 2024, as reported in a statement of Other Significant Information published on the same date, (b) as announced in a statement of Inside Information on 18 September 2023, the purpose of the aforementioned buyback programme was to reduce CaixaBank's share capital by redeeming the treasury shares acquired under the programme, i.e. 129,404,256 shares, with the proposed resolution to reduce CaixaBank's share capital being submitted to this Annual General Meeting under point 7.1 of the Agenda, as announced in the Inside Information statement published on 18 September 2023, (c) in view of the above, these shares must be amortised, and (d) in accordance with the Capital Companies Act, treasury shares are not entitled to receive a dividend. Should the Company hold more treasury shares in addition to the 129,404,256 shares at the dividend payment date, the amount of the dividend corresponding to these additional treasury shares shall be applied to voluntary reserves.

(2) Estimated amount allocated to the voluntary reserve. This amount will be increased by the same quantity as the reduction in the amount earmarked for payment of the dividend (see note (1) above).

(3) It is not necessary to transfer part of the 2023 profit to the legal reserve as it is fully constituted. Subject to the approval of the Annual General Meeting of the proposed resolution to reduce the share capital, under item 7.1 on the Agenda, as well as the subsequent formalisation of such reduction, the amount equivalent to 20% of the share capital, following the capital reduction, shall be considered a legal reserve, with the surplus being considered as an available reserve.

(4) Remuneration of AT1 capital instruments corresponding to 2023, totalling EUR 277 million, will be deemed to have been paid, with this amount charged to voluntary reserves.

6. SHAREHOLDER REMUNERATION AND EARNINGS PER SHARESTOCK

6.1. SHAREHOLDER REMUNERATION

The Annual General Meeting held on 31 March 2023 resolved to pay a dividend of EUR 23.06 per share charged to 2022 profits, which represents a payout of 55%, paid on 12 April 2023. In the same meeting it approved the Dividend Policy for the 2023 fiscal year, consisting of a cash distribution of 50% - 60% of consolidated net profit, to be paid in a single payment in April 2024.

Furthermore, after receiving the appropriate regulatory authorisation, the Board of Directors agreed in September to approve and commence a programme for the repurchase of treasury shares ("SBB", share buy-back) for a maximum monetary amount of EUR 500 million with the aim of reducing the share capital by means of their redemption (See Other Relevant Information of 18 September 2023). On 3 January 2024, CaixaBank reached the maximum planned investment with the acquisition of a total of 129,404,256 treasury shares, representing 1.72% of the share capital[15].

The reduction of CaixaBank, S.A.'s share capital by EUR 500 million, through the redemption of the 129,404,256 treasury shares acquired, is to be submitted for approval at the Annual General Meeting to be held in 2024.

The following dividends were distributed in recent years:

Dividends paid
(Millions of euros)

	Euros per share	Amount paid in cash	Date of announcement	Payment date
2023				
Dividend for 2022	0.2306	1,730	02-02-2023	12-04-2023
2022				
2021 dividend	0.1463	1,179	27-01-2022	20-04-2022

The Board of Directors agreed to propose at the Annual General Meeting held on 1 February 2024 to distribute a cash dividend of EUR 0.3919, gross, per share charged to 2023 profits, which will be paid in April 2024.

Following the payment of this dividend, the shareholder returns in 2023 will be equivalent to 60% of the consolidated net profit.

In the same meeting, the Board of Directors approved the dividend plan for 2024, establishing the distribution of a cash dividend between 50% and 60% of the consolidated net profit in two cash payouts: an interim dividend in November 2024 for an amount between 30% and 40% of the consolidated net profit corresponding to the first half of 2024 profit and a supplementary dividend in April 2025, subject to final approval at the Annual General Meeting.

Furthermore, after obtaining the relevant regulatory authorisation, CaixaBank also intends to implement a new share buyback programme in the first half of 2024, with the aim of bringing the CET1 ratio closer to 12% by the end of 2023. The specific details of the share buyback, including the maximum amount, will be reported in due course once the relevant authorisation has been obtained.

[15] As at 31 December 2023, CaixaBank has acquired 127,963,079 shares for EUR 494,505,534, equivalent to 98.9% of the maximum monetary amount (see Note 22).

6.2. EARNINGS PER SHARE

Basic and diluted earnings per share of the Entity are as follows:

Calculation of basic and diluted earnings per share
(Millions of euros)

	2023	2022 restated
Numerator	**4,539**	**2,868**
Profit attributable to the Parent	4,816	3,129
Less: Preference share coupon amount (AT1)	(277)	(261)
Denominator (thousands of shares)	**7,470**	**7,819**
Average number of shares outstanding (1)	7,470	7,819
Adjustment for mandatory convertible instruments		
Adjusted number of shares (basic earnings per share)	**7,470**	**7,819**
Basic earnings per share (in euros) (2)	**0.61**	**0.37**
Diluted earnings per share (euro) (3)	**0.61**	**0.37**

(1) Number of shares outstanding at the beginning of the year, excluding average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

(2) If the profit/loss of CaixaBank (non-consolidated basis) in 2023 and 2022 had been considered, the basic profit would be EUR 0.54 and 0.27 per share, respectively.

(3) Preference shares did not have any impact on the calculation of diluted earnings per share, since their capacity to be convertible was unlikely. Additionally, equity instruments associated with remuneration components were not significant.

7. BUSINESS COMBINATIONS, ACQUISITION AND DISPOSAL OF OWNERSHIP INTERESTS IN SUBSIDIARIES

Business combinations – 2023

No business combinations have taken place.

Business combinations – 2022

No business combinations have taken place

8. REMUNERATION OF "KEY MANAGEMENT PERSONNEL"

8.1. REMUNERATION OF THE BOARD OF DIRECTORS

At the Ordinary Annual General Meeting of CaixaBank held on 8 April 2022, a new remuneration policy for the Board of Directors was approved, applicable from the date of its approval and until 2025, inclusive, in accordance with the remuneration scheme set out in the Articles of Association and which is also included in the Regulations of the Board of Directors, according to the provisions of the Spanish Capital Companies Law and Act 10/2014, of 26 June, on the organisation, supervision and capital adequacy of credit institutions. On 31 March 2023, the CaixaBank Annual General Meeting agreed to amend the remuneration policy approved on 8 April 2022, maintaining its period of validity.

Article 34 of CaixaBank's By-laws stipulates that the position of Director shall be remunerated and that this remuneration shall consist of a fixed annual sum with a maximum amount determined by the Annual General Meeting and which shall remain in force until the General Meeting agrees to modify it. This maximum amount shall be used to remunerate all the Directors in their condition as such and shall be distributed as deemed appropriate by the Board of Directors, following the proposal of the Remuneration Committee, both in terms of remuneration to members, especially the Chairman, who receives additional fixed remuneration for carrying out his duties, and according to the duties and position of each member and to the positions they hold in the various Committees, and other objective circumstances that it deems relevant, which may give rise to different remuneration for each of them, with regard to the frequency. Likewise, subject to the agreement and within maximum amount determined by the Annual General Meeting, as previously mentioned, Directors may be remunerated with Company shares or shares in another publicly traded Group company, options or other share-based instruments or of remuneration referenced to the value of the shares.

The remuneration of directors in their capacity as such —who maintain an organic relationship with CaixaBank, and consequently do not have contracts entered into with the Company for exercising their functions or receive any kind of payment for termination of their position as director— consists solely of fixed components.

Notwithstanding the foregoing, executive directors will be entitled to receive remuneration for performing executive duties, which may consist of a fixed amount, a supplementary variable amount and also incentive systems, together with an attendance allowance which may include appropriate welfare and insurance systems and, where applicable, Social Security, to be determined by the Board of Directors at the proposal of the Remuneration Committee. The performance of execution functions may be remunerated by granting shares in the Company or in other publicly traded Group companies, options or other share-based instruments or by other remuneration pegged to the value of the shares. In the event of departure not caused by a breach of their functions, directors may be entitled to compensation.

In addition, given the enormous practical issues involving an individual policy, directors are covered by the civil liability policy for directors and executives of the Entity to cover any third-party liabilities they may incur when carrying out their duties.

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body in those years are as follows:

Remuneration of the Board of Directors
(Thousands of euros)

		Fixed components					Variable components (5)					
	Position	Salary	Remuneration for being on the Board	Remuneration for being on Board committees	Remuneration for positions held in Group	Remuneration for being on Boards outside the Group (4)	Variable remuneration in cash	Share-based remuneration schemes	Long-term savings system	Other items (3)	Total 2023	Total 2022
Goirigolzarri, Jose Ignacio	Chairman **	1,543	95	80		15	152	248		118	2,251	2,136
Muniesa, Tomás	Deputy Chairman		95	105	435	11					646	638
Gortazar, Gonzalo	Chief Executive Officer **	2,142	95	53	86		431	704	540	95	4,145	3,940
Reed, John S. (2)			33	12							45	164
Ayuso, Joaquín	Director		95	84							179	170
Campo, Francisco Javier	Director		95	108							202	170
Castillo, Eva	Director		95	119							214	170
Fisas, M. Verónica	Director		95	66							160	190
Garmendia, Cristina	Director		95	116							210	200
Löscher, Peter (2)			59	40							99	
Moraleda, María Amparo	Director		95	139							234	232
Sanchiz, Eduardo Javier	Co-director		123	164							287	230
Santero, Teresa	Director		95	53							147	140
Serna, José	Director		95	84							179	170
Costa-Duarte Ulrich, Fernando María (1)	Director		95	84	750						929	920
Usarraga, Koro	Director		95	169							264	250
TOTAL * **		**3,685**	**1,444**	**1,474**	**1,271**	**26**	**583**	**952**	**540**	**213**	**10,188**	**9,720**

(*) Registered in the income statement of the respective companies.

(**) Jose Ignacio Goirigolzarri and Gonzalo Gortazar have performed executive functions in 2023 and 2022.

(***) The figures shown have been determined on an accrual basis. In contrast to the Annual Directors' Remuneration Report, the annual financial statements include; (i) contributions to the long-term savings system (although these contributions are not consolidated); (ii) remuneration received for membership on Boards external to the Group; and (iii) variable remuneration accrued during the year, regardless of whether it is deferred.

(1) The positions held at BPI are not on behalf of CaixaBank Group.

(2) Peter Löscher was appointed as an independent director in 2023. Additionally, John S. Reed stepped down in 2023.

(3) Includes remuneration in kind (health and life insurance premiums paid in favour of executive directors), interest accrued on deferred variable remuneration in cash, other insurance premiums paid and other benefits.

(4) Remuneration received for representing the Entity on Boards of Directors of listed companies and others in which the Company has a presence, outside of the consolidated group and which are recorded in the statements of profit or loss of the respective companies.

(5) Includes EUR 553 thousand of variable remuneration subject to multi-annual factors.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such.

8.2. REMUNERATION OF SENIOR MANAGEMENT

The breakdown and details of remuneration received by Senior Management of the Entity are as follows:

Remuneration of Senior Management
(Thousands of euros)

	2023	2022
Salary (1)	12,661	11,545
Post-employment benefits (2)	1,356	1,594
Other long-term provisions (3)	64	65
Other positions in Group companies	1,251	1,024
TOTAL	**15,332**	**14,228**
Remuneration received for representing the Entity on Boards of Directors of listed companies and others in which the Company has a presence, outside of the consolidated group (4)	48	124
TOTAL REMUNERATION	**15,380**	**14,352**
Number of members of the Senior Management:	15	13

(1) This amount includes fixed remuneration, remuneration in kind and total variable remuneration received by members of the Senior Management. Variable remuneration corresponds to the variable remuneration scheme with multi-year metrics accruing in cash and shares for the year, which includes the deferred portion subject to the multi-year adjustment. It does not include accrued severance payments in 2023 for an amount of EUR 2 million.

(2) Includes insurance premiums and discretionary pension benefits.

(3) This item corresponds to the amount of the risk policy whose increase or decrease does not correspond to the remuneration management, but rather to the performance of the technical variables that determine the premiums.

(4) Registered in the income statement of the respective companies.

All the contracts of Senior Management members, the Chairman and the Chief Executive Officer have post-contractual non-competition commitments of one annual payment of their fixed components (payable in 12 monthly payments) and indemnity clauses equivalent to one annual payment of the fixed components, or the amount payable by law, whichever is higher.

The Chairman and the Chief Executive Officer have an indemnity clause of 1 annual payment of the fixed remuneration components. There are currently 2 committee members for whom the indemnity to which they are legally entitled remain less than 1 year of their salary.

The value of obligations accrued as defined contribution post-employment commitments with Executive Directors and Senior Management are as follows:

Post-employment commitments with Executive Directors and Senior Management
(Thousands of euros)

	31-12-2023	31-12-2022
Post-employment commitments	17,728	18,792

8.3. OTHER DISCLOSURES RELATING TO THE BOARD OF DIRECTORS

Article 30 of the Regulations of the Board of Directors of CaixaBank governs the situations of conflict applicable to all directors, establishing that the director must avoid situations that could entail a conflict of interest between the Company and the Director or its related persons, adopting the measures necessary in this regard.

Directors bear certain obligations in their duty to avoid situations of conflicts of interest, such as: i) directly or indirectly carrying out transactions with CaixaBank unless they are ordinary operations, carried out under standard conditions for all customers and of little significance; ii) using the Company name or relying on their status as director of the Company to unduly influence private transactions; iii) making use of the Company's assets or availing themselves of their position at the Company to obtain an economic advantage or for any private purposes; iv) taking advantage of the company's business opportunities; v) obtaining advantages or remuneration from third parties other than the Company and its group in association with the performance of their duties, with the exception of mere courtesies; and vi) performing activities on their own behalf or via third parties that constitute direct, actual or potential competition with the company or which, by any other means, put them in a position of permanent conflict with the interests of CaixaBank.

The aforementioned obligations may be waived in one-off cases, in some cases require the approval by the General Meeting.

The Regulations of the Board of Directors are publicly available on the CaixaBank website (www.caixabank.com).

In any case, the directors must notify the CaixaBank Board of Directors of any situation of conflict, direct or indirect, that the directors or persons related to them may be involved in, with the interests of the Entity, which will be subject to reporting in the financial statements, as established in article 229.3 of the Spanish Capital Companies Law.

During 2023, no director has notified any situation that places them in a conflict of interest with the Entity. However, on the following occasions, directors abstained from intervening and voting in the deliberation of issues in sessions of the Board of Directors:

Conflicts of interest

Director	Conflict of interest
José Ignacio Goirigolzarri (Chairman)	- Abstention from the deliberation and voting on the resolution regarding variable remuneration and achievement of targets corresponding to 2022. - Abstention from the deliberation and voting on the resolution regarding remuneration corresponding to 2023. - Abstention in the deliberation and vote on the proposal to amend the directors' remuneration policy, to be submitted for approval at the Annual General Meeting, in relation to remuneration for their executive functions.
Tomás Muniesa (Deputy Chairman)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.
Gonzalo Gortazar (Chief Executive Officer)	- Abstention from the deliberation and voting on the resolution regarding variable remuneration and achievement of targets corresponding to 2022. - Abstention from the deliberation and voting on the resolution regarding remuneration corresponding to 2023. - Abstention from the deliberation and vote on the proposed resolution regarding his re-election as a director, to be submitted for approval by the Annual General Meeting. - Abstention in the deliberation and vote on the proposal to amend the directors' remuneration policy, to be submitted for approval at the Annual General Meeting, in relation to remuneration for their executive functions. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as Chief Executive Officer. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as a member of the Executive Committee. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Innovation, Technology and Digital Transformation Committee.
Francisco Javier Campo García (Director)	- Abstention from the deliberation and voting on the proposal for resolution regarding appointment as member of the Innovation, Technology and Digital Transformation Committee.
Eva Castillo Sanz (Director)	- Abstention from deliberation and voting on a motion regarding a financing arrangement intended for a related party. - Abstention from the deliberation and voting on the proposal for resolution regarding appointment as member of the Remuneration Committee.
María Verónica Fisas Vergés (Director)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.
Cristina Garmendia Mendizábal (Director)	- Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as Director, to be submitted for the approval of the Annual General Meetings. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Audit and Control Committee. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Remuneration Committee. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Innovation, Technology and Digital Transformation Committee.
María Amparo Moraleda (Director)	- Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as Director, to be submitted for the approval of the Annual General Meetings. - Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as a member of the Executive Committee. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Appointments and Sustainability Committee. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Innovation, Technology and Digital Transformation Committee.
Peter Löscher (Director)	- Abstention in the deliberation and vote on a resolution relating to hedging the investment in Telefónica, S.A.

Conflicts of interest

Director	Conflict of interest
Eduardo Javier Sanchiz Irazu (Director)	Abstention from the deliberation and voting on the proposal for resolution regarding appointment as member of the Executive Committee.
Teresa Santero Quintillá (Director)	Abstention in the deliberation and vote on the draft resolution on the signing of a European framework agreement (EMA) for financial transactions with BFA Tenedora de Acciones, S.A.U., and in the deliberation and vote on subsequent resolutions related to this framework agreement. Abstention from the deliberation and vote on the agreement between CaixaBank and Sociedad de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB), regarding the settlement and termination of obligations arising from the asset transfer agreement signed in 2012 by SAREB with Banco de Valencia and other companies. Abstention in the deliberation and vote on the settlement agreement between CaixaBank and the Fund for Orderly Bank Restructuring (FROB) regarding the termination of the asset protection scheme of Banco de Valencia. Abstention in the deliberation and vote on the resolution regarding the granting of guarantees to a subsidiary of Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).
Koro Usarraga Unsain (Director)	Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties. Abstention from the deliberation and voting on the proposal for resolution regarding appointment as member of the Remuneration Committee.

The other directors with appointments in force during 2023 (in other words, Joaquín Ayuso, Fernando Maria Costa Duarte Ulrich and José Serna Masià and, during his time in office, John S. Reed) have declared that they have had no situation of conflict with the Company's interests, be it direct or indirect, proprietary interests, or the interests of the people linked to them, during the period of their mandate in 2023.

The Internal Rules of Conduct on Matters relating to the Stock Market regulates conflicts of interest, establishing the obligation to inform Regulatory Compliance of any conflict of interest affecting the director of his or her related parties.

There is no family relationship between the members of the CaixaBank Board of Directors and the group of key personnel comprising CaixaBank's Senior Management.

Prohibition of competition

Specifically, article 229.1f) of the Spanish Capital Companies Law establishes that Board members may not carry out for their own account or the account of other activities which actually or potentially constitute effective competition with those carried out by the Entity or which, in any other way, permanently conflict with the Company's interests. Article 230 of the Spanish Capital Companies Law stipulates that this prohibition can be lifted if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. Express and separate approval of the exemption must be obtained from shareholders at the Annual General Meeting. The provisions contained in the mentioned articles also apply to cases where the beneficiary of any such actions or activities is a person related to the director.

The company has not been informed of any activity or circumstance that might represent effective, current or potential competition of the directors or persons associated with them, with CaixaBank Group or that, in any other way, places them in permanent conflict with the interests of the Entity.

8.4. VOTING RIGHTS HELD BY "KEY MANAGEMENT PERSONNEL AND SENIOR MANAGEMENT"

At year-end, the voting rights (direct and indirect) of "Key personnel - Directors and Senior Management" are detailed in the "Corporate Governance" section of the Management Report.

9. CASH AND CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The breakdown of this heading is as follows:

Breakdown of cash and cash balances at central banks
(Millions of euros)

	31-12-2023	31-12-2022
Cash	2,133	2,274
Cash balance in central banks (Note 3.4.4)	31,998	14,059
Other demand deposits	501	507
TOTAL	**34,632**	**16,840**

Cash balances at central banks includes balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities. The mandatory reserves earn interest at the rate applicable to all major Eurosystem financing operations.

10. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

10.1. TRADING DERIVATIVES

The breakdown of this heading is as follows:

Breakdown of trading derivatives (product and counterparty)
(Millions of euros)

	31-12-2023		31-12-2022	
	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**733**	**701**	**968**	**815**
Purchases of foreign currencies against euros	190	410	347	476
Purchases of foreign currencies against foreign currencies	198	194	90	87
Sales of foreign currencies against euros	345	97	531	252
Share options	**492**	**455**	**333**	**299**
Bought	492		333	
Issued		455		299
Interest rate options	**228**	**138**	**334**	**220**
Bought	228		334	
Issued		138		220
Foreign currency options	**82**	**56**	**68**	**28**
Bought	82		68	
Issued		56		28
Other share, interest rate and inflation transactions	**11,160**	**7,273**	**11,106**	**8,612**
Share swaps	11	83	105	16
Future rate agreements (FRAs)	126	129	139	154
Interest-rate and inflation-linked swaps	11,023	7,061	10,862	8,442
Commodity derivatives and other risks	**391**	**300**	**541**	**388**
Swaps	385	291	524	368
Purchased options	6		17	
Sold options		9		20
TOTAL	**13,086**	**8,925**	**13,350**	**10,362**
Of which: contracted in organised markets	*35*	*28*	*37*	*36*
Of which: contracted in non-organised markets	*13,051*	*8,897*	*13,313*	*10,326*
NOTIONAL	**889,275**		**839,012**	

The Entity hedges the market risk related to derivatives arranged with customers individually by arranging symmetric derivatives on the market, recognising both in the trading portfolio.

10.2. EQUITY INSTRUMENTS

The breakdown of this heading is as follows:

Breakdown of equity instruments
(Millions of euros)

	31-12-2023	31-12-2022
Shares in Spanish companies	237	233
Shares in foreign companies	66	
TOTAL	**303**	**233**

10.3. DEBT SECURITIES

The breakdown of this heading is as follows:

Breakdown of debt securities **

(Millions of euros)

	31-12-2023	31-12-2022
Spanish government debt securities *	131	23
Foreign government debt securities *	22	4
Issued by credit institutions	36	14
Other Spanish issuers	118	128
Other foreign issuers	34	13
TOTAL	**341**	**182**

(*) See Note 3.4.1., section "Concentration according to sovereign risk".

(**) See ratings classification in Note 3.4.1, section "Concentration according to credit quality".

10.4. SHORT POSITIONS ON SECURITIES

The breakdown of this heading is as follows:

Breakdown of short positions

(Millions of euros)

	31-12-2023	31-12-2022
On overdrafts on repurchase agreements	64	59
Debt securities - public *	53	38
Debt securities - other issuers	11	21
TOTAL	**64**	**59**

(*) See Note 3.4.1., section "Concentration according to sovereign risk".

Short positions in securities are short-term transactions stemming from sales of assets purchased under non-optional reverse repurchase agreements, securities lent or pledged as collateral with a right to sell.

11. FINANCIAL ASSETS NOT DESIGNATED FOR TRADING COMPULSORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of this heading is as follows:

Breakdown of financial assets not designated for trading compulsorily measured at fair value through profit or loss
(Millions of euros)

	31-12-2023	31-12-2022
Equity instruments	64	56
Loans and advances		50
Customers		50
TOTAL	**64**	**106**

The changes in the valuation of these financial assets as a result of variations of credit risk are not significant, because of their credit quality (Note 3.4.1).

12. FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

The breakdown of this heading is as follows:

Breakdown of Financial assets at fair value with changes in other comprehensive income
(Millions of euros)

	31-12-2023	31-12-2022
Equity instruments	**810**	**807**
Shares in listed companies	713	683
Shares in non-listed companies	97	124
Debt securities *	**7,255**	**10,638**
Spanish government debt securities	2,991	6,372
Foreign government debt securities	3,219	3,039
Other issuers	1,045	1,227
TOTAL	**8,065**	**11,445**
Equity instruments		
Of which: gross unrealised gains	*10*	*8*
Of which: gross unrealised losses	*(1,241)*	*(1,269)*
Debt securities		
Of which: gross unrealised gains	*6*	*27*
Of which: gross unrealised losses	*(255)*	*(431)*

(*) See ratings classification in Note 3.4.1. "Concentration according to credit quality" and the breakdown by country of government debt in Note 3.4.1, section "Concentration according to sovereign risk".

12.1. EQUITY INSTRUMENTS

The breakdown of the changes under this heading is as follows:

Changes in equity instruments - 2023
(Millions of euros)

	31-12-2022	Acquisitions and capital increases	Disposals and capital decreases	Gains (-) / losses (+) transferred to reserves	Adjustments to market value and exchange differences	Transfers and other	31-12-2023
Telefónica, SA *	683				30		713
Other	124		(25)	5	(3)	(4)	97
TOTAL	**807**		**(25)**	**5**	**27**	**(4)**	**810**

(*) The stake in Telefónica, S.A. is 3.51% at 31 December 2023, following the share capital reduction agreed at its shareholders' meeting on 31 March 2023. At the end of 2023, CaixaBank holds a fair value hedge for 1.88% of Telefónica's share capital.

Changes in equity instruments - 2022
(Millions of euros)

	31-12-2021	Acquisitions and capital increases	Disposals and capital decreases	Gains (-) / losses (+) transferred to reserves	Adjustments to market value and exchange differences	Transfers and other	31-12-2022
Telefónica SA *	1,000		(629)	329	(17)		683
Other	144	2		(2)		(20)	124
TOTAL	**1,144**	**2**	**(629)**	**327**	**(17)**	**(20)**	**807**

(*) The ownership interest in Telefónica, S.A. is 3.50% at 31 December 2022. On 4 October 2022, CaixaBank's fair value hedge (on 1.95% of the share capital of Telefónica) was partially settled through the delivery of 1%.

The relevant financial information of the most relevant equity instruments classified in this section is as follows:

Financial information on key investments
(Millions of euros)

Corporate name	Registered address	% shareholding	% voting rights	Equity	Latest published profit/(loss)
Telefónica (1)	Madrid - Spain	3.51%	3.51%	31,686	1,262
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria (Sareb) (2)	Madrid - Spain	12.24%	12.24%	(14,063)	(824)

(1) Listed company. The information on equity and the last published profit/(loss) is at 30-09-2023.
(2) Unlisted company. The information on equity and the last published profit/(loss) is at 30-06-2023. The value of the shareholding is fully impaired based on a discounted valuation of estimated shareholder cash flows, as well as on the company's negative equity.

12.2. DEBT SECURITIES

The breakdown of the changes under this heading is as follows:

Changes in debt securities

(Millions of euros)

	2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	**10,629**	**9**		**13,513**		**8**
Plus:						
Transfers between stages					8	(8)
Acquisitions	304			4,259		
Interest	69	1		315		
Gains/(losses) recognised with adjustments to equity (Note 22.2)	154	1		(783)	1	
Less:						
Sales	(17)			(1,677)		
Depreciation and amortisation	(3,818)			(4,985)		
Amounts transferred to income statement (Note 30) *				(13)		
Impairment losses (Note 34)						
Exchange differences and other	(77)					
CLOSING BALANCE	**7,244**	**11**		**10,629**	**9**	

(*) The profit/(loss) of fixed-income portfolio sales is recorded under the heading "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" (see Note 30).

13. FINANCIAL ASSETS MEASURED AT AMORTISED COST

The breakdown of this heading is as follows:

Breakdown of financial assets at amortised cost - 31-12-2023

(Millions of euros)

	Gross balance	Value adjustments				Balance sheet amount
		Impairment allowances	Accrued interest	Fee and commission income	Other	
Debt securities	**71,648**	**(5)**	**360**			**72,003**
Loans and advances	**338,274**	**(6,083)**	**1,557**	**(184)**	**1,022**	**334,586**
Credit institutions	12,626	(11)	121			12,736
Customers	325,648	(6,072)	1,436	(184)	1,022	321,850
TOTAL	**409,922**	**(6,088)**	**1,917**	**(184)**	**1,022**	**406,589**

Breakdown of financial assets at amortised cost - 31-12-2022

(Millions of euros)

	Gross balance	Value adjustments				Balance sheet amount
		Impairment allowances	Accrued interest	Fee and commission income	Other	
Debt securities	**71,893**	**(1)**	**352**			**72,244**
Loans and advances	**349,407**	**(6,109)**	**844**	**(217)**	**898**	**344,823**
Central banks						
Credit institutions	13,187	(7)	56			13,236
Customers	336,220	(6,102)	788	(217)	898	331,587
TOTAL	**421,300**	**(6,110)**	**1,196**	**(217)**	**898**	**417,067**

13.1. DEBT SECURITIES

The breakdown of the net balances under this heading is as follows:

Breakdown of debt securities

(Millions of euros)

	31-12-2023	31-12-2022
Public debt (*)	65,095	66,476
Of which: SAREB	*16,755*	*17,502*
Other Spanish issuers	269	323
Other foreign issuers	6,639	5,445
TOTAL	**72,003**	**72,244**

(*) See Note 3.4.1, section 'Concentration according to sovereign risk'.

The breakdown of changes in the gross carrying amount of debt securities at amortised cost is as follows:

Changes in debt securities

(Millions of euros)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**72,245**			**72,245**	**63,238**			**63,238**
Transfers	(33)	33						
From Stage 1:	(33)	33						
From Stage 2:								
From Stage 3:								
New financial assets	13,472			13,472	30,218			30,218
Financial asset disposals (other than write-offs) (1)	(13,566)			(13,566)	(21,003)			(21,003)
Changes in interest accrual	(93)	(1)		(94)	(145)			(145)
Exchange differences and other	(45)	(4)		(49)	(63)			(63)
CLOSING BALANCE	**71,980**	**28**		**72,008**	**72,245**			**72,245**
Impairment allowances (2)		*(5)*		*(5)*	*(1)*			*(1)*

(1) Gains on sales of fixed income portfolio are recorded under "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (see Note 30)", with no impact on the business model.

(2) There were no significant changes in the period.

13.2. LOANS AND ADVANCES

Loans and advances – Credit institutions

The breakdown of the gross balances of this heading is as follows:

Breakdown of loans and advances to credit institutions by type

(Millions of euros)

	31-12-2023	31-12-2022
Demand	**5,469**	**7,917**
Other accounts	5,469	7,917
Term	**7,157**	**5,270**
Deposits with agreed maturity	7,148	5,265
Deposits with agreed maturity in Stage 3	9	5
TOTAL	**12,626**	**13,187**

Loans and advances - Loans and advances to customers

The breakdown of the impairment situation of the portfolio of loans and advances to customers is as follows:

Breakdown of Loans and advances to customers

(Millions of euros)

	31-12-2023					31-12-2022				
				POCI *					POCI *	
	Stage 1	Stage 2	Stage 3	Not impaired	Impaired	Stage 1	Stage 2	Stage 3	Not impaired	Impaired
Gross carrying amount	293,730	25,160	8,752	7	273	302,991	25,678	8,552	3	465
Impairment allowances	(438)	(904)	(4,496)		(234)	(1,014)	(1,115)	(3,751)		(222)
TOTAL	**293,292**	**24,256**	**4,256**	**7**	**39**	**301,977**	**24,563**	**4,801**	**3**	**243**

(*) POCIs arising from the business combination with Bankia (initially EUR 770 million).

The breakdown of changes in the gross carrying amount of loans and advances to customers is as follows:

Changes in loans and advances to customers
(Millions of euros)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**302,991**	**25,678**	**8,552**	**337,221**	**293,916**	**28,390**	**11,188**	**333,494**
Transfers	(4,986)	2,710	2,276		(1,512)	1,040	472	
From Stage 1:	(12,321)	11,036	1,285		(11,318)	10,532	786	
From Stage 2:	7,301	(9,280)	1,979		9,732	(11,185)	1,453	
From Stage 3:	34	954	(988)		74	1,693	(1,767)	
New financial assets	58,976	2,597	516	62,089	67,186	1,820	558	69,564
Financial asset disposals (other than write-offs)	(63,251)	(5,825)	(1,199)	(70,275)	(56,599)	(5,572)	(1,789)	(63,960)
Write-offs			(1,393)	(1,393)			(1,877)	(1,877)
CLOSING BALANCE	**293,730**	**25,160**	**8,752**	**327,642**	**302,991**	**25,678**	**8,552**	**337,221**

Changes in the hedging of loans and advances to customers is as follows:

Changes in impairment allowances of loans and advances to customers
(Millions of euros)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**1,014**	**1,115**	**3,751**	**5,880**	**614**	**1,389**	**4,873**	**6,876**
Net allowances (Note 34)	(576)	(211)	1,443	656	400	(274)	66	192
From Stage 1:	31	128	358	517	285	(387)	238	136
From Stage 2:	(12)	(146)	422	264	(23)	(83)	(926)	(1,032)
From Stage 3:	(8)	(53)	453	392	(8)	129	727	848
New financial assets	184	97	248	529	157	81	307	545
Disposals	(771)	(237)	(38)	(1,046)	(11)	(14)	(280)	(305)
Amounts used			(746)	(746)			(1,201)	(1,201)
Transfers and other			48	48			13	13
CLOSING BALANCE	**438**	**904**	**4,496**	**5,838**	**1,014**	**1,115**	**3,751**	**5,880**

14. DERIVATIVES - HEDGE ACCOUNTING (ASSETS AND LIABILITIES)

The breakdown of the balances of these headings is as follows:

Breakdown of hedging derivatives (product and counterparty)

(Millions of euros)

	31-12-2023		31-12-2022	
	Assets	Liabilities	Assets	Liabilities
Interest rates	221	24	209	69
Equity instruments	51		38	
Currencies and gold		3	8	7
Other		102		98
TOTAL FAIR VALUE HEDGES	272	129	255	174
Interest rates				1
Currencies and gold	266	71	351	127
Other		1,073		1,068
TOTAL CASH FLOW HEDGES	266	1,144	351	1,196
TOTAL	**538**	**1,273**	**606**	**1,370**
Memorandum items				
Of which: OTC - credit institutions	*538*	*1,273*	*606*	*1,370*

The maturity schedule of the interest rate hedged items and their average interest rate is set out below:

Maturity schedule of hedged items and average interest rate - 2023

(Millions of euros)

	Hedged item value						
	< 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	> 5 Years	Total	Average interest rate
Asset interest-rate hedges	18	1	571	2,202	9,444	12,236	2.08 %
Liability interest-rate hedges	3,273	9,071	4,081	47,766	14,159	78,350	(2.23) %
TOTAL FAIR VALUE HEDGES	**3,291**	**9,072**	**4,652**	**49,968**	**23,603**	**90,586**	
Asset interest-rate hedges	1,562	1,711	3,340	18,035	6,224	30,872	(1.37) %
TOTAL CASH FLOW HEDGES	**1,562**	**1,711**	**3,340**	**18,035**	**6,224**	**30,872**	

Hedging items - Fair value hedges

(Millions of euros)

				31-12-2023		2023		31-12-2022	
				Value of hedging instrument		Change in FV used to calculate the ineffectiveness of the hedge (Note 30)	Ineffectiveness taken to profit/(loss) (Note 30)	Value of hedging instrument	
	Hedged item	Risk covered	Hedging instrument used	Assets	Liabilities			Assets	Liabilities
Macrohedges	Issuances	Transformation from fixed to floating	Interest-rate swaps and options	202	11	1,603	(5)	203	37
	Fixed-rate loans	Transformation from fixed to floating	Interest-rate swaps and options	4	12	(546)	3	6	17
	Demand accounts	Transformation from fixed to floating	Interest-rate swaps			811			
	Asset repurchase agreements	Transformation from fixed to floating	Interest-rate swaps						
	TOTAL			**206**	**23**	**1,868**	**(2)**	**209**	**54**
Microhedges	Public debt OCI portfolio	Transformation from fixed to floating	Interest-rate swaps			(2)			
	Public debt OCI portfolio	Transformation of inflation-linked debt to fixed-rate to floating-rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options		98	(21)			94
	Debt fixed-income portfolio amortised cost portfolio	Transformation of fixed-rate debt in foreign currency to floating-rate	Interest-rate swaps		6	(2)			4
	Shares issued	Transformation from 12M Euribor to 3M Euribor	Interest-rate swaps	15		35		1	21
	Currency loan	Transformation from fixed rate in foreign currency to floating rate in EUR	Currency swaps		2	(10)		8	1
	Debt amortised cost portfolio	Debt transformation from fixed to floating rate	Interest-rate swaps			(15)			
	Debt securities issued	Debt transformation from inflation-linked fixed to floating rate	Inflation-linked swaps and inflation-linked options						
	Public Debt amortised cost portfolio	Value of hedged fixed-income assets	Forward						
	Equity instruments OCI (1)	Market risk	Equity swaps	51		50		37	
	Other								
	TOTAL			**66**	**106**	**35**		**46**	**120**

(1) Changes in the value of hedging items and hedged items are recorded under "Profit or loss from hedge accounting of equity instruments measured at fair value through other comprehensive income" in the statement of recognised income and expense.

Hedged items - Fair value hedges

(Millions of euros)

				31-12-2023				2023			31-12-2022	
				Hedged instrument		Accumulated fair value adjustments in the hedged item		Accumulated amount of FV hedging adjustments of the hedged items	Change in the value used to calculate the ineffectiveness of the hedge (Note 30)	Line on the balance sheet with the hedged item	Hedged instrument	
	Hedged item	Risk covered	Hedging instrument used	Assets	Liabilities	Assets	Liabilities				Assets	Liabilities
Macrohedges	Issuances	Trans. from fixed to floating	Interest-rate swaps and options		51,604		(1,874)	22	(1,608)	Financial liabilities at amortised cost		49,032
	Fixed-rate loans	Trans. from fixed to floating	Interest-rate swaps and options	11,082		(1,094)		927	549	Financial assets at amortised cost	11,553	
	Demand accounts	Trans. from fixed to floating	Interest-rate swaps		20,000		(1,075)		(811)	Financial liabilities at amortised cost		20,000
	Asset repurchase agreements	Trans. from fixed to floating	Interest-rate swaps		4,333					Financial liabilities at amortised cost		
	TOTAL			**11,082**	**75,937**	**(1,094)**	**(2,949)**	**949**	**(1,870)**		**11,553**	**69,032**
Microhedges	Public debt OCI portfolio	Trans. from fixed to floating	Interest-rate swaps	60		N/A	N/A		2	Financial assets at fair value *	58	
	Public debt OCI portfolio	Transformation of inflation-linked debt to fixed-rate to floating-rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options	494		N/A	N/A		21	Financial assets at fair value *	477	
	Debt fixed-income portfolio amortised cost portfolio	Debt transformation from inflation-linked fixed to floating rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options	40		5			2	Financial assets at amortised cost	40	
	Shares issued	Transformation from 12M Euribor to 3M Euribor	Interest-rate swaps		2,413		15		(35)	Shares issued		2,893
	Currency loan	Transformation from fixed rate in foreign currency to floating rate in EUR	Currency swaps	104		1			10	Financial assets at amortised cost	151	
	Debt fixed-income portfolio amortised cost portfolio	Debt transformation from inflation-linked fixed to floating rate	Interest-rate swaps, inflation-linked swaps and inflation-linked options	453		(19)			15	Financial assets at amortised cost	452	
	Equity instruments OCI (1)	Market risk	Equity swaps	433		N/A	N/A		(50)	Financial assets at fair value *	224	
	Other			3				7			3	
	TOTAL			**1,587**	**2,413**	**(13)**	**15**	**7**	**(35)**		**1,405**	**2,893**

(*) with changes in other comprehensive income

(1) Changes in the value of hedging items and hedged items are recorded under "Profit or loss from hedge accounting of equity instruments measured at fair value through other comprehensive income" in the statement of recognised income and expense.

Hedging items - cash flow hedges

(Millions of euros)

	Hedged item	Risk covered	Hedging instrument used	31-12-2023 Value of hedging instrument		31-12-2023 Amount reclassified from equity to profit or loss	31-12-2023 Ineffectiveness taken to profit/(loss)	31-12-2022 Value of hedging instrument	
				Assets	Liabilities			Assets	Liabilities
Macrohedges	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps			(126)			
	Floating-rate currency loans	Transformation from floating rate in foreign currency to floating rate in euros	Currency swaps	212	67	(191)		345	95
	Fixed-rate term deposits	Transformation from fixed to floating	Interest-rate swaps			1			
	TOTAL			**212**	**67**	**(316)**		**345**	**95**
Microhedges	Inflation-linked public debt	Transformation from inflation-linked floating to fixed rate	Inflation-linked swaps and inflation-linked options		289	(25)			289
	Public debt at amortised cost in foreign currency	Transformation from fixed rate in foreign currency to fixed rate in euros	Currency swaps	54		1		6	33
	Inflation-linked public debt at amortised cost	Transformation from floating to fixed	Interest-rate and inflation-linked swaps		788	(45)			779
	TOTAL			**54**	**1,077**	**(69)**		**6**	**1,101**

Hedged items - cash flow hedges
(Millions of euros)

				31-12-2023			31-12-2022	
	Hedged item	Risk covered	Hedging instrument used	Reserve of cash flow hedges	Pending amount in reserve of cash flow hedges of hedging relationships for which recognising hedges no longer applies	Line on the balance sheet including the hedged item	Reserve of cash flow hedges	Pending amount in reserve of cash flow hedges of hedging relationships for which recognising hedges no longer applies
Macrohedges	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps	(382)		Financial assets at amortised cost	(557)	
	Floating-rate currency loans	Transformation from floating rate in foreign currency to floating rate in EUR	Currency swap	(30)		Financial assets at amortised cost	(16)	
	Fixed-rate term deposits	Transformation from fixed to floating	Interest-rate swaps		21	Financial liabilities at amortised cost		22
	TOTAL			**(412)**	**21**		**(573)**	**22**
Microhedges	Inflation-linked public debt.	Transformation from inflation-linked floating debt to fixed rate	Inflation-linked swaps and inflation-linked options	(6)		Financial assets at fair value *	(36)	
	Public debt at amortised cost in foreign currency	Transformation from fixed rate in foreign currency to fixed rate in EUR	Currency swaps	(51)		Financial assets at amortised cost	(81)	
	Inflation-linked public debt at amortised cost	Transformation from floating to fixed	Interest-rate and inflation-linked swaps	2		Financial assets at amortised cost	(45)	
	TOTAL			**(55)**			**(162)**	

(*) with changes in other comprehensive income

15. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The breakdown of the changes of the balance under this heading is as follows:

Changes in investments - 2023

(Millions of euros)

	31-12-2022		Acquisitions and capital increases	Disposals and capital decreases	Impair. losses	Transfers and other *	31-12-2023	
	Carrying amount	% Stake					Carrying amount	% Stake
COST	17,518		71			(76)	17,513	
BuildingCenter	9,182	*100.00%*					9,182	*100.00%*
VidaCaixa	2,535	*100.00%*					2,535	*100.00%*
Banco BPI	2,060	*100.00%*					2,060	*100.00%*
CaixaBank Payments & Consumer	1,602	*100.00%*					1,602	*100.00%*
Hiscan Patrimonio	480	*100.00%*					480	*100.00%*
Puerto Triana	261	*100.00%*					261	*100.00%*
Hiscan Patrimonio II	223	*100.00%*					223	*100.00%*
CaixaBank Asset Management	177	*100.00%*				(58)	119	*100.00%*
CaixaBank Tech	176	*100.00%*					176	*100.00%*
Arquitrabe Activos	149	*100.00%*					149	*100.00%*
Credifimo	122	*100.00%*	45				167	*100.00%*
Other	551		26			(19)	558	
IMPAIRMENT ALLOWANCES	(7,984)				(330)		(8,314)	
BuildingCenter	(7,231)				(339)		(7,570)	
Hiscan Patrimonio	(362)				(1)		(363)	
Other	(391)				9		(381)	
TOTAL GROUP ENTITIES	**9,534**		**71**		**(330)**	**(76)**	**9,199**	
COST	26		9	(9)			26	
Other	26		9	(9)			26	
IMPAIRMENT ALLOWANCES	(8)				(1)		(9)	
Other	(8)				(1)		(9)	
TOTAL ASSOCIATES	**18**		**9**	**(9)**	**(1)**		**17**	

(*) Transfers and other mainly includes the distribution of reserves and dividends deducted from cost of investment.

At year-end, there were no agreements to provide additional financial support or any other contractual commitment made by the parent company or subsidiaries with associates and joint ventures of the Entity not recognised in the financial statements. Likewise, there are no contingent liabilities related to these investments.

Sa Nostra, Compañía de Seguros de Vida, S.A. (Sa Nostra Vida)

On 27 June 2022, CaixaBank reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (Caser) to have its subsidiary VidaCaixa, S.A.U. de Seguros y Reaseguros (VidaCaixa) buy its 81.31% interest in the share capital of Sa Nostra Vida, a company that provides life insurance and pension plans that operates in the Balearic Islands. The operation was completed in November of 2022, after obtaining the approvals of the Comisión Nacional de Mercados y Competencia and the Dirección General de Seguros y Fondos de Pensiones (the Spanish Markets and Competition Commission and the Spanish Directorate General for Insurance and Pension Funds, respectively).

In addition, a negative impact of EUR 29 million was recognised in the income statement for the penalty included in the price for terminating the alliance with Caser in Sa Nostra Vida. The acquisition did not have any other significant impacts on the income statement of the Entity.

In November 2022, CaixaBank transferred the remaining 18.69% of the share capital of Sa Nostra Life to VidaCaixa for a sale price of EUR 51 million.

Impairment of the portfolio of investments

For the purpose of assessing the recoverable amount of investments in associates and joint ventures, the Entity regularly monitors the impairment indicators related to its investees. Particularly, the following items are considered, among others: i) business performance; ii) share prices throughout the period; and iii) the target prices published by renowned independent analysts.

16. TANGIBLE ASSETS

The breakdown of the changes of the balance under this heading is as follows:

Changes in tangible assets
(Millions of euros)

	2023			2022		
	Land and buildings	Instal. furniture and others	Rights of use *	Land and buildings	Instal. furniture and others	Rights of use *
Cost						
Opening balance	3,081	5,415	1,917	3,463	5,588	2,024
Additions	10	316	214	11	354	118
Disposals	(3)	(200)	(48)	(6)	(523)	(225)
Transfers **	(118)	(1)		(387)	(4)	
CLOSING BALANCE	2,970	5,530	2,083	3,081	5,415	1,917
Accumulated depreciation						
Opening balance	(723)	(3,720)	(460)	(842)	(3,967)	(327)
Additions	(33)	(215)	(167)	(36)	(197	(159)
Disposals	2	165	18	4	443	26
Transfers **	29			151	1	
CLOSING BALANCE	(725)	(3,770)	(609)	(723)	(3,720)	(460)
Impairment allowances						
Opening balance		(22)			(25)	
Allowances (Note 35)						
Provisions (Note 35)					1	
Transfers **		1			2	
CLOSING BALANCE		(21)			(22)	
OWN USE, NET	**2,245**	**1,739**	**1,474**	**2,358**	**1,673**	**1,457**
Cost						
Opening balance	167			57		
Additions				2		
Disposals	(70)			(11)	(1)	
Transfers **	29			119	1	
CLOSING BALANCE	126			167		
Accumulated depreciation						
Opening balance	(41)			(3)		
Additions	(3)			(1)		
Disposals	23			2	1	
Transfers **	(5)			(39)	(1)	
CLOSING BALANCE	(26)			(41)		
Impairment allowances						
Opening balance	(27)			(13)		
Allowances (Note 35)	(13)			(18)		
Provisions (Note 35)	7			1		
Transfers **	(7)			(3)		
Disposals due to contributions				2		
Amounts used	17			4		
CLOSING BALANCE	(23)			(27)		
INVESTMENT PROPERTY	**77**			**99**		

BC: business combination; INSTAL.: Installations

(*) Corresponds to the rights of use of land and buildings. With respect to right-of-use assets, "Other financial liabilities - Liabilities associated with right-of-use assets" (see Note 20.4) shows the present value of future lease payments during the contract's mandatory ter

(**) They mainly include the value of property from other balance sheet headings: from “Own use” when a branch is closed or from “Non-current assets and disposal groups classified as held for sale” when the asset is put up for rent (see Note 19).

Property, plant and equipment for own use

At year-end, the available valuations do not indicate the existence of any material impairment.

Selected information about property, plant and equipment of own use is presented below:

Other information on property, plant and equipment for own use
(Millions of euros)

	31-12-2023
Fully amortised assets still in use	2,733
Commitments to acquire tangible assets *	Insignificant
Assets with ownership restrictions	Insignificant
Assets covered by an insurance policy **	100 %

(*) Sales made in previous years with sale and leaseback agreements include buy options that may be exercised by the Group on termination of the lease agreement at the market value of the offices at that date, to be determined where appropriate by independent experts.

(**) Some of the insurance policies have an excess. CaixaBank is the holder of a corporate policy subscribed with a third party that covers material damage to the Group's material asset.

17. INTANGIBLE ASSETS

The breakdown of this heading is as follows:

Breakdown of intangible assets *

(Millions of euros)

	Remaining useful life	31-12-2023	31-12-2022
Other intangible assets		**919**	**810**
Software	1 to 15 years	753	621
Other intangible assets (generated by mergers/acquisitions)		166	189
Bankia asset management	10 years	92	101
Bankia insurance brokerage	11 years	74	88
TOTAL		**919**	**810**

(*) Beyond the provisions of Note 39 on the "la Caixa" brand and the star logo, the Group's activities are not dependent on or significantly influenced by patents or licences, industrial contracts, new manufacturing processes or special commercial or financial contracts.

The breakdown of the changes of the balance under this heading is as follows:

Changes in other intangible assets

(Millions of euros)

	2023			2022		
	Goodwill	Software	Other assets	Goodwill	Software	Other assets
Gross cost						
Opening balance	2,410	979	229	2,410	747	229
Additions		269			247	
Transfers and other					3	
Write-downs (Note 35)		(45)			(18)	
Other disposals	(2,410)					
SUBTOTAL		1,203	229	2,410	979	229
Accumulated depreciation						
Opening balance	(2,410)	(356)	(42)	(2,292)	(278)	(19)
Additions		(111)	(21)	(118)	(88)	(23)
Transfers and other					(1)	
Write-downs (Note 35)		17			11	
Other disposals	2,410					
SUBTOTAL		(450)	(63)	(2,410)	(356)	(42)
Impairment allowances						
Opening balance						
CLOSING BALANCE						
TOTAL		**753**	**166**		**623**	**187**

Selected information related to other intangible assets is set out below:

Other information on other intangible assets

(Millions of euros)

	31-12-2023
Fully amortised assets still in use	2,485
Commitments to acquire intangible assets	Insignificant
Assets with ownership restrictions	Insignificant

18. OTHER ASSETS AND LIABILITIES

The breakdown of these items in the balance sheet is as follows:

Breakdown of other assets and other liabilities

(Millions of euros)

	31-12-2023	31-12-2022
Insurance contracts linked to pensions	1,990	2,259
Pensions and similar obligations (Note 21.1)	597	577
Long-term obligations (Note 21.2)	1,393	1,682
Net pension plan assets (Note 21.1)	34	158
Inventories	7	5
Other assets	1,577	1,564
Prepayments and accrued income (1)	927	928
Ongoing transactions	541	474
Other	109	162
TOTAL OTHER ASSETS	**3,608**	**3,986**
Prepayments and accrued income (2)	1,479	1,702
Ongoing transactions	1,074	617
Other	81	82
TOTAL OTHER LIABILITIES	**2,634**	**2,401**

(1) This includes a prepaid expense arising from the termination of the distribution agreements with Mapfre for non-life insurance, which accrues in the same period as the current distribution agreement with Mutua Madrileña. The amount remaining at 31 December 2023 is EUR 154 million.

(2) Agreement with Mutua Madrileña. In January 2022, CaixaBank reached an agreement with Mutua Madrileña and SegurCaixa Adeslas for the payment of compensation in the amount of EUR 650 million for the increase in Bankia's network in the current distribution arrangement. The income is accrued over a period of 10 years, consistent with the accrual of the expense for part of the compensation for the breaking of the non-life agreements with Mapfre.

19. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The breakdown of the changes of the balance under this heading is as follows:

Changes in non-current assets for sale
(Millions of euros)

	2023			2022		
	Foreclosed assets			Foreclosed assets		
	Foreclosure rights (1)	Other	Other assets (2)	Foreclosure rights (1)	Other	Other assets (2)
Gross cost						
Opening balance	181	348	327	222	316	1,221
Additions	92	8	1	88	21	1
Transfers and other	(31)	25	70	(67)	58	149
Disposals for the year	(99)	(53)	(178)	(62)	(47)	(1,044)
CLOSING BALANCE	143	328	220	181	348	327
Impairment allowances						
Opening balance	(37)	(71)	(59)	(46)	(70)	(44)
Allowances (Note 37)	(1)	(47)	(42)		(9)	(79)
Recoveries (Note 37)	1	25	12		4	35
Transfers and other	9	(1)	7	9	(4)	2
Amounts used		14	24		8	27
CLOSING BALANCE	(28)	(80)	(58)	(37)	(71)	(59)
TOTAL	**115**	**248**	**162**	**144**	**277**	**268**
Of which: Equity Investments			*5*			*82*
Of which: Property, plant and equipment		*248*	*157*		*277*	*186*
Of which: Foreclosure rights	*115*			*144*		

(1) Foreclosure rights are measured initially at the carrying amount at which the asset will be recognised when the definitive foreclosure occurs.

(2) Mainly includes: investments reclassified as non-current assets held for sale, assets deriving from the termination of operating lease agreements and closed branches.

Sale of the property at Castellana 51

In November 2022, CaixaBank sold the property it owns at Paseo de la Castellana, 51, Madrid. CaixaBank's Board of Directors agreed the sale of the latter to Inmo Criteria Patrimonio, S.L.U. (a wholly-owned subsidiary of Criteria Caixa, S.A.U.), which submitted the best offer.

The sale price of the property amounts to EUR 238.5 million. The sale resulted in the recording in 2022 of a positive impact on the statement of profit or loss of EUR 101 million (EUR 71 million net of tax effect), under the heading "Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net)" (see Note 37).

The breakdown, by age, of foreclosed assets, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

Age of foreclosure assets
(Millions of euros)

	31-12-2023		31-12-2022	
	No. of assets	Gross amount	No. of assets	Gross amount
Up to 1 year	110	8	201	21
Between 1 and 2 years	236	23	385	24
Between 2 and 5 years	1,164	77	1,486	93
More than 5 years	5,075	363	4,973	391
TOTAL	**6,585**	**471**	**7,045**	**529**

20. FINANCIAL LIABILITIES

The breakdown of this heading is as follows:

Breakdown of financial liabilities at amortised cost - 31-12-2023
(Millions of euros)

	Gross balance	Value adjustments: Accrued interest	Value adjustments: Microhedges	Value adjustments: Transaction costs	Value adjustments: Premiums and discounts	Balance sheet amount
Deposits	**391,990**	**705**	**15**	**(7)**	**263**	**392,966**
Central banks	543	5				548
Credit institutions	17,662	185				17,847
Customers	373,785	515	15	(7)	263	374,571
Debt securities issued	**52,288**	**496**		**(11)**	**1,024**	**53,797**
Other financial liabilities	**6,394**					**6,394**
TOTAL	**450,672**	**1,201**	**15**	**(18)**	**1,287**	**453,157**

Breakdown of financial liabilities at amortised cost - 31-12-2022
(Millions of euros)

	Gross balance	Value adjustments: Accrued interest	Value adjustments: Microhedges	Value adjustments: Transaction costs	Value adjustments: Premiums and discounts	Balance sheet amount
Deposits	**396,834**	**(11)**	**(20)**	**(9)**	**360**	**397,154**
Central banks	15,835	(236)				15,599
Credit institutions	11,510	69				11,579
Customers	369,489	156	(20)	(9)	360	369,976
Debt securities issued	**48,403**	**596**		**(9)**	**1,040**	**50,030**
Other financial liabilities	**7,202**					**7,202**
TOTAL	**452,439**	**585**	**(20)**	**(18)**	**1,400**	**454,386**

20.1. DEPOSITS FROM CREDIT INSTITUTIONS

The breakdown of the gross balances of this heading is as follows:

Breakdown of deposits from credit institutions
(Millions of euros)

	31-12-2023	31-12-2022
Demand	**1,794**	**2,347**
Other accounts	1,794	2,347
Term or at notice	**15,868**	**9,163**
Deposits with agreed maturity	2,700	2,779
Repurchase agreement	13,168	6,384
TOTAL	**17,662**	**11,510**

20.2. CUSTOMER DEPOSITS

The breakdown of the gross balances of this heading is as follows:

Breakdown of customer deposits
(Millions of euros)

	31-12-2023	31-12-2022
By type	**373,785**	**369,489**
Current accounts and other demand deposits	229,591	248,660
Savings accounts	90,009	94,538
Deposits with agreed maturity	44,528	22,592
Hybrid financial liabilities	1,611	1,122
Repurchase agreements	8,046	2,577
By sector	**373,785**	**369,489**
Public administrations	16,862	16,585
Private sector	356,923	352,904

20.3. DEBT SECURITIES ISSUED

The breakdown of the gross balances of this heading is as follows:

Breakdown of debt securities issued

(Millions of euros)

	31-12-2023	31-12-2022
Mortgage covered bonds	14,454	16,815
Plain vanilla bonds *	26,255	21,798
Structured notes	483	311
Promissory notes	1,121	329
Preference shares	4,500	4,250
Subordinated debt	5,475	4,900
TOTAL	**52,288**	**48,403**

(*) Includes plain vanilla bonds or ordinary bonds and non-preference plain vanilla bonds or ordinary bonds

The changes in the balances of each type of securities issued is as follows:

Changes in debt securities issued
(Millions of euros)

	Mortgage covered bonds	Public sector covered bonds	Plain vanilla bonds	Structured notes	Subordinated debt	Preference shares
Gross balance						
Opening balance 2022	62,024	4,500	17,116	591	5,160	5,000
Issuances	6,553	2,000	4,791		750	
Depreciation and amortisation	(13,640)	(2,000)	(68)	(170)	(1,010)	(750)
CLOSING BALANCE 2022	54,937	4,500	21,839	421	4,900	4,250
Repo securities						
Opening balance 2022	(41,612)	(4,500)	(41)	(206)		
Buybacks	(6,500)	(2,000)				
Repayments and other	9,990	2,000		96		
CLOSING BALANCE 2022	(38,122)	(4,500)	(41)	(110)		
CLOSING NET BALANCE 2022	**16,815**		**21,798**	**311**	**4,900**	**4,250**
Gross balance						
Opening balance 2023	54,937	4,500	21,839	421	4,900	4,250
Issuances	6,700		7,792	347	1,568	750
Depreciation and amortisation	(8,775)		(3,251)	(242)	(1,000)	(500)
Exchange differences and other	(30)		(84)		7	
CLOSING BALANCE 2023	52,832	4,500	26,296	526	5,475	4,500
Repo securities						
Opening balance 2023	(38,122)	(4,500)	(41)	(110)		
Buybacks	(6,531)			(7)		
Repayments and other	6,275			74		
CLOSING BALANCE 2023	(38,378)	(4,500)	(41)	(43)		
CLOSING NET BALANCE 2023	**14,454**		**26,255**	**483**	**5,475**	**4,500**

The breakdown of preference share issues are as follows:

Breakdown of preference share issues
(Millions of euros)

Issue date	Maturity	Nominal amount	Annual remuneration (2)	Outstanding balance 31-12-2023	Outstanding balance 31-12-2022
June 2017 (1)	Perpetual	1,000	6.750%	1,000	1,000
March 2018 (1)	Perpetual	1,250	5.250%	1,250	1,250
September 2018	Perpetual	500	6.375%		500
October 2020 (1)	Perpetual	750	5.875%	750	750
September 2021 (1)	Perpetual	750	3.625%	750	750
March 2023 (1)	Perpetual	750	8.250%	750	
PREFERENCE SHARES				4,500	4,250
Own securities purchased					
TOTAL				**4,500**	**4,250**

(1) They are perpetual Additional Tier 1 Instruments, although they may be (partially or totally) redeemed under specific circumstances at the option of CaixaBank (once at least five years have elapsed from their issue date according to the specific conditions of each of them, and with the prior consent of the corresponding competent authority) and, in all cases, are convertible into ordinary newly-issued shares of the entity if CaixaBank or CaixaBank Group has a *Common Equity Tier* 1 ratio (CET1) of less than 5.125%, calculated in accordance with European Regulation 575/2013, of 26 June, of the European Parliament and Council, on prudential requirements of credit institutions and investment firms ("CRR"). The conversion price of the preference shares shall be the highest of i) the volume-weighted daily average price of CaixaBank's shares in the five trading days prior to the day the corresponding conversion is announced, ii) the conversion floor price and iii) the nominal value of CaixaBank's shares at the time of conversion.

(2) Payable quarterly.

A breakdown of subordinated debt issues (Tier 2 capital instruments) is presented below:

Breakdown of subordinated debt issues

(Millions of euros)

Issue date	Maturity	Nominal amount	Annual remuneration	Outstanding balance 31-12-2023	Outstanding balance 31-12-2022
July 2017	07-07-2042	150	4.000%	150	150
July 2017	14-07-2028	1,000	2.750%		1,000
April 2018	17-04-2030	1,000	2.250%	1,000	1,000
February 2019	15-02-2029	1,000	3.750%	1,000	1,000
March 2021	18-06-2031	1,000	1.250%	1,000	1,000
November 2022	23-02-2033	750	6.250%	750	750
January 2023 (1)	25-10-2033	500	6.875%	575	
May 2023	30-05-2034	1,000	6.125%	1,000	
SUBORDINATED DEBT				5,475	4,900
Own securities purchased					
TOTAL (2)				**5,475**	**4,900**

(1) Issue in GBP. The nominal amount is expressed in this currency

(2) This does not include two issues from integrations, dated December 1990 and June 1994, with an outstanding balance of EUR 18 million and EUR 1 million, respectively, which are classified under "Customer deposits".

20.4. OTHER FINANCIAL LIABILITIES

The detail of the balance of this heading in the balance sheet is as follows:

Breakdown of other financial liabilities

(Millions of euros)

	31-12-2023	31-12-2022
Payment obligations	1,027	960
Guarantees received	9	5
Clearing houses	1,004	1,178
Tax collection accounts	1,829	1,728
Special accounts	347	1,495
Liabilities associated with right-of-use assets (Note 16)	1,523	1,502
Other items	655	334
TOTAL	**6,394**	**7,202**

"Other financial liabilities - Liabilities associated with right-of-use assets (see Note 16) shows the present value of future lease payments during the contract's mandatory term. The changes during the year were as follows:

Future payments on operating leases

(Millions of euros)

	31-12-2021	Net addition	Financ. update	Payments	31-12-2022	Net addition	Financ. update	Payments	31-12-2023
Operating lease contracts	**1,731**	(67)	10	(172)	**1,502**	187	13	(179)	**1,523**
TOTAL	**1,731**	**(67)**	**10**	**(172)**	**1,502**	**187**	**13**	**(179)**	**1,523**

Discount rate applied (according to the term)			
Spain	[0.00%-1.66%]	[0.00%-1.66%]	[0.00%-1.66%]

Financ. update: Financial update;

21. PROVISIONS

The breakdown of the changes of the balance under this heading is as follows:

Changes in provisions

(Millions of euros)

	Pensions and other post-employment defined benefit obligations	Other long-term employee benefits	Pending legal issues and tax litigation		Commitments and guarantees given		Other provisions
			Legal contingencies	Provisions for taxes	Conting. risks	Contingent commitments	
BALANCE AT 31-12-2021	**804**	**3,407**	**713**	**352**	**342**	**53**	**487**
Additions due to business combinations (Note 7)							
With a charge to the statement of profit or loss	6	(238)	96	(44)	101	(6)	1
Provision		3	207	12	149	83	293
Reversal		(200)	(111)	(56)	(48)	(89)	(292)
Interest cost/(income)	6	2					
Personnel expenses		(43)					
Actuarial (gains)/losses	(182)						
Amounts used	(50)	(595)	(237)	(14)			(148)
Transfers and other			(5)	(2)	4	7	18
BALANCE AT 31-12-2022	**578**	**2,574**	**567**	**292**	**447**	**54**	**358**
With a charge to the statement of profit or loss	20	61	131	(17)	(124)	16	3
Provision		36	295		(74)	129	180
Reversal		(14)	(164)	(17)	(50)	(113)	(177)
Interest cost/(income)	20	39					
Personnel expenses							
Actuarial (gains)/losses	26						
Amounts used	(51)	(557)	(195)	(9)			(93)
Transfers and other	25		27		(7)		(12)
CLOSING BALANCE ON 31-12-2023	**598**	**2,078**	**530**	**266**	**316**	**70**	**256**

(1) Not including additions to and reversals, charged under the heading "Provisions or reversal of provisions" in the statement of profit or loss attributable to assets for insurance contracts linked to pensions and others (see Notes 18 and 21.2).

21.1. PENSIONS AND OTHER POST-EMPLOYMENT DEFINED OBLIGATIONS

Provisions for pensions and similar obligations – Defined benefit post-employment plans

The Entity's defined benefit post-employment obligations are as follows:

- Part of the commitments with employees and former employees of CaixaBank are covered using insurance policies with Group or non-Group insurance companies, mainly from merger processes. In this case, CaixaBank is the insurance policyholder, and the contracts are managed by each insurance company, which also assumes the risks.
- The rest of the obligations vested on the business in Spain arise from the CaixaBank Employment Pension Plan, which features various subplans. These subplans are integrated into two pension funds, namely the fund Pensions Caixa 30, a pension fund that which combines a greater number of holders and beneficiaries. The pension funds insure their defined benefit commitments through different insurance contracts, the policyholder of which is the Pension Plan Control Committee, the majority of which are with VidaCaixa. CaixaBank does not control the Pension funds into which these subplans are integrated, although it holds a minority representation on the Control Committees established in each of them.
- Since most of the defined benefit commitments are covered through the pension funds or through insurance policies taken out directly by CaixaBank —the purpose of which is to ensure the provisions payable by the beneficiaries are equivalent to the provisions insured under the policies taken out— the Entity is not exposed to market volatilities and unusual market movements. At different closures, the fair value of the policies taken out directly with VidaCaixa or other companies, and that of pension fund assets (mainly covered through insurance policies), is calculated with a uniform assessment methodology, as laid down in the accounting standard.

  If an insurance policy is a CaixaBank Employment Pension Plan asset and its flows exactly match the amount and timing of the benefits payable under the plan, the fair value of these insurance policies is deemed to be the present value of the related obligations. A net defined benefit liability will only exist when CaixaBank or the pension fund maintains certain uninsured commitments.

  Whilst the insurance policies taken out with insurers external to the Group and the value of the assets held through the Pension Funds are presented in net form on the balance sheet, given that they are eligible assets of the pan and are used to settle the obligations assumed, the fair value of the other policies taken out directly by CaixaBank with VidaCaixa are recorded under 'Other assets - all other assets'.

The breakdown of the changes of the balance under this heading is as follows:

Changes in provisions for pensions and similar obligations

(Millions of euros)

	Related entity *				Non-related entity **					
	Defined benefit obligations		Fair value of redemption rights		Defined benefit obligations (A)		Fair value of plan assets (B)		Net assets/(liabilities) for defined benefit obligations (A+B)	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
OPENING BALANCE	(578)	(804)	577	804	(1,019)	(1,411)	1,177	1,667	158	256
Interest cost (income)	(20)	(5)	20	5	(34)	(10)	40	12	6	2
Past service cost		(1)								
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	(20)	(6)	20	5	(34)	(10)	40	12	6	2
Actuarial gains/(Losses) arising from experience assumptions	(2)	12			13	4			13	4
Actuarial gains/(Losses) arising from financial assumptions	(24)	170	26	(183)	(38)	312	22	(308)	(16)	4
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN EQUITY	(26)	182	26	(183)	(25)	316	22	(308)	(3)	8
Plan contributions				1			(1)		(1)	
Plan payments	51	50	(51)	(50)	90	97	(90)	(97)		
Settlements							(126)	(108)	(126)	(108)
Additions due to business combinations (Note 7)										
Transactions	(25)		25		(6)	(11)	6	11		
OTHER	26	50	(26)	(49)	84	86	(211)	(194)	(127)	(108)
CLOSING BALANCE	**(598)**	**(578)**	**597**	**577**	**(994)**	**(1,019)**	**1,028**	**1,177**	**34**	**158**
Recognised in:										
"Other assets - Net pension plan assets" (Note 18)									34	158
"Other assets - Insurance contracts linked to pensions" (Note 18)			597	577						
"Provisions - Pensions and other post-employment defined benefit obligations"	(598)	(578)								
Type of obligation										
Vested obligations	(598)	(577)			(993)	(1,018)				
Non-vested obligations		(1)			(1)	(1)				
Type of investment										
Implemented through insurance policies			597	577			1,028	1,177		

(*) The obligations are insured with a related company, the Group being the policyholder.

(**) The obligations are insured with a third party or the Group is not the policyholder.

The present value of defined benefit obligations was calculated using the following criteria:

- The "projected unit credit" accrual method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.
- The estimated retirement age of each employee is the first age at which the employee has the right to retire or the age determined in the agreements, as applicable.
- The actuarial and financial assumptions used in the measurement are unbiased and mutually compatible.

The assumption used in actuarial valuations of the Entity's commitments are as follows:

Actuarial and financial assumptions in Spain

	31-12-2023	31-12-2022
Discount rate of post-employment benefits (1)	3.03 %	3.62%
Long-term benefit discount rate (1)	3.00 %	3.20%
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (2)	0.35 %	0.35%
Annual cumulative CPI (3)	2.89 %	2.93%
Annual salary increase rate (4)	CPI +0.5%	1.0% 2023; CPI + 0.5% 2024 and onwards

(1) Rate resulting from using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed. Rate informed on the basis of the weighted average term of these commitments.
(2) Depending on each obligation. Based on the Agreement to Amend Employment Conditions signed on 1 July 2021, a fixed rate of 0.35% has been considered as a future revaluation for pension commitments arising from collective systems, covenants and/or agreements.
(3) Using the Spanish zero coupon inflation curve. Rate informed on the basis of the weighted average term of the commitments.
(4) The salary growth assumption includes future changes in the employee category. However, the entire defined benefit group is currently a beneficiary group. Thus, this assumption has no impact on the accounting valuation.

The actuarial assumptions of pension commitments are generally carried out by qualified actuaries independent of the Entity.

Additionally, in order to preserve the governance of the valuation and the management of the risks inherent to the acceptance in these commitments, CaixaBank has established an activity framework where the ALCO manages hedging proposals for these risks and the Global Risk Committee approves any changes to the criteria to measure the liabilities reflected in these commitments for businesses in Spain.

Below follows a sensitivity analysis of the value of obligations based on the main assumptions used in the actuarial valuation. To determine this sensitivity, the calculation of the value of the obligations is replicated, changing the specific variable and maintaining the remaining actuarial and financial assumptions unchanged. One drawback of this method is that it is unlikely that a change will occur in one variable alone as some of the variables may be correlated:

Analysis of sensitivity of the obligations - financial assumptions
(Millions of euros)

	+50 bp	-50 bp
Discount rate	(26)	29
Annual pension review rate (1)	0	0

(1) Under the Labour Agreement signed on 7 July 202, the fixed annual growth rate for Spain is 0.35%, which corresponds to the annual pension revision rate. However, sensitivity is presented only for certain obligations whose revaluation is estimated based on the CPI.
N.B.: Currently, regarding the annual salary increase rate, the entire defined benefit group in Spain comprises beneficiaries, thus the wage growth variable has no impact on the sensitivity analysis.

Analysis of sensitivity of the obligations - actuarial assumptions
(Millions of euros)

	+1 year	-1 year
Mortality tables	(25)	25

The estimate of the fair value of insurance contracts linked to pensions taken out directly by CaixaBank with VidaCaixa or other companies and of the value of the pension fund assets (also mainly insurance policies) takes into account the value of future guaranteed payments discounted from the same rate curve used for the obligations. Therefore, since the expected flows of payments are matched with those deriving from the policies, the possible fair changes — at the close of the financial year — in the discount rate would have a similar effect on the value of the Entity's gross obligations and on the fair value of insurance contracts linked to pensions and the fair value of assets held through pension funds.

Consistent with the provision of Note 2.12, the sensitivity of the obligations has only been calculated when certain commitments are not insured by CaixaBank or the pension fund, for example, certain aforementioned longevity queues for business in Spain.

The estimated payment of the provisions planned is stated below:

Estimated schedule for payment of obligations
(Millions of euros)

	2024	2025	2026	2027	2028	2029-2033
Spain *	51	49	48	46	44	194

(*) Excluding insured provisions to be paid directly by VidaCaixa to the Pension Funds.

21.2. PROVISIONS FOR OTHER EMPLOYEE BENEFITS

The Entity has funds to cover the commitments of its discontinuation programmes, both in terms of salaries and other social costs, from the moment of termination until reaching the age established in the agreements. Funds are also in place covering length of service bonuses and other obligations with existing personnel. The main training programmes for which funds are kept are as follows:

Severance schemes
(Millions of euros)

	Year recognised	Number of people	Initial provision
Labour agreement for Barclays Bank personnel restructuring 2015	2015	968	187
Paid early retirements and resignations 16-04-2016	2016	371	160
Labour agreement 29-07-2016	2016	401	121
Paid early retirements and resignations 10-01-2017	2017	350	152
Labour agreement 28-04-2017 - Disassociations 2017	2017	630	311
Labour agreement 28-04-2017 - Disassociations 2018	2018	151	67
Labour agreement 08-05-2019	2019	2,023	978
Labour agreement 31-01-2020 - Disassociations 2020	2020	226	109
Labour agreement for restructuring 1-07-2021	2021	6,452	1,884

The breakdown of the changes of the balance under this heading is as follows:

Reconciliation of balances of other long term employee benefits
(Millions of euros)

	2023		2022	
	Obligations	Assets	Obligations	Assets
PRESENT VALUE AT THE START OF THE PERIOD	**(2,574)**	**1,682**	**(3,407)**	**2,181**
Service cost for the current year	(5)		(3)	
Past services (new commitments)			80	
Personnel expenses			43	
Provisions/Reversal of provisions			37	
Interest on the present value	(39)	39	(2)	2
Actuarial Gains/(Losses)	(17)	31	163	(158)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	(61)	70	238	(156)
Company contributions and surrenders		(4)		62
Claims paid	557	(355)	595	(405)
OTHER	557	(359)	595	(343)
PRESENT VALUE AT THE END OF THE PERIOD	**(2,078)**	**1,393**	**(2,574)**	**1,682**
Of which: With pre-retired personnel	*(28)*		*(78)*	
Of which: Termination benefits	*(1,983)*		*(2,428)*	
Of which: Length of service bonuses and other	*(64)*		*(65)*	
Of which: Other commitments deriving from Barclays Bank	*(3)*		*(3)*	
Of which: Other assets - Insurance contracts linked to pensions (see Note 18)		*1,393*		*1,682*

21.3. PROVISIONS FOR PENDING LEGAL ISSUES AND TAX LITIGATION

Litigiousness in the field of banking and financial products is subject to comprehensive monitoring and control to identify risks that may lead to the outflow of funds from the entity, making the necessary allocations and taking the appropriate measures in terms of adaptation and improving procedures, products and services. FY 2020 was marked by some highly irregular flows that were conditioned by the effect that the health crisis and State of Alarm caused on the normal operation of the justice system, though its operation could be deemed to have returned to normal in 2022. However, the 2023 financial year has once again been affected by repeated strikes by civil servants in the Administration of Justice, which have had an impact on admissions, notifications and the development of a large number of legal proceedings.

The dynamic nature of litigiousness and the high disparity of judicial criteria frequently drive changes in scenarios, without prejudice to which the Entity has established monitoring mechanisms to control the progress of claims, actions and different judicial sensitivities on the contentious matters that make it possible to identify, define and estimate risks, based on the best information available at any given time.

In the case of disputes under general conditions, generally linked to the granting of mortgage loans to consumers (e.g. floor clauses, multicurrency clauses, mortgage expenses, early repayment, etc.), the necessary provisions are held and the Entity maintains ongoing dialogue with customers in order to explore agreements on a case-by-case basis. Similarly, CaixaBank leads the adherence to extrajudicial dispute resolution systems promoted by certain judicial bodies that resolve these matters, in order to promote amicable solutions that avoid litigating with customers and help alleviate the judicial burden.

In the same way, the Entity has adapted its provisions to the risk of ongoing actions arising from claims for the amounts of payments on account for the purchase of off-plan housing, banking, financial and investment products, liabilities arising from the transfer of assets and rights, excessive and abnormal price of interest rates, right to honour or statements of subsidiary civil liability arising from the potential conduct of persons with employment relationships.

Lastly, a criterion of prudence is adopted for constituting provisions for possible punishable administrative procedures, for which hedging is allocated in accordance with the economic criteria that may be laid down by the specific administration regarding the procedure, without prejudice to the full exercise of the right of defence in instances, where applicable, in order to reduce or annul the potential sanction.

The content of the main sections of this heading is set out below. The expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

IRPH (Mortgage Loan Reference Index)

The four rulings handed down by the Court of Justice of the European Union (CJEU) to date have brought clarity to the judgment of claims challenging the lack of transparency of loans that included the IRPH index —Judgment of 3 March 2020, Orders of 17 November 2021 and Order of 28 February 2023. The judgments issued by the First Chamber of the Spanish High Court have also implemented the CJEU doctrine.

The chief legal conclusion of the current judicial framework and without prejudice to its eventual change, is the validity of mortgage loans that include such an index.

On the one hand, in mortgage loans where the IRPH had been included in the context of Public Agreements in order to facilitate access to social housing, the Spanish High Court deems that there was transparency in the procurement; The core elements relating to the calculation of the variable interest laid down in the contract were easily accessible, the consumer adhered to a financing system established and regulated by a regulatory rule, regularly reviewed by successive Councils of Ministers, the clause expressly referred to this regulation and these agreements and both the former and the latter enjoy publicity arising from their publication in the Official State Gazette (BOE).

In cases not covered by the abovementioned scenario, pre-contractual and contractual information provided to consumers of mortgage loans including such an index should be examined on a case-by-case basis, in order to determine whether or not they suffer from lack of transparency, since there are no assessed means of testing material transparency. In any case, the important thing is that any declaration of lack of transparency requires the Spanish High Court —according to repeated legal principle of the CJEU— to make a judgment of abuse, and such abuse —due to the existence of bad faith and major imbalance— has no place in such cases. In the opinion of the Spanish High Court, on the one hand, good faith is not infringed when offering an official index, recommended by the Bank of Spain since the end of 1993 as one of the rates that could be used for mortgage lending operations and when the central Government and several autonomous governments —through various regulatory provisions— had established the IRPH index as a reference for financing (borrowing) for the purchase of social housing. On the other hand, there is also no significant imbalance at the time of procurement, since the subsequent evolution is irrelevant and it cannot be ignored that hypothetically, by replacing the Savings Banks IRPH or Banks IRPH with the index proposed by the CJEU as a replacement in case of abuse and lack of agreement, the Entities IRPH would be applied as the supplementary legal index, which presents virtually no differences with the Savings Banks IRPH or Banks IRPH.

Notwithstanding the clarity of the CJEU's rulings and the Spanish High Court's coherent criterion with their postulates, further questions have continued to be referred for preliminary rulings by various courts concerning the clause that establishes the IRPH as the reference index. A new ruling has recently been handed down by the CJEU which establishes that it is appropriate to offer the customer, prior to taking out the mortgage loan, information on the "negative differential", as a new element for assessing a possible lack of transparency. However, the positive and decisive point of this ruling is that it confirms that, in the event that a lack of transparency is declared, it is necessary to carry out an abusiveness control (the parameters of which are not altered compared to the already established doctrine: it is deemed that there is good faith and that an imbalance is not generated for the consumer).

Taking the present context of the known doctrine of the CJEU and the Spanish High Court as a starting point, we understand that the full validity of the procurement and the absence of current risk on the eventual outflow of funds due to a possible declaration of lack of transparency have been clarified.

In accordance with the current legal validity and reasonableness of the foregoing, in addition to the best information available to date, the Entity does not maintain provisions for this item, without prejudice to the availability of a fund to cover potential isolated disbursements in specific cases where the Court applies a doctrine that conflicts with that established by the High Court.

On 31 December 2023, the total amount of mortgages up to date with payments indexed to the IRPH (mortgage base rate) with individuals is approximately EUR 4,165 million (the majority of which are with consumers).

Litigation linked to the formalisation costs clause in mortgage loans

The ruling of the First Chamber of the Spanish High Court of 23 December 2015 led to an increase in claims and lawsuits relating to the general conditions regulating the application of origination fees in mortgage loans.

CaixaBank has aligned its conduct with the relevant rulings handed down by the High Court, analyses customer claims on a case-by-case basis and maintains provisions to cover the best-estimated risk in this area.

The Entity also maintains a consolidated approach to agreements with its customers and has signed several protocols of express agreements in Courts and Provincial Courts specialising in this matter (e.g. Burgos, Valladolid, Palencia, Murcia, Pamplona, Barcelona) aimed at reaching agreements with its customers and reducing the risk of litigation in this sphere. The agreements are reached in accordance with the distribution of expenses doctrine established by the High Court.

The average amount linked to claims and lawsuits has been gradually reduced with the gradual consolidation of the doctrine recognising the attribution of the expense of the Stamp Duty Tax to the borrower (until the entry into force of Royal Decree Law 17/2018, of 8 November, which amended the revised text of the Law on Property Transfer and Stamp Duty Tax).

At present, it is still to be determined from when the limitation period for actions aimed at enforcing the restitutionary effects of the declaration of nullity of an unfair contract will start to be calculated.

Specifically in this area, the Court of Justice of the European Union delivered a judgment on 21 January 2024, resolving the questions submitted for a preliminary ruling by the Provincial Court of Barcelona (Joined Cases C-810/21, C-811/21, C-812/21 and C-813/21). The Court has indicated that the limitation period can only be considered compatible with the principle of effectiveness if the consumer was aware of its rights before the limitation period began to run or expired. Furthermore, the Court of Justice of the European Union has two further preliminary rulings pending (cases C 481/21 and C-561/21), which may incorporate new elements that may provide greater certainty as to the calculation of the limitation period.

At year-end 2023, the Entity has a provision of EUR 73.5 million to cover this contingency. Based on our best estimate based on the information available to date, we consider the provisions currently made by the Entity to be sufficient.

Litigation linked to consumer credit contracts ("revolving" cards) through the application of the Usury Repression Act of 1908, as a result of the Spanish High Court Judgment dated 4 March 2020.

The Spanish High Court (Tribunal Supremo - TS) has dictated several sentences with regard to credit revolving between 2020 and 2023. The Spanish High Court has progressively completed the applicable legal framework for assessing when the interest in this specific type of financing is significantly higher than the market price.

The gradual establishment of this legal framework over a three-year period has meant that, in the interim, there has been a huge dispersion of legal criteria, which has resulted in considerable litigation in a context of marked legal uncertainty for this specific type of financing.

Currently the legal framework defined by the Spanish High Court is determined by the following factors, namely i) revolving cards are a specific market within credit facilities, ii) the Bank of Spain publishes a specific reference interest rate for this product in its Boletín Estadístico, which is the initial reference for determining what the "normal interest rate of money" is, iii) the Bank of Spain publishes the so-called TEDR (Restricted Denomination Cash Rate), iv) in order to establish whether an interest rate is "grossly disproportionate", the Annual Percentage Rate of Charge (APR) should be compared, v) a contract will be deemed usurious if the interest exceeds by six percentage points the APR that can be deemed as the normal interest rate, which will be the average interest rate in the credit card and revolving section of the Bank of Spain's statistics, and if the TEDR is published and not an APR (as is the case so far), it will have to be increased by 20 or 30 hundredths of a percentage point, vi) with regard to revolving card contracts prior to June 2010, when determining the "normal interest rate" as a benchmark, the most recent specific information from the Bank of Spain statistics (credit card and revolving card section) should be used as the closest point in time, vii) in cases where an open-ended financial services contract provides for the possibility of unilaterally changing the interest rate of the credit operation (with prior notification to the borrower and with the option for the borrower to terminate the contract and simply pay what is due at the agreed interest rate), each interest change is to be deemed to entail the conclusion of a new contract fixing a new interest rate.

Accordingly, developments in this field of litigation have resulted in a lower-risk scenario, characterised by the following factors, which are developed below:

1. The Ruling of the First Chamber of the High Court no. 258/2023 of 25 February offers legal certainty and validates the legality of a good portion of the current portfolio of revolving and/or deferred payment loans about which, until now, there had been some uncertainty. For practical purposes, contracts with APRs between 24% and 27%, depending on the date of contracting, cannot be annulled on the grounds of usury.
2. There is an ongoing class action by the Association of Consumers and Users (ASUFIN) against CaixaBank, and its card issuing subsidiary, CPC, for lack of transparency. The action has been dismissed by the Provincial Court of Valencia. The cassation appeal is pending.
3. To date, the High Court has not set parameters for analysing a specific transparency analysis for these products. The lower court rulings analysing transparency are providing adequate results without identifying, to date, a material outflow of appeals based on this ground.

<u>Decrease in risk since High Court Ruling 258/2023</u>

On 25 February, the Plenary of the First Chamber of the High Court handed down a ruling (258/2023) that offers certainty and legal certainty in the application of the criteria of the Usury Repression Act to revolving credit, by establishing that revolving card interest is "notably higher" –and therefore usurious– if the difference between the average market rate (TEDR) and the agreed rate exceeds 6 percentage points, with an additional range of 0.20/0.30 additional points to equate TEDR and APR. This is a criterion that is close to other standards within the European Union (in Germany 12 points are applied, in France a margin of 33%, in Denmark a margin of 35%, in Sweden a margin of 40%).

This new criterion, in addition to providing legal certainty, places the validity of drawdowns made at APRs of less than 24-27%, depending on the date of the applicable economic conditions.

A decrease in the inflow of claims for the above reasons –which has already been progressively felt in recent months– is to be expected.

It remains for the High Court to address the transparency test in relation to this particular contract.

Dismissal of ASUFIN class action

There have been no new developments in the collective action brought by the Association of Consumers and Users (ASUFIN) against CaixaBank and its card-issuing subsidiary, CPC. The cassation appeal filed by ASUFIN before the High Court is still pending.

The process was reduced to an action of eventual cessation of general conditions; the possibility of claiming refunds of amounts was rejected for the ASUFIN and in favour of CaixaBank. Later, the ruling reaffirms this situation, rejects the claim against CaixaBank in its entirety and only asks CaixaBank to cease the early maturity clause, rejecting all the other requests regarding the lack of transparency in the operation of the cards, the methods of calculating interest, the right to offset debts or the change of conditions in contracts of indefinite duration. After both parties appealed the judgment, the 9th Section of the Valencia Provincial Court issued ruling no. 1152/2021 of 3 October 2021, by virtue of which it dismissed ASUFIN's appeal and upheld CaixaBank Payments and Consumer's appeal, and consequently dismissed the claim in its entirety, partially overturning the first instance judgment.

Estimate of the perimeter involved

The maximum amounts that can be claimed from the Entity —which should in no case be confused with the amounts that are subject to effective legal risk— considering the nature and dynamic singularity of consumption through this credit facility, are exceptionally complex to estimate. In this regard, the amount potentially to be returned for each contract depends on the arrangements actually made by each client from the beginning of the contract's life (in some cases >20 years), the type of credit card in question (with the possibility of payment at the end of the month, instalment payment or deferred payment), the payment method proactively selected by the client in case of having different possibilities for each arrangement made (end of the month, instalment payment or deferred payment), the interest rate modifications that have been applied under Article 33 of Royal Decree Law 19/2018, of 23 November, on payment services and other urgent financial measures, or any other type of agreement that affects the contract price.

It should also be recalled that the actual legal risk of the perimeter involved is not based solely on the thresholds currently set by the High Court. The case law also takes into account, whenever it is subject to proof, the specific circumstances of the case that may justify departing from these thresholds (e.g. refinancing cases, behaviour with previous defaults, etc.).

Therefore, in accordance with IAS 37.92, the Entity does not disclose the maximum amounts that could be claimed from the Entity.

To date, the Entity has been —and will continue to be— conducting ongoing monitoring of the risk and evolution of litigation associated with this specific kind of financing, as well as establishing a provision to cover the potential outflow of funds in terms of financial prudence, according to the best estimate at any given time. It also adopted a series of effective measures in the field of contracting and customer service with a view to improving transparency, risk prevention and understanding of customers' concerns. It will continue in this endeavour, taking into consideration that the legal framework now in place facilitates greater legal certainty regarding the concretisation and implementation of any specific action.

Based on the best information available to date, the heading "Provisions for litigation and outstanding tax liabilities" includes the estimate of present obligations that could arise from legal proceedings, including those relating to revolving and/or deferred payment cards or, to a lesser extent, from personal loans at the interest rate subject to judicial review under these jurisprudential considerations, the occurrence of which has been considered probable. In any case, any disbursements that may ultimately be necessary will depend on the specific terms of the judgments which the Entity must face, and/or the number of claims that are brought, among others. Given nature of these obligations, the expected timing of the outflow of financial resources is uncertain, and, in accordance with the best available information today, the Group also deems that any responsibility arising from these proceedings will not, as a whole, have a material adverse effect on the Group's businesses, financial position or the results of its operations.

At year-end 2023, the Group has a provision of EUR 92 million to cover this contingency, of which EUR 7 correspond to CaixaBank, S.A. Based on our best estimate based on the information available to date, we consider the provisions currently made by the Entity to be sufficient.

Coral Homes

On 28 June 2018, CaixaBank, S.A., the Company and Coral Homes Holdco, S.L.U., a company belonging to the Lone Star group, executed an investment agreement for the purpose of establishing the terms on which the Company and Coral Homes Holdco, S.L.U. would be —through a newly created company called Coral Homes, S.L.— the owners and managers of the business consisting of a specific group of real estate assets owned by the Company and 100% of the share capital of Servihabitat Servicios Inmobiliarios, S.L., a company dedicated to the provision of real estate management services. As part of the operation, Servihabitat Servicios Inmobiliarios, S.L. will go on servicing the Group's property assets during a period of 5 years under a new contract concluded on market terms.

The sale entered into with Lone Star contemplated a representations and warranties clause in relation to, among other matters, the ownership of the real estate assets transferred to Coral Homes, S.L. which, under specific circumstances, could give rise to claims against the Company until June 2020.

In July 2020, Coral Homes Holdco, S.L.U. brought arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce in order to unwind the contribution of a small group of real estate assets included in the business transferred to Coral Homes, S.L. and to claim alleged damages.

The arbitration proceedings are currently underway, and their resolution, after certain vicissitudes that have led to their prolongation, are expected before the end of the first six months of 2024. We have recently been notified of a decision containing the Court's assessment parameters, enabling us to make a provisional estimate of the outcome of the ruling in certain categories. An unfavourable outcome of such arbitration is not expected to have a material impact on equity not included in the financial statements at 31 December 2023.

Sareb Bonds

Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (Sareb) requests the Court to declare "that the Senior Bonds issued by Sareb from the 2017-3 and 2018-1 and successive Issues, may generate negative yields, as well as to oblige the defendant Financial Institutions to comply with said declaration".

The Entity deems that this dispute has already been finally and bindingly resolved in law by the Decision, favourable to the Entities, rendered on 30 October 2018 by the College of Arbitrators (the "Decision"), and therefore the matter is res judicata. This and other arguments well-founded in law that have been raised by the defendant entities in their defence and the absolute reasonableness of the arbitrators' conclusions (the bonds cannot generate interest in favour of Sareb), lead the Group to consider the risk of this claim being upheld to be remote. In the proceedings, a ruling has been handed down rejecting the claim filed by Sareb, which has been appealed by SAREB.

Mapfre, proceedings after termination of insurance banking alliance with Bankia

There are two proceedings related to the termination of Mapfre's insurance banking alliance with Bankia.

The first involves an arbitration in which Mapfre and CaixaBank agreed to submit the issue of whether CaixaBank was required, under the bancassurance agreements between Bankia and Mapfre, to pay Mapfre an additional amount equivalent to 10% of the valuations of the life and non-life business as calculated by the independent expert chosen by both parties (Oliver Wyman). The arbitration was concluded in July, with an Award that found that the merger of Bankia and CaixaBank should be interpreted —according to the contractual provisions— as a change of control of Bankia and that, consequently, the price to be paid for the life and non-life insurance business should be increased by 120% (and not 110%) over the valuation given to these businesses. This amount (10%) over and above the amount that had been paid at the time, with interest and costs (a total of EUR 52.9 million) was paid to Mapfre after notification of the Award.

The second process comprises a lawsuit filed by Mapfre against Oliver Wyman and CaixaBank because the former disagrees with Oliver Wyman's valuation of the Bankia Vida (BV) shares (life business). Mapfre requests the Court to declare the Oliver Wyman's breach of the order received to conduct the valuation of the BV shares and that this valuation be replaced by a higher valuation to be fixed in court, condemning CaixaBank to pay the difference between the price already paid for 51% of the BV shares and the price arising from the new valuation fixed in court. The proceedings are still at a very early stage. The lawsuit has been contested by the co-defendants and a pre-trial hearing has yet to be convened by the court. The Group understands that Oliver Wyman complied with the assignment and has a strong case to dispute this claim, and therefore no provision has been made.

Judicial proceedings relating to the 2011 Bankia rights offering

Civil proceedings in respect of the nullity of the subscription of shares

Claims are currently still being processed, although in a very small number, requesting both the cancellation of share purchases in the rights offering made in 2011 on the occasion of the listing of Bankia and those relating to subsequent purchases, in relation to the latter scenario, however, they are residual claims.

On 19 July 2016, Bankia was notified of a collective claim filed by ADICAE; the processing of the proceedings is currently suspended.

In a judgment of 3 June 2021, the Court of Justice of the European Union resolved a preliminary question raised by the Spanish High Court, clarifying that in cases of issuances intended both for retail investors and to qualified investors, the latter may bring an action for damages based on inaccuracies of the prospectus, although the national court will have to take into account whether such investor had or should have knowledge of the economic situation of the issuer of the public offer of subscription of shares and besides the prospectus. After applying this criterion in the proceedings that gave rise to this question, the Spanish High Court considered that, in the specific case in question, it was not proven whether the plaintiff had access to information other than the prospectus, which is why it upheld the claim. In other judgments handed down later, however, the SC understood that the decision to subscribe the shares was not based on the information in the prospectus, and therefore considered the dismissal of the claims to be justified.

At 31 December 2023, there is already residual litigation for civil proceedings for claims arising from the Bankia IPO and subsequent ongoing purchases (corresponding to institutional, retail and secondary market claims). There are currently a total of 125 ongoing procedures with a total outstanding provision of EUR 6 million.

Legal proceedings brought by Banco de Valencia shareholders

Very few individual claims have been brought in civil courts, and they have been brought late, as claims for damages are time-barred, and therefore, CaixaBank does not consider this to constitute a material contingency requiring the creation of a specific provision. This provision expressly lays down a three-year statute of limitations period for liability actions arising from damages caused to holders of securities as a result of the annual and half-yearly financial information not providing a true and fair view of the issuer, and determines the dies a quo for calculating the statute of limitations on the day on which the claimant could have become aware that the information does not provide a true and fair view of the issuer. Our case law, and in particular the Provincial Court of Valencia, has consistently held that the three-year limitation period provided for in this rule must be calculated as from 28 February 2012, which is when Banco de Valencia's accounts for 2011 were approved (Sentence of the Provincial Court of Valencia, section 8, of 11 June 2020, decision number 340/2020; Sentence of the Provincial Court of Valencia, section 7, number 164/2018 of 16 April; Sentence of the Provincial Court of Valencia, section 9, number 728/2018 of 16 July; Sentence of the Provincial Court of Valencia, number 3/2018 of 5 January; Sentence of the Provincial Court of Valencia, section 11, number 252/2019; Sentence of the Provincial Court of Valencia, section 11, number 146/2018 of 18 April). As a result, CaixaBank does not deem it necessary to set up a specific provision for this type of claim.
No claims from Banco de Valencia shareholders have been notified during 2023.

Banco de Valencia shareholders criminal proceedings

In 2012, the Banco de Valencia Small Shareholders' Association "Apabankval" filed a lawsuit against the members of the Board of Directors of Banco de Valencia and the external auditor for corporate offences. No amount of civil liability has been determined. The claim by Apabankval has resulted in preliminary proceedings 65/2013-10 of the Central Investigation Office no. 1 of the National Court.

Subsequently, a second claim filed by several individuals ("Banco de Valencia") is included. Following on from this, by Order of 6 June 2016, the Central Investigation Office no. 1 of the National Court has admitted —to be included in previous proceedings 65/2013-10— a new claim filed by shareholders of Banco de Valencia against various directors of Banco de Valencia, the external auditor and Bankia, S.A. ("as a substitute for Bancaja"), for a corporate crime of falsification of accounts set out in article 290 of the Criminal Code.

On 13 March 2017, the Criminal Chamber, section 3 of the National Court, issued an order confirming that i) Bankia cannot be held liable for criminal acts and, ii) Bankia must be continue to be the secondary civilly liable party.

On 13 December 2017, Central Investigation Office no. 1 issued an Order agreeing to bring BFA, Tenedora de Acciones, S.A.U. and the Bancaja Foundation to the proceedings as secondary civilly liable parties.

On 2 December 2019, the Central Investigation Office no. 1 issued the conversion order agreeing to the continuation of these previous proceedings through the abridged procedures for the alleged participation in an ongoing corporate crime of falsehood in the annual accounts of Banco de Valencia for the fiscal years 2009-2010, punishable under art. 290 paragraphs 1 and 2 and art. 74 of the Criminal Code, against the members of the board of directors of Banco de Valencia and against various companies as secondary civilly liable parties, which include: BFA, Bankia, Bankia Hábitat S.L. y Valenciana de Inversiones Mobiliarias, S.L. Following the presentation by the prosecution of their provisional pleadings, on 31 October 2022, an order was issued to open the oral hearing, confirming the subsidiary civil liability of the former companies. After the submission of the defence briefs, the trial has been scheduled from 9 September to 19 December 2024.

The National Court has had CaixaBank as the successor in Bankia's position as a consequence of the merger of Bankia (acquired company) with CaixaBank (acquiring company).
The Entity has treated this contingency as a contingent liability, the final result of which is uncertain.

CaixaBank has considered the outcome of this lawsuit as a contingent liability given that it deems it unlikely that CaixaBank will be convicted of an outflow of resources, in accordance with IAS 37 paragraph 10.1. It is unlikely that the entity will have to pay any amount for these criminal proceedings given that it deems that there is no “alleged” accounting crime relating to the accounts of Banco de Valencia for 2009 and 2010 of which the members of the Board of Directors are accused and, additionally, it has not been possible to quantify the alleged damage in the course of the preliminary investigation. Upon being consulted by the investigating court, the CNMV reported (sic) that “the estimation of such damages is a highly complicated exercise that would require an individualised analysis of each investor’s case: when it bought and why, when it sold, whether it would have sold before having known the information beforehand, etc. On top of this, it is also difficult to estimate the impact that the publication of the negative information referred to above had on the evolution of the share price (...) any estimate of damages would need to be based on an analysis of the various types of situations that could have occurred in reality, the number of investors and the investment volumes that could be referred to in each type of situation, etc.”

Ongoing investigation in Central Investigation Office No. 2 (PD 16/18)

In April 2018, the Anti-Corruption Prosecutor's Office started legal proceedings against CaixaBank, the Entity's former head of Regulatory Compliance and 11 employees, for events that could be deemed to constitute a money laundering offence, primarily due to the activity carried out in 10 branches of CaixaBank by alleged members of certain organisations formed of Chinese nationals, who allegedly conducted fraud against the Spanish Treasury between 2011 and 2015. The judge has asked the Public Prosecutor's Office to instigate the next steps. In addition, as of today, the filing of proceedings has already been agreed for four employees. Neither CaixaBank nor its legal advisers consider the risk associated with these criminal proceedings as being likely to arise. The potential impact of these events is not currently considered material, although CaixaBank is exposed to reputational risk due to these ongoing proceedings.

Investigation dismissed before the Central Investigation Office No. 6 (DDPP 96/17) Separate part No. 21. Potential subsidiary civil liability

The criminal liability of the legal person was dismissed. The process is presently at an intermediate stage. Potential subsidiary civil liability. Recently, the Public Prosecutor's Office requested the subsidiary civil liability of CaixaBank for an amount of EUR 8,000. This is strictly a financial and subsidiary liability, for a non-material amount and which will have to be the subject of prosecution.

As a consequence, the potential impact that could arise, where applicable, from the possible subsidiary civil liability for the events described is not material, although CaixaBank is exposed to reputational risk as a result of the processing of these proceedings.

Environmental litigation

CaixaBank implements continuous monitoring systems to identify potential litigation or claims relating to this area.

At year-end 2023, there were no signs of a trend towards litigation in this area in the various areas identified in relation to different international operators, such as claims for damages, preventive requests for the adoption of measures or claims for the prosecution of cases of greenwashing or climate washing.

Provisions for taxes

The detail of the balance of this heading in the balance sheet is as follows:

Provisions for taxes
(Millions of euros)

	31-12-2023	31-12-2022
Income Tax assessments	7	16
Tax on deposits	22	22
Other	237	254
TOTAL	**266**	**292**

The main tax procedures ongoing at year-end 2023 are as follows:

- In 2020, the activities to verify financial years 2013 to 2015 were finalised, and due provisions were provided for their impacts. Disputed Corporation Tax assessments and disputed Value-Added Tax assessments are pending resolution by the Central Economic-Administrative Court.
- In 2017, the review actions for 2010 to 2012 were completed with no significant impact. The non-conformity assessments for Corporation Tax have been the subject of a partially upheld ruling by the National Court in 2023, which is pending enforcement by the Tax Agency, releasing the unused provision.

The Entity has allocated provisions to cover the maximum contingencies that may arise from the assessments signed in disagreement relating to corporate income tax and VAT.

21.4. PROVISION FOR COMMITMENTS AND GUARANTEES GIVEN

This heading includes the provisions for credit risk of the guarantees and contingent commitments given (Note 24).

21.5. OTHER PROVISIONS

The content of the main sections of this heading is set out below. The expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

Class action brought by the ADICAE association (floor clauses)

The legal case through which a class-action suit was brought by the Asociación de Usuarios de Bancos, Cajas y Seguros (ADICAE) due to the application of the minimum interest rate clause that is present in some of the Group's mortgages, is currently being appealed on procedural grounds to the Spanish High Court. A ruling dated 29 June 2022 agreed to raise several issues for preliminary rulings in which the Spanish High Court considers if, as part of a class-action suit as complex as this one, it is possible to analyse separately the transparency of how minimum-rate clauses are marketed, keeping in mind the need to evaluate any concurrent circumstances at the time the mortgage is signed, as well as other parameters, such as the evolution of the average consumer. The hearing at the CJEU was held on 28 September 2023. In January 2024, the conclusions of the Advocate General were announced, which, subject to certain conditions, considered that the unfairness of the floor clause could be assessed in a class-action lawsuit. A ruling is expected within a few months. The Entity does not anticipate any changes to the risk in this matter, nor an adverse material impact, as a result of asking for these preliminary rulings.

With the available information, the risk derived from the disbursements that could arise due to these litigation proceedings is reasonably covered by the corresponding provisions.

Contingent liabilities linked to deposit for irrevocable payment commitments (IPCs) of the SRF

Since 2016, CaixaBank has opted to pay a percentage of the annual contribution to the Single Resolution Fund in the form of irrevocable payment commitments (IPCs), for which cash collateral has been provided. At 31 December 2023, the accumulated amount of IPCs amounted to EUR 221 million without any provision having been recognised. Since the first quarter of 2018, the IPCs of the Single Resolution Fund have been deducted from CET1.

22. EQUITY

22.1. SHAREHOLDERS' EQUITY

Share capital

Selected information on the figures and type of share capital figures is presented below:

Information about share capital

	31-12-2023	31-12-2022
Number of fully subscribed and paid up shares (units) (1)	7,502,131,619	7,502,131,619
Par value per share (euros)	1	1
Closing price at year-end (euros)	3.726	3.672
Market cap at year-end, excluding treasury shares (millions of euros) (2)	27,450	25,870

(1) All shares have been recognised by book entries and provide the same rights.
(2) CaixaBank's shares are traded on the continuous electronic trading system, forming part of the Ibex-35.

Changes in capital

The breakdown of the changes of the balance under this heading is as follows:

Changes in capital - 2023
(Millions of euros)

	Number of shares	Date of first listing	Nominal amount
BALANCE AT 31-12-2021	**5,981,438,031**		**5,981**
Capital reduction	(558,515,414)		(559)
BALANCE AT 31-12-2022	**7,502,131,619**		**7,502**
CLOSING BALANCE ON 31-12-2023	**7,502,131,619**		**7,502**

Capital reduction

- **Share buyback - 2023**

On 27 July 2023, after receiving the relevant regulatory authorisation, the Board of Directors resolved to approve and initiate a *share buyback* programme (SBB) on a maximum of 10% of the share capital and with a maximum monetary investment of EUR 500 million. The share capital reduction is to be submitted for approval at the Ordinary General Meeting of Shareholders in 2024 (see Note 6.1).

Transactions totalling EUR 500 million were concluded up to 3 January 2024, with a total of 129,404,256 treasury shares being repurchased, equivalent to 100% of the maximum monetary amount.

- **Share buyback - 2022**

On 22 December 2022, the Board of Directors of CaixaBank resolved to reduce the Company's share capital by redeeming all the treasury shares acquired under the buyback programme. The application of the capital reduction was approved by the resolution adopted at the AGM on 8 April 2022, under item 9 on the agenda, after obtaining the relevant regulatory authorisations.

CaixaBank's share capital was reduced by EUR 558,515,414 through the redemption of 558,515,414 treasury shares with a par value of one euro each, resulting in a share capital of EUR 7,502,131,619.

The capital reduction was recognised with a charge to "Share premium" through the allocation of a restricted reserve for amortised capital for an amount equal to the total par value of the shares being amortised (i.e. EUR 558,515,414), which can only be drawn down under the same conditions as those required for the reduction of share capital, in accordance with the provisions of article 335 c) of the Spanish Capital Companies Law. Accordingly, the Company's creditors will not have the right to oppose the capital reduction referred to in Article 334 of the Spanish Capital Companies Law. Nor is the consent of the syndicates of bondholders of outstanding debenture and bond issues required, under article 411 of the Spanish Capital Companies Law, by application of the provisions of the First Additional Provision of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions.

The public deed for the share capital reduction was registered in the Valencia Commercial Register on 13 January 2023.

Capital authorisations

On 22 May 2020, the Company's General Meeting approved authorisation of the Board of Directors to increase share capital one or more times and at any moment, over the course of five years starting from that date, by a maximum amount of EUR 2,990,719,015 (equivalent to 50% of the share capital at the time of authorisation), through the issue of new shares —with or without a premium and with or without a vote—, the equivalent value of new shares to be issued consisting in cash contributions, and with the ability to establish the terms and conditions of the capital increase. This authorisation replaces and renders ineffective (in the unused part) the previous delegation approved at the General Meeting held on 23 April 2015.

The authorisation in force includes delegating to the Board of Directors the power to exclude, in whole or in part, pre-emptive subscription rights. However, in this case, the capital increases will be limited, in general, to a maximum amount of EUR 1,196,287,606 (equivalent to 20% of the share capital at the time of authorisation). This limit will not apply to the capital increases that the Board may approve, suppressing the preferential subscription rights, to facilitate the conversion of securities that fulfil regulatory requirements for issues to qualify as additional Tier 1 capital instruments and adopted by the Board under authorisation of the General Meeting, with the general limit of EUR 2,990,719,015 applicable to these capital increases.

Accordingly, on 14 May 2021 the General Meeting resolved to authorise the Board of Directors to issue convertible securities for the purpose of meeting regulatory requirements for eligibility as additional Tier 1 regulatory capital instruments, up to a maximum aggregate amount of EUR 3,500 million and for a period of three years, with the power to exclude pre-emptive subscription rights if this is in the Company's best interest. The breakdown of instruments issued under this agreement is presented in Note 20.3.

Share premium

The breakdown of the changes of the balance under this heading is as follows:

Changes in share premium
(Millions of euros)

	Carrying amount
BALANCE AT 31-12-2021	**15,268**
Capital reduction	(1,798)
BALANCE AT 31-12-2022	**13,470**
CLOSING BALANCE ON 31-12-2023	**13,470**

Retained earnings, revaluation reserves and other reserves

The breakdown of the balances of these headings is as follows:

Breakdown of reserves

(Millions of euros)

	31-12-2023	31-12-2022
Legal reserve (1)	1,500	1,612
Restricted reserves for financing the acquisition of treasury shares	1	2
Unrestricted reserve for depreciated capital (2)	559	559
Unrestricted reserves	5,706	5,207
TOTAL	**7,766**	**7,380**

(1) At the close of the financial year 2023, the legal reserve reached the minimum required by the Spanish Capital Companies Law.
(2) See "Capital reduction" section

Other equity instruments

The value of shares included in variable share-based remuneration plans (see Note 32) not delivered is as follows:

Breakdown of other equity instruments

(Millions of euros)

	31-12-2023	31-12-2022
Value of shares not delivered	46	46

Treasury shares

The breakdown of the changes of the balance under this heading is as follows:

Changes in treasury shares

(Millions of euros / Number of shares)

	2023			2022		
	No. of treasury shares	% Share capital (1)	Cost/Sales	No. of treasury shares	% Share capital (1)	Cost/Sales
OPENING BALANCE	**7,294,282**	**0.090%**	**23**	**6,797,987**	**0.084%**	**18**
Acquisitions and other	132,337,019	1.764%	512	564,030,654	7.518%	1,817
Disposals and other (2)	(5,131,646)	(0.068%)	(18)	(563,534,359)	(7.512%)	(1,812)
CLOSING BALANCE	**134,499,655**	**1.793%**	**517**	**7,294,282**	**0.090%**	**23**

(1) Percentage calculated on the basis of the total number of CaixaBank shares at the end of the respective years.
(2) In 2023 and 2022, the results of treasury share transactions generated were not significant, being recognised under "Other reserves".
N.B.: as regards the evolution of treasury shares, please refer to the section on Share capital in this Note and Note 6.1.

Additionally, the number of treasury shares accepted as financial guarantees given by the Entity and treasury shares owned by third parties and managed by a company of the Entity were as follows:

Treasury shares accepted as financial guarantees and owned by third parties
(Millions of shares / Millions of euros)

	Treasury shares accepted as financial guarantees		Treasury shares owned by third parties managed by the Group	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Number of treasury shares	19	18	14	19
% of share capital	0.249%	0.237%	0.182%	0.249%
Nominal amount	19	18	14	19

22.2. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes under this heading are contained in the statement of recognised income and expenses.

23. TAX MATTERS

23.1. TAX CONSOLIDATION

The consolidated tax group for Corporation Tax includes CaixaBank, as the parent, and subsidiaries include Spanish companies in the commercial group that comply with the requirements for inclusion under regulations, including the "la Caixa" Banking Foundation and CriteriaCaixa. The other companies in the commercial group file taxes in accordance with applicable tax legislation.

Similarly, CaixaBank and some of its subsidiaries have belonged to a consolidated tax group for value added tax (VAT) since 2008, the parent company of which is CaixaBank.

23.2. YEARS OPEN FOR REVIEW

On 3 May 2023, CaixaBank received notification of the initiation of general tax audits for the main taxes for the periods from 2016 to 2020, inclusive. These tax audits also concern certain companies belonging to the consolidated tax group of which CaixaBank is the parent company.

In 2020, an inspection for the main taxes applicable to the Company for the years 2013 to 2015, inclusive, was concluded with no major impact. The assessments signed under protest are duly provisioned.

CaixaBank has 2016 and subsequent years open for review for Corporation Tax and the last four years for other taxes applicable to it.

In addition, CaixaBank, as the parent company of the consolidated tax group, has received notification of the commencement of verification proceedings for the temporary taxation of credit institutions for the 2023 financial year.

The various interpretations that can be drawn from the tax regulations governing transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Entity’s management considers that the provision under “Provisions - Pending legal issues and tax litigation” in the balance sheet is sufficient to cover these contingent liabilities.

23.3. RECONCILIATION OF THE ACCOUNTING PROFIT TO THE TAXABLE PROFIT

The Entity's reconciliation of accounting profit to taxable profit is presented below:

Reconciliation of accounting profit to taxable profit
(Millions of euros)

	2023	2022
Profit/(loss) before tax (A)	**5,743**	**3,052**
Increases/decreases due to permanent differences	**(1,162)**	**(1,039)**
Dividends and capital gains exempt from taxation	(1,601)	(1,148)
Valuation adjustments for impairment of subsidiaries	330	140
Expense recognised against reserves	(299)	(285)
Amortisation of goodwill		118
Special tax on banks	326	
Other increases	347	269
Other reductions	(265)	(133)
Taxable income/(tax loss)	**4,581**	**2,013**
Tax payable (taxable income * tax rate)	**(1,375)**	**(604)**
Tax relief and tax credits	**8**	**1**
Income tax rate for the year	**(1,367)**	**(603)**
Tax adjustments	**(61)**	**(28)**
Tax adjustments for expenses recognised in reserve accounts	**(7)**	**(7)**
Other tax	**(4)**	**(1)**
INCOME TAX (B)	**(1,439)**	**(639)**
PROFIT/(LOSS) AFTER TAX (A) + (B)	**4,304**	**2,413**

(1) Income to a large extent exempt from tax due to already having been taxed at source.

(2) Practically all of CaixaBank's income and expense is taxed at the general rate of 30%.

(3) The effective tax rate is calculated by dividing income tax for the year by taxable income.

23.4. DEFERRED TAX ASSETS AND LIABILITIES

The changes in the balance of these headings is as follows:

Changes in deferred tax assets

(Millions of euros)

	31-12-2021	Regularisations	Additions	Disposals	31-12-2022	Regularisations	Additions	Disposals	31-12-2023
Contributions to pension plans and employee funds for pre-retirement liabilities	**853**	2	2	(2)	**855**	5			**860**
Credit loss provisions	**9,261**	1			**9,262**	9			**9,271**
Provision for foreclosed property	**1,486**				**1,486**	3			**1,489**
Other temporary differences (1)	**2,522**	(66)	440	(641)	**2,255**	(134)	46	(543)	**1,624**
Unused tax credits	**651**	4		(7)	**648**	(77)	7		**578**
Tax loss carryforwards	**1,187**	89			**1,276**	(55)			**1,221**
TOTAL	**15,960**	**30**	**442**	**(650)**	**15,782**	**(249)**	**53**	**(543)**	**15,043**
Of which: monetisable	*11,600*				*11,603*				*11,620*

(1) Includes, inter alia, eliminations from intra-group operations and those corresponding to different provisions, and other adjustments due to differences between accounting and tax rules.

Changes in deferred tax liabilities

(Millions of euros)

	31-12-2021	Regularisations	Additions	Disposals	31-12-2022	Regularisations	Additions	Disposals	31-12-2023
Revaluation of property on 1st application of Bank of Spain Circular 4/2004	**173**	126		(19)	**280**			(20)	**260**
Intangible assets from business combinations	**64**			(7)	**57**			(7)	**50**
Others from business combinations	**283**			(62)	**221**	1		(54)	**168**
Other	**631**	(151)		(149)	**331**	(4)	5	(39)	**293**
TOTAL	**1,151**	**(25)**		**(237)**	**889**	**(3)**	**5**	**(120)**	**771**

At 31 December 2023, the Entity has a total of EUR 3,081 million of tax assets deferred by unregistered tax credits, of which EUR 2,853 million correspond to tax loss carryforwards and EUR 228 million to deductions.

Twice per year, in collaboration with an independent expert, the Entity assesses the recoverable amount of its recognised deferred tax assets in the balance sheet, on the basis of a budget consisting in a 6-year horizon with the forecasted results used to estimate the recoverable value of the banking CGU and forecast, subsequently, applying a sustainable net interest income (NII) to the average total assets and a normalised cost of risk (CoR) of 1.30% and 0.44%, respectively.

In keeping with the projections and the assessment exercise, the maximum timeline for recovering the tax assets recognised in the balance sheet in their entirety remains below 15 years.

The Entity performs sensitivity analyses on the key assumptions used to project cash flows in the recoverability model without any significant changes in the estimated term in the baseline scenario.

The exercises to evaluate the recoverability of tax assets, which have been carried out since 2014, are strengthened by backtesting exercises, which show stable behaviour.

In light of the existing risk factors (see Note 3) and the reduced deviation with respect to the estimates used to elaborate the budgets, the Administrators consider that, despite the limitations for applying different monetisable timing differences, tax loss carryforwards and unused tax credits, the recovery of all activated tax credits is still probable with future tax benefits.

23.5. OTHER

Operations under the special tax regime of Chapter V of Title V of the Corporation Tax Act.

In accordance with the provisions of article 86 of Act 27/2014, of 27 November, on Corporation Tax, in 2023 no transactions were made in which CaixaBank has participated under the special tax regime of Chapter VII of Title VII of the Corporation Tax Act.

Information on transactions subject to the special tax regime in prior years is included in the tax notes to the financial statements of CaixaBank, Bankia, Banco de Valencia, Banca Cívica and the savings banks for prior years.

Banking sector levy

Under Law 38/2022 of 28 December to establish, inter alia, temporary levies on the banking sector of 4.8% on net interest income and net fee and commission income, CaixaBank at 1 January 2023 and 2024 recognised a total of EUR 326 million and EUR 448 million under "Other operating expenses" in the income statement.

Pillar 2

The Group has commenced a specific project to assess the impact and implementation of this reform, which is not expected to have a significant impact on the CaixaBank Group.

The Group has applied the temporary and mandatory exception to the requirements to recognise and disclose deferred tax assets and liabilities relating to income taxes (see Note 1.2).

24. GUARANTEES AND CONTINGENT COMMITMENTS GIVEN

The breakdown of “Guarantees and contingent commitments given” included as memorandum items is set out below:

Breakdown of exposure and hedging on guarantees and contingent commitments - 31-12-2023
(Millions of euros)

	Off balance sheet exposure			Hedge		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial guarantees given	9,278	970	133	(7)	(11)	(117)
Loan commitments given	84,912	2,825	362	(37)	(8)	(26)
Other commitments given	27,909	1,836	322	(12)	(53)	(115)

Breakdown of exposure and hedging on guarantees and contingent commitments - 31-12-2022
(Millions of euros)

	Off balance sheet exposure			Hedge		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial guarantees given	10,092	667	188	(22)	(41)	(173)
Loan commitments given	81,856	3,594	327	(26)	(9)	(19)
Other commitments given	34,828	1,288	377	(12)	(16)	(183)

The Entity only needs to pay the amount of contingent liabilities if the guaranteed counterparty breaches its obligations. It believes that most of these risks will reach maturity without being settled.

With respect to contingent commitments, the Entity has an undertaking to facilitate funds to customers through drawables on lines of credit and other commitments, whenever it receives a request and subject to compliance with certain conditions by the counterparties. It believes that a large portion of them will fall due prior to drawdown, either because they will not be requested by customers or because the drawdown conditions will not be met.

The breakdown of “Loan commitments given” included as memorandum items in the balance sheet, is set out below:

Loan commitments given
(Millions of euros)

	31-12-2023		31-12-2022	
	Available	Limits	Available	Limits
Drawable by third parties				
Credit institutions	773	845	46	128
Public administrations	5,186	6,100	4,482	5,233
Other sectors	82,140	119,085	81,249	122,225
TOTAL	**88,099**	**126,030**	**85,777**	**127,586**
Of which: conditionally drawable	*5,463*		*5,531*	

25. OTHER SIGNIFICANT DISCLOSURES

25.1. OPERATIONS ON BEHALF OF THIRD PARTIES

The breakdown of off-balance sheet funds managed on behalf of third parties is as follows:

Breakdown of customer funds
(Millions of euros)

	31-12-2023	31-12-2022
Assets under management	231,050	210,159
Mutual funds, portfolios and SICAVs	110,326	98,466
Pension funds	46,006	43,104
Insurance	74,718	68,589
Other *	2,385	2,162
TOTAL	**233,435**	**212,321**

(*) Includes, among others, transitional funds associated with transfers and collection activity, as well as other funds distributed by CaixaBank.

25.2. TRANSFERRED FINANCIAL ASSETS

The Entity converted a portion of their homogeneous loan and credits into fixed-income securities by transferring the assets to various securitisation special purpose vehicles set up for this purpose.

The balances classified in "Financial assets at amortised cost" corresponding to the outstanding amounts of securitised loans on the balance sheet are as follows:

Breakdown of securitised assets
(Millions of euros)

	31-12-2023	31-12-2022
Securitised mortgage loans	**19,046**	**22,987**
Other securitised loans	**7,199**	**4,761**
Loans to companies	4,303	2,995
Leasing arrangements	263	408
Consumer financing	2,435	1,134
Other	198	224
TOTAL	**26,245**	**27,748**

The breakdown of securitisations arranged, with the amounts outstanding and the amounts corresponding to credit enhancements granted to the securitisation funds is provided below:

Loan securitisation - issues on on-balance-sheet securitised loans
(Millions of euros)

Issue date		Acquired by:	Initial exposure securitised	Asset securitised		Repo securitisation bonds		Credit enhancements	
				2023	2022	2023	2022	2023	2022
November	2004	TDA 22 Mixto, FTH	388	19	23	8	9	2	2
April	2005	Bancaja 8 FTA	1,650	142	171	44	58	14	28
June	2005	AyT Génova Hipotecario VI, FTH	700	57	72	36	45	5	5
November	2005	AyT Génova Hipotecario VII, FTH	1,400	142	178	57	73	8	8
February	2006	Bancaja 9 FTA	2,000	250	294	141	165	25	25
April	2006	MBS Bancaja 3 FTA	800	71	87	39	46	0	0
June	2006	AyT Génova Hipotecario VIII, FTH	2,100	204	255	116	143	9	9
July	2006	AyT Hipotecario Mixto V, FTA	873	60	74	31	37	4	4
October	2006	Caixa Penedés 1 TDA	23	1	2	0	0	0	0
November	2006	Valencia Hipotecario 3, FTA	901	106	129	42	52	5	5
November	2006	AyT Génova Hipotecario IX, FTH	1,000	143	177	61	73	5	5
November	2006	Madrid RMBS I, FTA	2,000	409	491	317	375	71	71
December	2006	Madrid RMBS II, FTA	1,800	356	427	284	337	69	69
December	2006	TDA 27, FTA	290	28	34	14	14	6	6
January	2007	Bancaja 10, FTA	2,600	510	591	467	546	35	35
April	2007	MBS Bancaja 4 FTA	1,850	218	264	164	193	0	1
June	2007	AyT Génova Hipotecario X, FTH	1,050	162	198	165	201	8	8
June	2007	AyT Caja Granada Hipotecario I	400	59	68	50	58	5	5
June	2007	Caixa Penedés Pymes 1 TDA	48	2	3	0	0	0	0
July	2007	Madrid RMBS III, FTA	3,000	787	914	705	840	129	129
July	2007	Bancaja 11, FTA	2,000	479	547	445	515	28	28
November	2007	FonCaixa FTGENCAT 5, FTA	1,000	91	111	38	38	27	27
December	2007	AyT Génova Hipotecario XI, FTH	1,200	199	244	205	252	30	30
December	2007	Madrid RMBS IV, FTA	2,400	573	678	537	628	242	242
July	2008	FonCaixa FTGENCAT 6, FTA	750	68	82	23	23	19	19
July	2008	AyT Génova Hipotecario XII, FTH	800	148	180	149	183	30	30
August	2008	Caixa Penedés FTGENCAT 1 TDA	6	2	2	0	0	0	0
December	2008	Madrid RMBS Residencial I, FTA	805	255	296	120	140	178	202
December	2008	Bancaja 13, FTA	2,895	997	1,119	994	1,107	179	179
June	2010	Madrid RMBS Residencial II, FTA	600	244	278	122	142	153	169
December	2010	AyT Goya Hipotecario III, FTA	4,000	1,021	1,224	1,026	1,233	106	124
April	2011	AyT Goya Hipotecario IV, FTA	1,300	325	396	344	417	39	44
December	2011	AyT Goya Hipotecario V, FTA	1,400	354	433	376	461	43	49
February	2016	CaixaBank RMBS 1, FT	14,200	7,092	8,160	7,155	8,240	568	568
June	2016	CaixaBank Consumo 2, FT	1,300	0	136	0	139	0	52
November	2016	CaixaBank Pymes 8, FT	2,250	0	363	0	382	0	71
March	2017	CaixaBank RMBS 2, FT	2,720	1,500	1,691	1,540	1,734	105	107
July	2017	CaixaBank Consumo 3, FT	2,450	0	265	0	265	0	12
November	2017	CaixaBank Pymes 9, FT	1,850	0	270	0	272	0	12
December	2017	CaixaBank RMBS 3, FT	2,550	1,336	1,530	1,342	1,540	64	64
May	2018	CaixaBank Consumo 4, FT	1,700	0	109	0	133	0	7
November	2018	CaixaBank Pymes 10, FT	3,325	552	822	596	892	31	39
June	2019	CaixaBank Leasings 3, FT	1,830	263	408	269	424	15	23
November	2019	CaixaBank Pymes 11, FT	2,450	633	962	690	1,045	37	53
June	2020	CaixaBank Consumo 5, FT	3,550	486	997	579	1,155	35	68
November	2020	CaixaBank Pymes 12, FT	2,550	875	1,304	900	1,339	50	73
September	2021	Caixabank Corporates 1 FT	2,302	156	689	214	833	42	115
June	2023	CaixaBank Consumo 6, FT	2,000	1,950	0	2,000	0	101	0
November	2023	CaixaBank Pymes 13, FT	3,000	2,920	0	3,000	0	162	0
TOTAL			**94,056**	**26,245**	**27,748**	**25,405**	**26,797**	**2,684**	**2,822**

There are currently no derecognised securitisations.

Securitisation bonds placed in the market are recognised under "Financial liabilities at amortised cost - Debt securities issued" in the balance sheets.

Furthermore, the Entity maintains the following synthetic securitisation transactions, by means of which it partially transfers the credit risk of a group of borrowers:

Synthetic securitisation transactions
(Millions of euros)

Issue date		Fund	Initial exposure securitised	Carrying amount securitised	
				31-12-2023	31-12-2022
February	2016	Gaudí I	2,025		
August	2018	Gaudí II	2,025	119	367
April	2019	Gaudí III	1,282	299	544
June	2022	Gaudí IV	1,500	977	1,317
TOTAL			**6,832**	**1,395**	**2,228**

The transfer of credit risk takes the form of a financial guarantee and it is not considered a substantial transfer of risk and profit. Therefore, the underlying exposure is maintained on the balance sheet.

9.3. SECURITIES DEPOSITS AND INVESTMENT SERVICES

The breakdown, by type, of the securities deposited by customers with the Entity and third parties is as follows:

Securities deposited by third parties

(Millions of euros)

	31-12-2023	31-12-2022
Book entries	**109,001**	**97,868**
Securities recorded in the market's central book-entry office	88,516	79,371
Equity instruments. Quoted	66,214	60,833
Equity instruments. Unquoted	493	850
Debt securities. Quoted	21,746	17,458
Debt securities. Unquoted	63	230
Securities registered at the Entity	609	610
Equity instruments. Unquoted	608	610
Debt securities. Unquoted	1	
Securities entrusted to other depositories	19,876	17,887
Equity instruments. Unquoted	19,876	17,887
Securities	2,504	2,559
Held by the Entity	**2,504**	**2,559**
Equity instruments	2,504	2,559
Other financial instruments	100	43
TOTAL	**111,605**	**100,470**

25.4. FINANCIAL ASSETS DERECOGNISED DUE TO IMPAIRMENT

Changes in the items derecognised from the balance sheet because recovery was deemed remote are summarised below. These financial assets are recognised under "Suspended assets" in the memorandum accounts supplementing the balance sheet:

Changes in written-off assets
(Millions of euros)

	2023	2022
OPENING BALANCE	**16,798**	**16,963**
Additions:	**1,724**	**1,918**
Disposals:	**2,005**	**2,083**
Cash recovery of principal (Note 34)	175	307
Disposal of written-off assets **	582	760
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	1,248	1,016
CLOSING BALANCE	**16,517**	**16,798**
*Of which: interest accrued on the non-performing loans **	*6,238*	*6,415*

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.
(**) Corresponds to the sale of non-performing and written-off assets and includes interest related to these portfolios.

26. INTEREST INCOME

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of interest income
(Millions of euros)

	2023	2022
Central banks	**1,347**	**338**
Credit institutions	**399**	**161**
Debt securities	**1,150**	**830**
Financial assets held for trading	13	7
Financial assets at fair value with changes in other comprehensive income	175	328
Financial assets at amortised cost	962	495
Loans and advances to customers and other financial income	**11,910**	**5,295**
Public administrations	499	118
Trade credits and bills	697	274
Mortgage loans	4,966	2,147
Loans secured by personal guarantee	5,295	2,639
Other	453	117
Adjustments to income due to hedging transactions	**(104)**	**(671)**
Other assets	**127**	**14**
Interest income - liabilities	**14**	**563**
TOTAL	**14,843**	**6,530**

The average effective interest rate of the various financial assets categories calculated on average net balances (excluding rectifications) are as follows:

Average return on assets
(Percentage)

	2023	2022
Deposits at central banks	3.29%	0.30%
Financial assets held for trading – debt securities	2.72%	1.13%
Financial assets measured at fair value with changes in other comprehensive income - Debt securities	1.88%	2.44%
Financial assets at amortised cost		
Loans and advances to credit institutions	5.05%	1.78%
Loans and advances to customers	3.67%	1.65%
Debt securities	1.32%	0.78%

27. INTEREST EXPENSE

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of interest expense

(Millions of euros)

	2023	2022
Central banks	(394)	(18)
Credit institutions	(1,369)	(260)
Money market transactions through counterparties	(19)	(51)
Customer deposits and other finance costs	(1,846)	(399)
Debt securities issued (excluding subordinated liabilities) *	(767)	(442)
Subordinated liabilities *	(193)	(94)
Adjustments to expenses as a consequence of hedging transactions	(1,762)	196
Asset interest expense	(22)	(324)
Lease liability interest (Note 20.4)	(13)	(10)
Other	(60)	(6)
TOTAL	**(6,445)**	**(1,408)**

(*) Excluding interest from preference shares accountable as Additional Tier 1 capital (recognised in shareholders' equity)

The average effective interest rate of the various financial liabilities categories calculated on average net balances (excluding rectifications) is set out below:

Average return on liabilities

(Percentage)

	2023	2022
Deposits from central banks	3.29%	0.02%
Deposits from credit institutions	3.96%	1.05%
Customer deposits	0.47%	0.09%
Debt securities issued (excluding subordinated liabilities)	1.87%	1.09%
Subordinated liabilities	1.87%	1.03%

28. DIVIDEND INCOME

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Dividend income
(Millions of euros)

	2023	2022
Financial assets held for trading	**16**	**14**
Financial assets at fair value with changes in other comprehensive income	**88**	**70**
Telefónica	61	69
Other	27	1
Investments in Group companies	**1,617**	**1,170**
VidaCaixa	984	593
Caixabank Payments & Consumer	189	219
Banco BPI	284	194
Caixabank Asset Management	143	141
Nuevo MicroBank	8	11
Other	9	12
Investments in associates and joint ventures	**3**	**5**
Other	3	5
TOTAL	**1,724**	**1,259**

29. FEE AND COMMISSION INCOME

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of fee and commission income
(Millions of euros)

	2023	2022
Contingent liabilities	198	200
Credit facility drawdowns	144	133
Exchange of foreign currencies and banknotes	164	172
Collection and payment services	583	767
Securities services	101	93
Marketing of non-banking financial products	1,639	1,590
Other fees and commissions	484	505
TOTAL	**3,313**	**3,460**

Breakdown of fee and commission expense
(Millions of euros)

	2023	2022
Assigned to other entities and correspondents	(37)	(43)
Of which: transactions with cards and ATMs	*(36)*	*(42)*
Securities transactions	(31)	(31)
Other fees and commissions	(155)	(141)
TOTAL	**(223)**	**(215)**

30. GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of gains/(losses) on financial assets and liabilities
(Millions of euros)

	2023	2022
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**33**	**15**
Financial assets at amortised cost	3	
Debt securities (Note 13.1)	3	
Financial liabilities at amortised cost	30	2
Financial assets at fair value with changes in other comprehensive income		13
Debt securities (Note 12.2)		13
Gains/(losses) on financial assets and liabilities held for trading (net)	**(68)**	**440**
Equity instruments	108	18
Debt securities	6	(1)
Financial derivatives (*)	(182)	423
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss (net)	**19**	**(4)**
Equity instruments	3	(4)
Loans and advances	16	
Gains/(losses) from hedge accounting, net	**(2)**	**7**
Ineffective portions of fair value hedges	(2)	7
Valuation of hedging derivatives (Note 14)	1,853	(5,121)
Valuation of hedged items (Note 14)	(1,855)	5,128
TOTAL	**(18)**	**458**

(*) The net profit/(loss) linked to financial derivatives should be considered together with the profit/(loss) recorded under "Exchange differences (net)" in the income statement since the Group manages the currency risk to which it is exposed by arranging financial derivatives, which partially hedge the currency exposure of foreign currency monetary items and the results generated on the purchase and sale of foreign currencies, the result of which is reported under the latter heading. The rest comprises primarily the margin for trading derivatives to customers and the change in valuation adjustments for credit risk (CVA/DVA) and funding (FVA) (see Note 42).

31. OTHER OPERATING INCOME AND EXPENSE

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of other operating income
(Millions of euros)

	2023	2022
Income from investment property and other income	25	19
Other income	118	108
TOTAL	**143**	**127**

Breakdown of other operating expense
(Millions of euros)

	2023	2022
Contribution to the Deposit Guarantee Fund / National Resolution Fund *	(572)	(542)
Operating expenses from investment properties and other **	(34)	(32)
Expenses associated with regulators and supervisors	(25)	(26)
Taxes on deposits	(113)	(112)
Equity provision associated with monetisable DTAs	(121)	(133)
Banking sector levy (Note 23.5)	(326)	
Other items	(132)	(134)
TOTAL	**(1,323)**	**(979)**

(*) The primary aim of the Single Resolution Mechanism (SRM) is to ensure the rapid and consistent resolution of failing banks in Europe with minimum costs. Its regulation establishes uniform rules and a standard procedure for the resolution of credit institutions and certain investment firms, and a Single Resolution Fund (SRF). This establishes a centralised decision-making power vested in the Single Resolution Board (SRB) and national resolution authorities.
Law 11/2015 and Royal Decree 1012/2015 established the requirements that banks would make at least one annual contribution to the National Resolution Fund (NRF) in addition to the annual contribution that will be made to the Deposits Guarantee Fund (DGF) by member institutions. The total amount of the contributions that must be made to the NRF by all Spanish banking entities must be equal to 1% of the total amount of all deposits guaranteed by the DGF before 31 December 2024.
The NRF was merged with the other national funds of the member States of the EU into the SRF in January 2016. By virtue of the provisions set forth in the SRM Regulation, the SRB replaced the national resolution authorities and assumed the administration of the SRF and the calculation of the banking contributions, which will be adjusted to the risk profile of each institution according to the criteria established in Royal Decree 1012/2015 and Commission Delegated Regulation 2015/63. The aim of the SRF is to reach a total amount of EUR 55 billion in 2024.
In addition to the foregoing, the FROB can request extraordinary contributions. Law 11/2015 also established and additional rate which will be used to finance the activities of the FROB as a resolution authority and which is the equivalent of 2.5% of the annual contribution that will be made to the National Resolution Fund.
(**) Includes expenses related to leased investment property.

32. PERSONNEL EXPENSES

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of personnel expenses

(Millions of euros)

	2023	2022
Wages and salaries	(2,346)	(2,356)
Social security contributions	(597)	(550)
Contributions to pension plans (savings and risk)	(190)	(172)
Of which: Risk premiums paid to VidaCaixa		*(2)*
Other personnel expenses	(190)	(64)
Of which: Premiums paid to SegurCaixa Adeslas for employee health policies	*(24)*	*(24)*
TOTAL	**(3,323)**	**(3,142)**

The expense recognised in 'Contributions to defined pension plans' includes mainly mandatory contributions stipulated which are made to cover retirement, disability and death obligations of serving employees.

“Other personnel expenses” includes, inter alia, training expenses, education grants and indemnities and other short term benefits. This heading also records the cost of the capital-instrument-based remuneration plans, recorded with a balancing entry under 'Shareholders' equity — Other equity items' of the accompanying balance sheet, net of the corresponding tax effect.

Share-based remuneration plans are specified in the Annual Corporate Governance Report - Remuneration.

The average number of employees, by professional category and gender, is set out below:

Average number of employees *

(Number of employees)

	2023			2022		
	Male	**Female**	***Of which: with a disability ≥ 33%***	**Male**	**Female**	***Of which: with a disability ≥ 33%***
Directors	2,870	1,999	*29*	3,132	2,093	*26*
Middle management	3,312	3,629	*45*	3,234	3,582	*43*
Advisers	9,155	15,126	*351*	9,321	15,369	*338*
TOTAL	**15,337**	**20,754**	***425***	**15,687**	**21,044**	***407***

(*) The distribution, by professional category and gender, at any given time is not significantly different from that of the average number of

33. OTHER ADMINISTRATION EXPENSES

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of other administration expenses
(Millions of euros)

	2023	2022
IT and systems	(233)	(387)
Advertising and publicity *	(121)	(133)
Property and fixtures	(104)	(120)
Rent **	(8)	(16)
Communications	(49)	(50)
Outsourced administrative services	(425)	(232)
Tax contributions	(57)	(65)
Surveillance and security carriage services	(46)	(43)
Representation and travel expenses	(52)	(38)
Printing and office materials	(7)	(8)
Technical reports	(54)	(47)
Legal and judicial	(1)	0
Governing and control bodies	(4)	(4)
Other expenses	(88)	(146)
TOTAL	**(1,249)**	**(1,289)**

(*) Includes advertising in media, sponsorships, promotions and other commercial expenses.

(**) The short-term amount of rental expenses in which IFRS 16 has not been applied is immaterial.

Information on the average payment period to suppliers

The following tables provide a breakdown of the required information relating to payments made and pending at the balance sheet date:

Payments made and outstanding at the reporting date

(Millions of euros / Number of invoices)

	2023				2022			
	Amount	Percentage	Number of invoices	Percentage	Amount	Percentage	Number of invoices	Percentage
Total payments made	2,680		1,106,566		2,715		1,450,444	
*Of which: paid within the legal period **	*2,417*	*90.2%*	*1,070,369*	*96.7%*	*2,427*	*89.4%*	*1,417,699*	*97.7%*
Total payments pending	18		4,581		31		17,820	
TOTAL PAYMENTS IN THE YEAR	**2,698**		**1,111,147**		**2,746**		**1,468,264**	

(*) In accordance with the Second Transitional Provision of Act 15/2010 of 5 July, covering measures to combat non-performing assets in trading operations, by default, the maximum statutory period for payments between companies is 30 calendar days, which may be extended to 60 calendar days, provided that both parties agree.

Average supplier payment period and ratios - 2023

(Day)

	2023	2022
Average payment period to suppliers	12.0	12.5
Ratio of transactions paid	12.0	12.3
Ratio of transactions pending payment	15.9	33.1

External auditor fees

"Technical reports" relates to fees and expenses, excluding the related VAT, paid to the auditor, broken down as follows:

Breakdown of external auditor fees *

(Thousands of euros)

	2023	2022
Auditor of the Group (PwC)		
Audit	**2,900**	**2,671**
Statutory audit	2,900	2,671
Audit-related services	**1,720**	**1,584**
Review services prescribed by statutory or supervisory regulation to an auditor	722	866
Limited review	594	570
Customer asset protection reports	98	94
Review of TLTRO III forms / other Eurosystem eligibility reports		180
Review of forms of indicators to calculate the contribution to the SRF	19	22
Other reports on agreed procedures	11	
Other audit-related services	998	718
Comfort letters for issues	610	469
Non-Financial Information Review Report	237	162
Report on the Internal Control System for Financial Information	25	24
Reports on social discount assurance and carbon footprint	118	63
Other assurance services	8	
Other services	**318**	**182**
TOTAL	**4,938**	**4,437**

(*) The services contracted with our auditors comply with the Spanish Auditing Act's requirements of independence, and none of the tax consultancy work or other performed is incompatible with auditing duties.

34. IMPAIRMENT ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss
(Millions of euros)

	2023	2022
Financial assets at amortised cost	**(892)**	**(651)**
Loans and advances	(892)	(651)
Net allowances (Note 13)	(668)	(332)
Of which POCIs	(12)	*(140)*
Write-downs	(399)	(626)
Recovery of loans written off (Note 25.4)	175	307
Financial assets at fair value with changes in other comprehensive income	**(1)**	**1**
TOTAL	**(893)**	**(650)**

35. IMPAIRMENT OR REVERSAL OF IMPAIRMENT OF NON-FINANCIAL ASSETS

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of the impairment/(reversal) of impairment on non-financial assets
(Millions of euros)

	2023	2022
Tangible assets (Note 16)	**(36)**	**(96)**
Property, plant and equipment for own use	(30)	(79)
Net allowances		1
Releases	5	
Write-downs	(35)	(80)
Investment property	(6)	(17)
Net allowances	(13)	(18)
Releases	7	1
Intangible assets (Note 17)	**(28)**	**(7)**
Write-downs	(28)	(7)
Others (Note 18)		
TOTAL	**(64)**	**(103)**

36. GAINS/(LOSSES) ON DERECOGNITION OF NON-FINANCIAL ASSETS

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of gains/(losses) on derecognition of non-financial assets
(Millions of euros)

	2023			2022		
	Gains	Losses	Net profit/(loss)	Gains	Losses	Net profit/(loss)
On disposals of tangible assets	22	(18)	4	12	(2)	10
Due to sale of investments (Note 15)		(1)	(1)	15	(2)	13
On disposals of other assets				1		1
TOTAL	**22**	**(19)**	**3**	**28**	**(4)**	**24**

37. PROFIT/(LOSS) FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of profit/(loss) from non-current assets classified as held for sale
(Millions of euros)

	2023	2022
Impairment losses on non-current assets held for sale (Note 19)	(52)	(49)
Gain on disposal of non-current investments held for sale (Note 15)	1	
Profit/(loss) on disposal of non-current assets held for sale	24	113
Of which: Gain on the sale of the property at Paseo Castellana 51 (Note 19)		*101*
TOTAL	**(27)**	**64**

38. INFORMATION ON THE FAIR VALUE

The Entity's process for determining fair value ensures that the assets and liabilities are measured according to applicable criteria. In that regard, the measurement techniques used to estimate fair value comply with the following aspects:

- The most consistent and appropriate financial and economic methods are used, which have proven to provide the most realistic estimate of the price of the financial instrument and are commonly used by the market.
- They maximise the use of available information, both in terms of observable data and recent transactions of a similar nature, and limit —to the extent possible— the use of unobservable data and estimates.
- They are widely and sufficiently documented, including the reasons for their choice compared to other alternatives.
- The measurement methods chosen are respected over time, provided that there are no reasons to change the reasons for their choice.
- The validity of measurement models is regularly assessed using recent transactions and current market data.

Assets and liabilities are classified into one of the following levels using the following method to obtain their fair value:

- Level 1: assets and liabilities measured using the price that would be paid for them on an organised, transparent and deep market (“quoted price” or “market price”). In general, the following are included at this level:
  - Quoted debt securities. The following are mainly classified at this level:
    - Spanish and foreign public debt bonds, as well as other debt instruments issued by Spanish and foreign issuers.
    - Spanish and foreign public debt bonds under the insurance business.
    - Own securities issued by the Entity, mainly vanilla bonds and mortgage bonds.
  - Quoted equity instruments. Investments in quoted shares and investments in collective investment institutions are mainly classified at this level.
  - Derivatives traded in organised markets.
- Level 2: assets and liabilities in which the relevant data used in measurement are directly or indirectly observable on the market, such as quoted prices for similar assets or liabilities in the active markets, interest rate curves or credit differentials. In general, the following are included at this level:
  - Debt securities of quoted debt with a low volume and level of market activity. Public debt bonds of Spanish autonomous communities, as well as other private debt instruments, are mainly classified at this level.
  - Over-the-counter hedging and trading derivatives. Interest-rate swaps, as well as financial swaps on goods and other risks, are mainly classified at this level.
  - Real estate assets corresponding to real estate investments, inventories, as well as assets arising from credit regularisations.
- Level 3: assets and liabilities for which the relevant data used for measurement are not observable market data, for the measurement of which alternative techniques are used, including price requests submitted to the issuer or the use of market parameters corresponding to instruments with a risk profile that can be equated to that of the instrument being measured. In general, the following are included at this level:
  - Unlisted debt securities and equity instruments.
  - Loans and receivables.
  - Deposits.
  - Unquoted equity instruments.

38.1. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The fair value of the financial instruments measured at fair value recognised in the balance sheet, broken down by associated carrying amount and level is as follows:

Fair value of financial assets (FA) measured at fair value (FV)

(Millions of euros)

	31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FA held for trading (Note 10)	**13,730**	**13,730**	**679**	**13,051**		**13,765**	**13,765**	**452**	**13,313**	
Derivatives	13,086	13,086	35	13,051		13,350	13,350	37	13,313	
Equity instruments	303	303	303			233	233	233		
Debt securities	341	341	341			182	182	182		
FA not designated for trading compulsorily measured at FV through profit or loss (Note 11)	**64**	**64**	**49**	**4**	**11**	**106**	**106**	**43**	**2**	**61**
Equity instruments	64	64	49	4	11	56	56	43	2	11
Loans and advances						50	50			50
FA at FV with changes in other comprehensive income (Note 12)	**8,065**	**8,065**	**7,968**		**97**	**11,445**	**11,445**	**11,321**		**124**
Equity instruments	810	810	713		97	807	807	683		124
Debt securities	7,255	7,255	7,255			10,638	10,638	10,638		
Derivatives - hedge accounting (Note 14)	**538**	**538**		**538**		**606**	**606**		**606**	
TOTAL	**22,397**	**22,397**	**8,696**	**13,593**	**108**	**25,922**	**25,922**	**11,816**	**13,921**	**185**

Fair value of financial liabilities (FL) measured at fair value (FV)

(Millions of euros)

	31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL held for trading (Note 10)	**8,989**	**8,989**	**92**	**8,897**		**10,421**	**10,421**	**95**	**10,326**	
Derivatives	8,925	8,925	28	8,897		10,362	10,362	36	10,326	
Short positions	64	64	64			59	59	59		
Derivatives - hedge accounting (Note 14)	**1,273**	**1,273**		**1,273**		**1,370**	**1,370**		**1,370**	
TOTAL	**10,262**	**10,262**	**92**	**10,170**		**11,791**	**11,791**	**95**	**11,696**	

The main valuation techniques, assumptions and inputs used in fair value estimation for levels 2 and 3 by type of financial instruments are as follows:

Instrument type		Assessment techniques	Observable inputs	Non-observable inputs
Derivatives	*Swaps*	Present value method	Interest rate curves Probability of default for the calculation of CVA and DVA	
	Exchange rate options	Black-Scholes model Stochastic local volatility model Vanna-Volga model	Interest rate curves Quoted option price Probability of default for the calculation of CVA and DVA	
	Interest rate options	Present value method Normal Black model	Interest rate curves Quoted option price Probability of default for the calculation of CVA and DVA	
	Index and equity options	Black-Scholes model Local volatility	Quoted option prices Correlations Dividends. Probability of default for the calculation of CVA and DVA.	
	Inflation rate options	Normal Black model	Interest rate curves Credit Default Swap curves Probability of default for the calculation of CVA and DVA.	
	Loans and advances	Present value method Intensity of default	Interest rate curves Credit Default Swap curves Probability of default for the calculation of CVA and DVA.	
Equity instruments		DCF (Discounted cash flow) ECF (Equity cash flow) DDM (Dividend Discount Method) Underlying carrying amount	Macroeconomic inputs Risk premia and market premia Market peers	Business planes Perpetual growth (g) Net equity
Debt securities		Present value method	Interest rate curves Risk premia Market peers Observable market prices	Risk premia
Loans and receivables		Present value method	Interest rate curves Early cancellation ratios	Credit loss ratios (internal models)

(1) Present value method (net present value): this model uses the cash flows of each instrument, which are established in the different contracts, and deducts them to calculate the present value.

(2) Market peers (similar asset prices): market peer instrument prices, reference indices or benchmarks are employed to calculate the performance as of the entry price or its current valuation, making subsequent adjustments to take into account the differences between the measured asset and the one taken as reference. It can also be assumed that the price of an instrument is equivalent to another one.

(3) Black & Scholes model: this model applies a log-normal distribution of the securities prices in such a way that, under a neutral risk, the return expected is the risk-free interest rate. Under this assumption, the price of vanilla options can be calculated analytically, in such a way that the volatility of the price process can be obtained by inverting the BS formula for a premium quoted on the market.

(4) Normal Black model: when interest rates approach zero (or become negative), the Black & Scholes model is unable to model interest rate options. With the same assumptions as this model, but on the assumption that forward interest rates follow a normal distribution, we obtain the Normal Black Model, which is used to measure these interest rate options.

(5) Local stochastic volatility model: in this model volatility follows a stochastic process in time according to the degree of moneyness, reproducing the volatility smiles observed in the market. These models are appropriate for long-term exotic options using Monte Carlo simulation or the resolution of differential equations for valuation purposes.

(6) Vanna-Volga model: this model is based on building the local replica portfolio whose hedging costs of second derivatives, vanna (premium derivative with respect to the volatility and the underlying) and volga (premium's second derivative with respect to the volatility), are added to the corresponding Black-Scholes prices in order to reproduce the volatility smiles.

(7) Default intensity model: a model that extracts the instant probability of default from the market Credit Default Swaps quote of a given issuer/contract. The survival function of the issuer with which credit swaps are measured is obtained using these default intensities.

(8) DCF (Discounted cash flow): This method analyses and estimates future flows for shareholders and creditors, and then updates them, discounting at a weighted average rate cost of capital (WACC).

(9) DDM (Dividend Discount Method): future dividend flows are estimated, and then updated, discounting at the cost of equity (ke). A method widely used in regulated entities with limitations, therefore, to the distribution of dividends since they must keep minimum own funds (e.g. Banking)

(10) ECF (Equity cash flow): This method analyses and estimates future flows for shareholders, and then updates them, discounting at the cost of equity (ke).

(11) Underlying carrying amount: Equity according to annual accounts. A method used for holdings for which assets are considered to be measured at or near fair value.

The measurements obtained using internal models may differ if other techniques were applied or assumptions used regarding interest rates, credit risk spreads, market risk, exchange rate risk, or the related correlations and volatilities. Nevertheless, the Entity's directors consider the models and techniques applied appropriately reflect the fair values of the financial assets and financial liabilities recognised in the balance sheet, and the gains and losses on these financial instruments.

The main measurement methods used by the Entity to determine recurring fair value have not been changed during the year (the main measurement methods were not changed during 2022).

Significant inputs used for financial instruments measured at fair value classified at Level 2

- Dividends: future equity dividends in index and stock options are derived from estimated future dividends and dividend futures quotes.
- Correlations: they are used as input in the measurement of share basket options and are extracted using the historical closing prices of the various components of each basket.
- Probability of default for the calculation of CVA and DVA: Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are added to the valuation of Over The Counter (OTC) derivatives due to the risk associated with the counterparty's and own credit risk exposure, respectively. In addition, Funding Valuation Adjustment (FVA) is a valuation adjustment of derivatives of customer transactions that are not perfectly collateralised that includes the funding costs related to the liquidity necessary to perform the transaction.

  The CVA is calculated bearing in mind the expected exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculated by estimating exposure at default (EAD), the probability of default (PD) and loss given default (LGD) for all derivatives on any underlying at the level of the legal entity that the Entity is exposed to. Similarly, DVA is calculated by multiplying the expected negative exposure given the probabilities of default by the Group's LGD.

  The data necessary to calculate PD and LGD come from the credit market prices (Credit Default Swaps). Counterparty data are applied where available. Where the information is not available, the Entity performs an exercise that considers, among other factors, the counterparty's sector and rating to assign the PD and the LGD, calibrated directly to market or with market adjustment factors for the probability of default and the historical expected loss. With FVA, the adjustment shares part of the CVA/DVA approaches, since it is also based on the future credit exposure of the derivatives, but in this case the exposures are not netted by counterparty, but rather at aggregate level in order to recognise the joint management of the liquidity. The data necessary to calculate funding cost are also based on prices taken from its issuance and credit derivatives markets.

  The change in the value of the CVA/FVA and DVA/FVA adjustments are recognised in "Gains/(losses) on financial assets and liabilities held for trading, net" in the statement of profit or loss.

  The table below shows the changes to these adjustments:

Changes in CVA/FVA AND DVA/FVA
(Millions of euros)

	2023		2022	
	CVA/FVA	DVA/DFVA	CVA/FVA	DVA/DFVA
OPENING BALANCE	**(46)**	**76**	**(120)**	**26**
Additions/changes in derivatives	(9)	(11)	74	50
CLOSING BALANCE	**(55)**	**65**	**(46)**	**76**

Given the low net exposure of derivatives classified as Level 2 under the fair value hierarchy, the sensitivity to various market inputs is not significant to the Entity's overall financial position. See Note 3.4.3 Structural Rate Risk and Note 3.4.5 Market Risk.

Significant inputs used for financial instruments measured at fair value classified at Level 3

Taking into account the Entity's risk profile, exposure to Level 3 assets and liabilities is reduced, chiefly focusing on equity instruments with a fair value based on multiple measurement models. The inputs used for estimating fair value take into account observable variables (macroeconomic inputs, risk and market premiums and comparable market variables) and unobservable variables (business plans, growth rates (g) according to estimates of institutions with recognised experience and net book equity according to the annual accounts of the measured company).

Transfers between levels

Transfers between asset and liability levels are made primarily when there is:

- A significant increase or decrease in the liquidity of the asset in the market in which it is traded.
- A significant increase or decrease in market activity related to an observable input or
- A significant increase or decrease in the relevance of unobservable inputs, classified as Level 3 if an unobservable input is considered significant.

There were no material transfers among levels in 2023 and 2022.

Given the Entity's risk profile regarding its portfolio of debt securities measured at fair value (see Note 3.4.1), the change in fair value attributable to credit risk is not expected to be significant.

Changes and transfers of financial instruments in Level 3

In 2023 and 2022 there were no material movements in Level 3 instruments.

38.2. FAIR VALUE OF ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The methodology for estimating the fair value of financial instruments at amortised cost recurrently is consistent with the provisions of Note 38.1. It is worth highlighting that the fair value presented for certain instruments may not correspond to their realisable value in a sales or settlement scenario, since it was not determined for that purpose; in particular:

- Loans and advances: Includes investments the typical lending activity. Fair value is estimated using the present value method.
    - The first step is to conduct a projection of all principal and interest flows associated with the contractual terms of these products. These flows are adjusted with early write-off ratios in the most relevant segments based on available internal historical information.
    - The fair value is calculated by discounting those flows to a risk-free rate curve.
    - Lastly, the resulting amount is adjusted for the estimated expected life-time losses due to the impairment of the credit quality of each of the counterparties.

  As a result, the fair value incorporates the effect of updating market interest rates and the credit risk associated with loans and advances.

In loans benchmarked to a floating interest rate, the variation of the fair value based on the variation of the interest rates therefore depends on the variation of the contractual interest rates as they are adapted to the market conditions and on the evolution of the spread set in the contract. In fixed-interest loans, the fair value directly depends on the difference between the contractual interest rate and the market interest rate.

- Deposits: Includes the attracted deposits central banks, financial institutions and customers. The fair value is obtained by using the present value method:
  - A projection is made of the expected cash flows laid down in the various contracts.
  - For current accounts and other demand deposits, the expected cash flows are estimated using an internal model calibrated based on available internal historical information. The factors estimated by this modelling include the sensitivity of the remuneration of these products to market interest rates and the level of permanence of these balances on the balance sheet.
  - These estimated flows are discounted by using an interest rate curve constructed by adding to the risk-free curve a credit spread obtained from the generic probabilities of loss of credit ratings.
- Debt securities issued: Includes Entity debt issuances. For instruments classified in Level 3: fair value is obtained using the present value method based on expected cash flows established in the various issuances and subsequently discounted using:
  - Market interest rate curves as of the appraisal date.
  - Own credit risk
- Other financial liabilities: It chiefly includes amounts for tax collection accounts, clearing houses, and liabilities associated with right-of-use assets. The fair value has been assimilated to carrying amount, as these are mainly short-term balances. In the case of liabilities associated with right-of-use assets, the present value of future lease payments during the mandatory period of the contract is presented.

For further information on the abovementioned financial assets and liabilities measured at amortised cost, see Notes 13 and 20.

The fair value of the financial instruments at amortised cost recognised in the balance sheet, broken down by associated carrying amount and level is as follows:

Fair value of financial assets (FA) measured at amortised cost
(Millions of euros)

	31-12-2023 *					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FA at amortised cost (Note 13)	**406,589**	**412,042**	**46,233**	**17,350**	**348,459**	**417,067**	**414,987**	**43,946**	**18,751**	**352,290**
Debt securities	72,003	68,149	46,233	17,350	4,566	72,244	65,914	43,946	18,751	3,217
Loans and advances	334,586	343,893			343,893	344,823	349,073			349,073

(*) At 31 December 2023, the difference between carrying amount and fair value is EUR -5,453 million (EUR -5,620 million adjusted for macro interest rate hedges).

Fair value of financial liabilities (FL) measured at amortised cost
(Millions of euros)

	31-12-2023 *					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL at amortised cost (Note 20)	**453,157**	**422,430**	**48,936**	**2,371**	**371,123**	**454,386**	**426,540**	**43,325**	**2,286**	**380,929**
Deposits **	392,966	363,810			363,810	397,154	373,088			373,088
Debt securities issued	53,797	52,226	48,936	2,371	919	50,030	46,250	43,325	2,286	639
Other financial liabilities	6,394	6,394			6,394	7,202	7,202			7,202

FL: Financial liabilities

(*) At 31 December 2023, the difference between carrying amount and fair value is EUR 30,727 million (EUR 27,800 million adjusted for macro interest rate hedges).

(**) Under IFRS 13.47, the fair value of demand liabilities such as current accounts must not be less than the amount payable to the customer, i.e. their amortised cost. However, taking into account the stability of the customer liability base under normal operating conditions, an estimate of the fair value is made, particularly on demand deposits, based on liquidity risk management criteria.

38.3. FAIR VALUE OF PROPERTY

In the particular case of real estate assets, their fair value is obtained by requesting the appraisal value from external appraisal agencies. These agencies maximise the use of observable market data and other factors that market participants would consider when pricing, limiting the use of subjective considerations and unobservable or contrasted data. Along these lines, its fair value, based on the fair value hierarchy, is classified as Level 2.

The Entity has a corporate policy that guarantees the professional competence and independence and objectivity of external valuation agencies, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the Entity in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003 of 27 March. In 2023, the main appraisers that the Entity worked with are as follows: Tasaciones Inmobiliarias, SA, Gloval Valuation, S.A.U., Gesvalt, SA, UVE Valoraciones, S.A., CBRE Valuation Advisory, S.A. and Sociedad de Tasación, SA, among others. The Entity has established the following criteria to obtain the appraisal values of real estate assets.

- Statistical appraisals are used for properties that have a fair value of EUR 300 thousand or less and whose characteristics are susceptible to repeated production.
- For foreclosed real estate with a fair value of more than EUR 300 thousand, appraisals have been requested in accordance with the criteria established by Order ECO/805/2003:
  - Appraisals under 2 years old are used for real estate investments, using the rental update method.
  - Appraisals under one year old are used for stock, using the cost method application.
  - Appraisals under one year old are used for properties from credit regularisations, using the comparison method application.

For the specific case of properties from credit regularisations (foreclosed assets) classified as non-current assets for sale, the Entity has developed an internal methodology that determines the discount to be applied to the appraisal value (obtained from appraisal companies and agencies), based on recent experience in sales of Entity assets over the past 3 years; while for sales costs on asset sales over the past 12 months. This methodology is chiefly based on the following drivers:

- Type of property: The model categorises the type of property, differentiating between residential, commercial, land and ongoing.
- Location. The model categorises property by zones, according to the commercial interest of their geographical location.
- The time that the property has been on the market. The model categorises property based on the time from the date of ownership of the property to the date of sale.

According to the drivers described above, for each sale made the Entity calculates the ratio between the difference between the amount of the last current updated appraisal and the sale price, in the numerator, and the amount of the last current updated appraisal, in the denominator. Thus, it determines the adjustment to be made to the measurement value in order to obtain fair value. The updating of the data used to calculate the adjustment based on appraisal values is conducted on a three-year basis.

In order to determine sale costs, the Entity calculates the ratio between the assumed marketing costs and the total volume of sales of realised assets. Furthermore, the Entity has established a backtesting analysis between the adjustment calculated by the model and the price for which the properties were finally sold. This exercise is conducted on a biannual basis.

The measurement methods used by the Entity to determine non-recurring fair value have not been changed during the year (measurement methods were not changed in 2022).

39. RELATED-PARTY TRANSACTIONS

Pursuant to the provisions of the rules of procedure of the Board of Directors, the Board of Directors, after the report of the Audit and Control Committee, will approve the operations conducted by the Entity or its subsidiaries with directors, with shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the Entity, or with any other related party as outlined in IAS 24 “Information to be disclosed on related parties", unless by law the competence of the Annual General Meeting is applicable.

For the purpose of this approval, the following will not be deemed related-party transactions: i) transactions conducted between the Entity and its wholly-owned subsidiaries, directly or indirectly; ii) transactions between the Entity and its subsidiaries or investee companies provided that no other party related to the Entity has an interest in such subsidiaries or investee companies; iii) execution by the Company and any executive director or member of senior management, of the contract regulating the terms and conditions of the executive functions they are to perform, including determining the specific amounts or remuneration to be paid under that contract, to be approved in accordance with the provisions of this Regulation; iv) transactions carried out based on measures to safeguard the stability of the Entity, taken by the competent authority responsible for its prudential supervision.

The Regulation establishes that the Board of Directors will be able to delegate the approval of: i) transactions between Group companies that are made in ordinary course of business and on an arm's length basis; ii) transactions arranged under contracts whose standard terms and conditions are applicable to a large number of customers, that are signed at generally set rates or prices by whomever acting as the goods or service provider in question, and where the amount of the transaction does not exceed 0.5% of the annual net income of the Entity.

The granting by the Entity of credits, loans and other forms of financing and guarantees to Directors, or to persons associated with them, will be pursuant to —besides the provisions of this article— the regulations governing the organisation and discipline of credit institutions and the supervisory guidelines in this field. The breakdown of financing granted to "key management personnel and executives" is as follows:

Outstanding financing granted to key management personnel - Directors and senior management
(Thousands of euros)

	2023	2022
Outstanding financing	**7,405**	**9,721**
Average maturity (years)	16	19
Average interest rate (%)	1.51%	0.58%
Financing granted in the year	**65**	**3,375**
Average maturity (years)	7	9
Average interest rate (%)	2.62%	0.92%

Loan and deposit transactions or financial services arranged by CaixaBank with 'key management personnel', in addition to related-party transactions, were approved under normal market conditions. Moreover, none of those transactions involved a significant amount of money. Likewise, there was no evidence of impairment to the value of the financial assets or to the guarantees or contingent commitments held with 'key management personnel'.

The Spanish state constitutes a related party pursuant to the regulations in force through its indirect participation in excess of 10% of CaixaBank's shares through the FROB and BFA. In that regard, according to the exemption in paragraph 25 of IAS 24, the balances with Spanish Public Administration as a related party are not presented, although significant balances and transactions with them have been conveniently disclosed in the various notes in the report.

There are no related-party transactions, as defined in Article 529s of the CCA that have exceeded, either individually or aggregated, the established disclosure thresholds. However, in order to prepare the financial statements, the most significant transactions that have taken place during the 2023 financial year have been disclosed in detail. The most significant balances between CaixaBank and its related parties are detailed below, complementing the other balances in this report.

Related-party balances and operations
(Millions of euros)

	Significant shareholder (1)		Group entities		Associates and joint ventures		Directors and Senior Management (2)		Other related parties (3)		Employee pension plan	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2022	2021
ASSETS												
Loans and advances to credit institutions			2,085	1,606								
Loans and advances	15	17	17,760	17,394	961	826	7	10	15	19		
Reverse repurchase agreement												
Mortgage loans	14	16					7	10	10	10		
Other	1	1	17,760	17,394	961	826			5	9		
Of which: valuation adjustments			*(29)*	*(25)*	*(2)*	*(2)*			*(1)*			
Debt securities	16,755	17,503	1,872	1,864								
TOTAL	**16,770**	**17,520**	**21,717**	**20,864**	**961**	**826**	**7**	**10**	**15**	**19**		
LIABILITIES												
Customer deposits	384	479	6,654	6,520	648	774	18	20	19	14	199	485
Debt securities issued			356	375								
TOTAL	**384**	**479**	**7,010**	**6,895**	**648**	**774**	**18**	**20**	**19**	**14**	**199**	**485**
PROFIT OR LOSS												
Interest income			639	272	27	11						
Interest expense	(3)	(1)	(164)	(74)	(8)						(8)	
Fee and commission income			699	1,051	263	261						
Fee and commission expenses			(104)	(43)								
TOTAL	**(3)**	**(1)**	**1,070**	**1,206**	**282**	**272**					**(8)**	
OTHER												
Contingent liabilities	32	16	226	224	17	29			1			
Contingent commitments			2,623	3,113	91	519	1	1	1	1		
Assets under management (AUMs) and assets under custody (4)	28,287	27,169	71	72	1,142	1,632	31	30	24	20	1,338	1,422
TOTAL	**28,319**	**27,185**	**2,920**	**3,409**	**1,250**	**2,180**	**32**	**31**	**26**	**21**	**1,338**	**1,422**

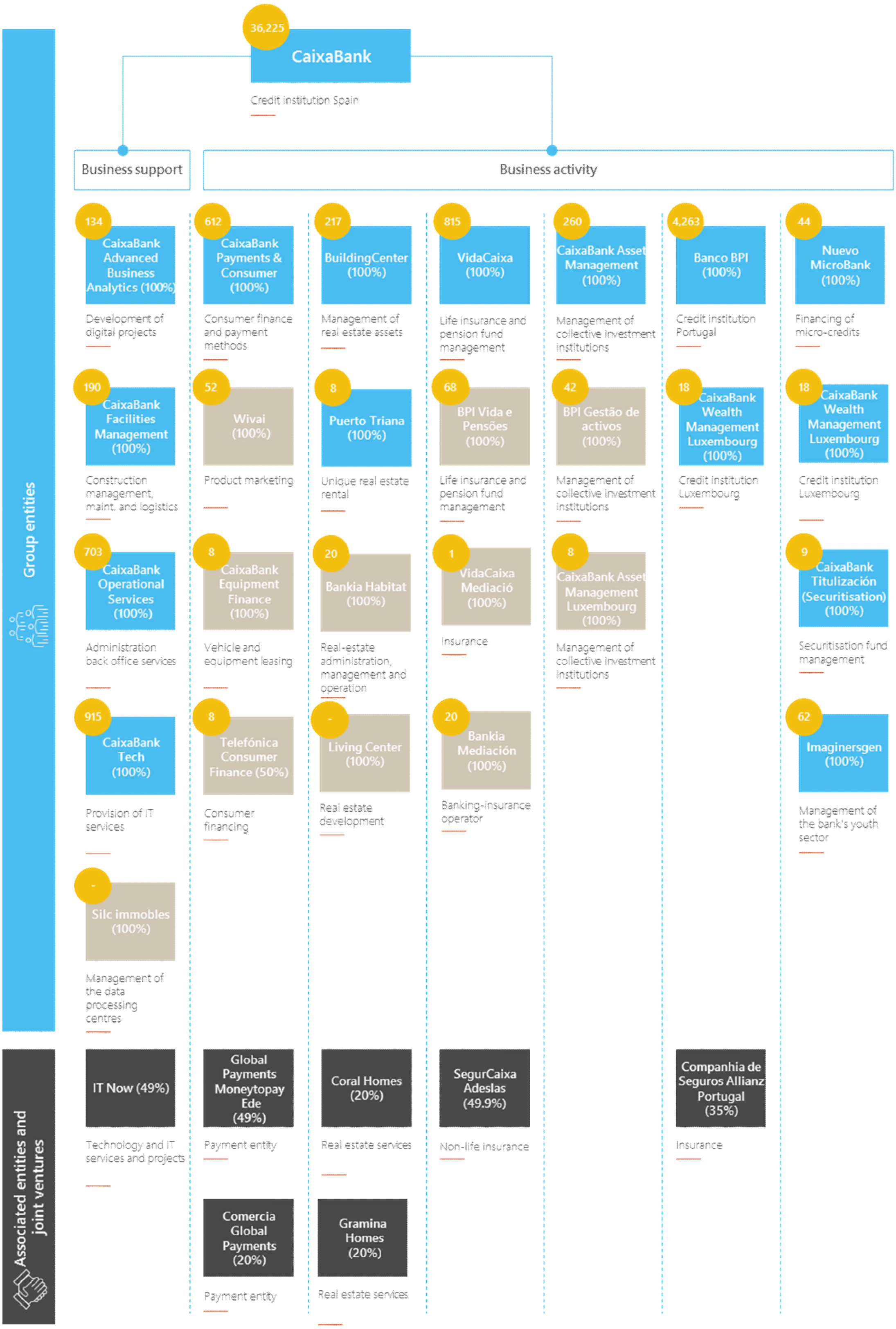
(1) At 31 December 2023 they refer to balances and operations carried out with the "Fundación la Caixa" Banking Foundation, CriteriaCaixa, BFA Tenedora de Acciones, SAU, the FROB and its dependent companies. At 31 December 2023, the stake held by CriteriaCaixa and BFA Tenedora de Acciones, SAU in CaixaBank is 31.92% and 17.32% respectively, without considering the effect of the capital reduction (see Note 22) (30.01% and 16.11% respectively at 31 December 2022).

(2) Directors and Senior Management of CaixaBank.

(3) Relatives and companies linked to members of the Boards of Directors and the Senior Executive of CaixaBank. There are no significant differences in the perimeter considered under the Board Regulations (adapted to the amendments in 2021 of the Corporate Enterprises Act) and that of Circular 4/2017.

(4) Includes investment funds, insurance contracts, pension funds and post-employment obligations contributed.

The table below shows the main subsidiaries, joint ventures and associates, and their type of link.



Number of employees. Subsidiaries in which CaixaBank has a direct shareholding. Subsidiaries in which CaixaBank has an indirect shareholding.

N.B.: This includes the most relevant entities in terms of their contribution to the Group, excluding operations of a shareholding nature (dividends) and extraordinary operations.

Linked companies		Nature of the link
CaixaBank	FBLC + CriteriaCaixa	CaixaBank provides the FBLC Group (including CriteriaCaixa) certain services, under the Internal Protocol of Relationships subscribed by the parties.
CaixaBank	FBLC + CriteriaCaixa Business activity Business support	CaixaBank, S.A. is the parent company of the tax group for the purpose corporation tax with regard to the majority of the consolidated group's subsidiaries with a tax address in Spain. The tax group includes CriteriaCaixa and the "la Caixa" Banking Foundation, in accordance with the current legislation.
CaixaBank	Business activity Business support	CaixaBank fully or partially brokers the financial operations of the companies under its consolidated group and finances their activities. Similarly, CaixaBank holds BPI prudential issuances in its portfolio, within the framework of the management of the Group's joint liquidity. Additionally, VidaCaixa procures financial interest rate swaps with CaixaBank to adapt the flows of investments to insurance contract commitment derivatives. CaixaBank subsequently closes this risk with market.
CaixaBank	Business activity	CaixaBank receives fees for the services of its subsidiaries and associates marketed via its network in Spain.
Banco BPI	BPI Vida e Pensões BPI Gestão de Activos Companhia de Seguros Allianz Portugal	BPI receives fees for marketing the services marketed via its network in Portugal. Similarly it fully or partially brokers the financial operations of these companies and finances their activities.
IT Now CaixaBank Tech	FBLC + CriteriaCaixa Business activity	IT Now (a joint venture between the Group and IBM) provides to CaixaBank Tech technology and IT development services. In turn, CaixaBank Tech provides IT services to the FBLC Group (including CriteriaCaixa) and to the rest of CaixaBank Group's subsidiaries.
CaixaBank Advanced Business Analytics	CaixaBank	CaixaBank Advanced Business Analytics Intelligence provides digital project development services.
CaixaBank Operational Services CaixaBank Facilities Management	FBLC + CriteriaCaixa CaixaBank Business activity Business support	CaixaBank Operational Services and CaixaBank Facilities Management provide the companies of the identified staff administrative back-office services and works management, maintenance and logistics services, respectively.
VidaCaixa	CaixaBank	CaixaBank has outsourced certain employee commitments to VidaCaixa.
Silc immobles	CaixaBank	Silc immobles maintains the real estate and carries out maintenance on the data processing centres, which are leased to CaixaBank.
BuildingCenter Living Center	CaixaBank Business activity Business support	BuildingCenter is the owner of real estate that is leased to subsidiaries of the Group and it receives rental income through said real estate. Similarly, BuildingCenter provides management services on certain CaixaBank assets for which it receives a fee. Living Center is the owner of the properties from foreclosures from the businesses combination with Bankia.
Coral Homes Gramina Homes BuildingCenter	CaixaBank	Servihabitat undertakes the servicing of the BuildingCenter property portfolio. Similarly, Servihabitat receives marketing fees for sales through its real estate channels owned by BuildingCenter and CaixaBank.

Transactions between Group companies form part of the normal course of business and are carried out at arm's length.

The most significant operations carried out in the financial years 2023 and 2022 with the significant shareholder in addition to those mentioned in the previous notes to these financial statements, are as follows:

- In 2023, CaixaBank selected Solvia Intrum, Azzam and Haya Real Estate for the sale and maintenance of properties and the rental management of properties for a period of 3, 2 and 3 years, respectively (extendable for a further 12 to 18 months, where applicable). This award, effective between February and April 2024, terminates the current *servicing* contracts held, inter alia, with Servihabitat Servicios Inmobiliarios, SLU (a subsidiary of Coral Homes HoldCo, SLU, an associate of the Group).
- In November 2022, CaixaBank sold the property it owns (see Note 19) at Paseo de la Castellana 51 in Madrid to Inmo Criteria Patrimonio, S.L.U. (a wholly-owned subsidiary of Criteria Caixa, S.A.U.), which submitted the best offer.

Description of the relations with CriteriaCaixa and the 'la Caixa' Banking Foundation

The 'la Caixa' Banking Foundation (FBLC), CriteriaCaixa and CaixaBank have an Internal Protocol on Relations available on the CaixaBank website, last updated in 2021, which governs the mechanisms and criteria of relations between CaixaBank and FBLC and CriteriaCaixa, particularly in the following areas: i) management of related-party transactions, establishing mechanisms to avoid conflicts of interest; and ii) regulation of the information flows needed to fulfil reporting obligations in terms of trading and supervision.

The latest amendment to the Internal Protocol on Relations was made to adapt it to the entry into force of Act 5/2021, of 12 April, which amends the revised text of the Spanish Capital Companies Law, among other matters, with respect to the regime governing related-party transactions carried out by listed companies. This affects transactions between CaixaBank and CaixaBank Group companies, on the one hand, and the "la Caixa" Banking Foundation and "la Caixa" Banking Foundation Group companies, such as Criteria, on the other.

CaixaBank (as licensee) has a license agreement in effect with FBLC (as licensor) governing the use of certain trade names and the assignment of Internet domain names. The trade names licensed out under that agreement include the “la Caixa” brand and the star logo. The trade name license was granted in 2014 with an indefinite nature. However, it may be terminated by withdrawal or complaint by the licensor after 15 years have passed from signing, or in the event the stake held by FBLC in CaixaBank is less than 30% of the share capital and voting rights of CaixaBank, or in the event there is a shareholder with a larger stake in CaixaBank. The Company pays FBLC a fee for this licence that can be reviewed annually.

FBLC assigned to CaixaBank and companies of the Entity, free of charge, the trademarks corresponding to their corporate names and the trademarks related to banking, financial, investment and insurance products and services, except for those that contain the “Miró Star” (Estrella de Miró) graphic design or the "la Caixa" denominative sign, which are covered by the licence. It also assigned the domain names used relating to the same company names.

Beyond the provisions of the above paragraphs, the Entity's activities are not dependent on or significantly influenced by patents or licences, industrial contracts, new manufacturing processes or special commercial or financial contracts.

40. OTHER DISCLOSURE REQUIREMENTS

40.1. THE ENVIRONMENT

CaixaBank carries out periodic double materiality assessments to identify relevant issues for reporting purposes in terms of risks and opportunities for the Entity and their impact on stakeholders. Accordingly, the environment and, in particular, the management of climate risks, opportunities and impacts is a material issue for the Entity and is discussed in greater detail in the CaixaBank Group Consolidated Management Report.

40.2. CUSTOMER SERVICE

CaixaBank has a Customer Service Office charged with handling and resolving customer complaints and claims. This office has no connections with commercial services and performs its duties with independent judgment and according to the protection rules for financial services customers.

The average resolution time in 2023 is 7 calendar days, compared to 11 calendar days in 2022.

Complaints received

(Number of complaints)

	2023	2022
BY THE CUSTOMER SERVICE OFFICE (CSO)		
CaixaBank - Preliminary claims	103,754	30,415
CaixaBank - Other	**175,793**	**170,467**
FILED WITH THE SUPERVISORS' CLAIMS SERVICES		
Bank of Spain	3,040	4,364
Comisión Nacional del Mercado de Valores (Spanish securities market regulator)	231	265
Directorate-General of Insurance and Pension Plans	6	24

The number of reports or resolutions issued by Customer Services and the Supervisors' Claims Services was as follows:

Reports issued by customer services supervisors' claim services

Type of resolution	CSO		Bank of Spain		CNMV		DGS (Dir-Gen Ins.)	
	2023	2022	2023	2022	2023	2022	2023	2022
Resolved in favour of the	152,075	118,265	687	738	68	64		5
Resolved in favour of the entity	102,956	86,987	511	461	92	64		4
Acceptance			1,968	984	77	91		1
Other (rejected/unresolved)	36,486	41,444	300	2,018	2	1	1	3
TOTAL	**291,517**	**246,696**	**3,466**	**4,201**	**239**	**220**	**1**	**13**

41. STATEMENT OF CASH FLOWS

The main cash flow variations corresponding to the financial year are set out below by type:

- Operating activities (EUR 17,328 million): based on the year's results, the change is mainly due to the amortisation of the loans and advances to customers (classified under financial assets measured at amortised cost).
- Investment activities (EUR 196 million): flows arising from additions and disposals of tangible and intangible assets, as well as sales of non-current assets held for sale.
- Financing activities (EUR 661 million): mainly from cash flows arising from debt issuances and maturities and share repurchase programmes, as well as dividends paid during the year.

APPENDIX 1 – CAIXABANK'S INVESTMENTS IN SUBSIDIARIES

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding		Share capital	Reserves	Results	Cost of direct holding (net)
			Direct	Total				
Abside Capital SICAV S.A. (*)	SICAVs	Madrid-Spain	90.96	90.96	2,404	(811)	-	1,200
Aris Rosen, S.A.U.	Services	Barcelona-Spain	100.00	100.00	60	285	(47)	-
Arquitrabe Activos, S.L.	Holding company	Barcelona-Spain	100.00	100.00	98,431	8,192	(25)	106,623
Arrendadora de Equipamientos Ferroviarios, S.A.	Lessor of trains	Barcelona-Spain	85.00	85.00	12,720	7,799	2,168	14,300
BPI (Suisse), S.A. (1)	Financial services	Switzerland	-	100.00	3,020	6,750	1,402	-
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Management of collective investment institutions	Portugal	-	100.00	2,500	14,858	6,934	-
BPI Vida e Pensões - Companhia de Seguros, SA	Life insurance and pension fund management	Portugal	-	100.00	76,000	84,181	19,775	-
Banco BPI, S.A.	Banking	Portugal	100.00	100.00	1,293,063	2,371,760	574,435	2,060,366
Bankia Habitat, S.L.U.	Holding company	Madrid-Spain	-	100.00	755,560	(39,372)	(6,149)	-
Bankia Mediación, Operador de Banca de Seguros Vinculado, S.A.U.	Insurance agency	Madrid-Spain	-	100.00	269	80,014	(12,966)	-
BuildingCenter, S.A.U.	Holder of real estate assets	Madrid-Spain	100.00	100.00	2,000,060	(468,544)	(297,321)	1,611,888
Caixa Capital Biomed S.C.R. S.A.	Venture capital company	Barcelona-Spain	90.91	90.91	1,200	733	10	1,771
Caixa Capital Fondos Sociedad De Capital Riesgo S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	7,563	124	7,397
Caixa Capital Micro SCR S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	187	230	1,254
Caixa Capital Tic S.C.R. S.A.	Venture capital company	Barcelona-Spain	80.65	80.65	1,209	3,686	(38)	3,919
Caixa Corp, S.A.	Holding company	Barcelona-Spain	100.00	100.00	361	350	1	585
Caixa Emprendedor XXI, S.A.U.	Promotion of business and entrepreneurial initiatives	Barcelona-Spain	100.00	100.00	1,007	18,719	(559)	17,954
CaixaBank Advanced Business Analytics, S.A.U.	Development of digital projects	Barcelona-Spain	100.00	100.00	100	1,199	489	1,200
CaixaBank Asset Management, SGIIC, S.A.U.	Management of collective investment institutions	Madrid-Spain	100.00	100.00	86,310	52,501	153,201	119,475
CaixaBank Brasil Escritório de Representaçao Ltda. (2)	Representative office	Brazil	100.00	100.00	1,200	3,218	622	345
CaixaBank Equipment Finance, S.A.U.	Vehicle and equipment leasing	Madrid-Spain	-	100.00	10,518	40,124	16,915	-
CaixaBank Facilities Management, S.A.	Project management, maintenance, logistics and procurement	Barcelona-Spain	100.00	100.00	1,803	1,871	1,014	2,053
CaixaBank Notas Minoristas, S.A.U.	Finance	Madrid-Spain	100.00	100.00	60	4,070	23	4,229
CaixaBank Titulizacion S.G.F.T., S.A.U.	Securitisation fund management	Madrid-Spain	100.00	100.00	1,503	1,964	1,734	6,423
CaixaBank Wealth Management Luxembourg, S.A.	Banking	Luxembourg	100.00	100.00	12,701	34,003	1,927	65,725
Caixabank Asset Management Luxembourg, S.A.	Management of collective investment institutions	Luxembourg	-	100.00	150	3,955	(234)	-
Caixabank Operational Services, S.A.	Specialised services for back office administration	Barcelona-Spain	100.00	100.00	1,803	19,541	1,590	9,579
Caixabank Payments & Consumer, E.F.C., E.P., S.A.	Consumer finance	Madrid-Spain	100.00	100.00	135,156	1,677,264	234,082	1,602,028
Caixabank Tech, S.L.	Provision of IT services	Barcelona-Spain	100.00	100.00	15,003	101,239	2,623	165,307
Centro de Servicios Operativos e Ingeniería de Procesos, S.L.U.	Specialised services for back office administration	Madrid-Spain	100.00	100.00	500	15,011	(76)	17,886
Coia Financiera Naval, S.L.	Provision of financial services and intermediation in the shipbuilding sector	Madrid-Spain	76.00	76.00	3	40	(9)	2
Corporación Hipotecaria Mutual, E.F.C., S.A.	Mortgage lending	Madrid-Spain	100.00	100.00	5,000	59,726	(97)	63,987
Estugest, S.A.	Administrative activities and services	Barcelona-Spain	100.00	100.00	661	194	13	781
Gestión y Representación Global, S.L.U.	Instrument	Madrid-Spain	100.00	100.00	12	2,704	(4)	2,715
Grupo Aluminios de Precisión, S.L.U. (*)	Aluminium smelting in sand moulds	Burgos-Spain	100.00	100.00	7,500	23,361	1,628	3,360

APPENDIX 1 – CAIXABANK'S INVESTMENTS IN SUBSIDIARIES

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding Direct	% shareholding Total	Share capital	Reserves	Results	Cost of direct holding (net)
HipoteCaixa 2, S.L.	Mortgage loan management company	Barcelona-Spain	100.00	100.00	3	30,041	830	29,797
Hiscan Patrimonio II, S.A.U.	Holding company	Madrid-Spain	100.00	100.00	241,927	(8,646)	58	222,962
Hiscan Patrimonio, S.A.	Holding company	Barcelona-Spain	100.00	100.00	46,867	68,146	(94)	115,797
Imaginersgen, S.A.	Digital business	Barcelona-Spain	99.99	100.00	60	4,867	6,794	1,858
Inter Caixa, S.A.	Services	Barcelona-Spain	99.99	100.00	60	12	(8)	-
Inversiones Corporativas Digitales, S.L.	Holding company	Barcelona-Spain	-	100.00	3	(3,042)	6	-
Inversiones Inmobiliarias Teguise Resort, S.L.	Hotels and similar accommodation	Las Palmas-Spain	60.00	60.00	7,898	12,757	3,475	8,618
Livingcenter Activos Inmobiliarios, S.A.U.	Real estate development	Barcelona-Spain	-	100.00	137,331	1,346,328	(50,458)	-
Líderes de Empresa Siglo XXI, S.L.	Private security for goods and people	Barcelona-Spain	100.00	100.00	378	1,374	64	754
Naviera Cata, S.A.	Shipowner	Las Palmas de Gran Canaria-Spain	100.00	100.00	60	24	(6)	-
Negocio de Finanzas e Inversiones II, S.L.	Finance	Barcelona-Spain	100.00	100.00	6	437	-	445
Nuevo Micro Bank, S.A.U.	Financing of microloans and other loans with a social impact	Madrid-Spain	100.00	100.00	90,186	304,688	10,121	90,186
OpenWealth, S.A.	Other financial services, with the exception of n.c.o.p insurance and pension plans.	Barcelona-Spain	100.00	100.00	120	563	(368)	1,044
Participaciones y Cartera de Inversión, S.L.	Instrument	Madrid-Spain	0.01	100.00	1,205	297	(4)	-
PremiaT Comunidad Online, S.L.	Marketing of cashless platform	Barcelona-Spain	-	100.00	100	2,396	(258)	-
Puerto Triana, S.A.U.	Real estate developer specialised in shopping centres	Seville-Spain	100.00	100.00	124,290	(3,341)	(866)	119,504
Sercapgu, S.L.	Holding company	Barcelona-Spain	100.00	100.00	4,230	(252)	3	632
Silc Immobles, S.A.	Real-estate administration, management and operation	Madrid-Spain	-	100.00	40,070	94,701	(5,333)	-
Telefónica Consumer Finance E.F.C., S.A.	Consumer finance	Madrid-Spain	-	50.00	5,000	28,781	1,228	-
Telefónica Renting, S.A.	Equipment leasing	Madrid-Spain	-	50.00	400	1,521	217	-
Tenedora Fintech Venture, S.A.U.	Holding company	Madrid-Spain	100.00	100.00	60	1,611	(6)	369
Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, E.F.C., S.A.U.	Mortgage loans	Madrid-Spain	100.00	100.00	18,986	45,000	7,475	70,639
Valenciana de Inversiones Mobiliarias, S.L.U.	Holding company	Valencia-Spain	100.00	100.00	4,330	109,058	(18)	113,370
VidaCaixa Mediació, Sociedad de Agencia de Seguros Vinculada, S.A.U.	Insurance agency	Madrid-Spain	-	100.00	60	3,899	1,465	-
VidaCaixa, S.A. de Seguros y Reaseguros Sociedad Unipersonal	Direct life insurance, reinsurance and pension fund management	Madrid-Spain	100.00	100.00	1,347,462	249,510	1,018,707	2,534,688
Wivai Selectplace, S.A.U.	Product marketing	Barcelona-Spain	-	100.00	60	1,894	34,901	-

(*) Companies classified as non-current assets held for sale

(1) All data except cost are in local currency: Swiss franc (thousands)

(2) All data except cost are in local currency: Brazilian real (thousands).

N.B.: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

N.B.: Besides the companies set out in the details of the Appendix, the Group holds a 100% share of the share capital of the following companies that are inactive: Cestainmob, S.L.U.; GDS Grupo de Servicios I, S.A.; Tot Caixa, S.A.; Web Gestión 1, S.A.; Web Gestión 2, S.A.; Web Gestión 3, S.A.; Web Gestión 4, S.A.; Cartera de Participaciones SVN, S.L.; Web Gestión 7, S.A.; Gestión Global de Participaciones, S.L.U.; Inmogestión y Patrimonios, S.A. and Valoración y Control, S.L. Similarly, the following companies of which the Group wholly owns the share capital, are currently in liquidation: Inmobiliaria Piedras Bolas, S.A. de C.V.; Playa Paraíso Maya, S.A. de C.V.; Inmacor Desarrollos, S.A. de C.V.; Proyectos y Desarrollos Hispanomexicanos, S.A. de C.V.; Grand Coral Property and Facility Management, S.A., de CV; Tubespa, S.A., Costa Eboris, S.L.U.; Encina de los Monteros, S.L.U.; Inversiones y Desarrollos 2069 Madrid, S.L.U., under liquidation and Puertas de Lorca Desarrollos Empresariales, S.L.U., under liquidation. The company also has as subsidiaries Habitat Dos Mil Dieciocho, S.L. and Gestión y Recaudación Local, S.L., which are currently under liquidation.

APPENDIX 2 - CAIXABANK'S INVESTMENTS IN AGREEMENTS AND JOINT VENTURES OF CAIXABANK GROUP

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding		Assets	Liabilities	Ordinary income	Share capital	Reserves	Results	Total compr. income	Cost of direct holding (net)	Dividends accrued on total ownership interest
			Direct	Total									
Fraudfense, S.L.	IT Services	Madrid-Spain	-	33.33	5,702	893	-	3	6,776	(1,970)	(1,970)	-	-
Payment Innovation HUB, S.A.	Payment methods	Barcelona-Spain	-	50	1,561	61	1,500	60	1,467	(28)	(28)	-	-

N.B.: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
N.B.: The company also has significant influence over the subsidiaries Royactura, S.L. (in liquidation) and Inversiones Alaris, S.L. (in liquidation), which are currently under liquidation.

APPENDIX 3 – CAIXABANK'S INVESTMENTS IN GROUP ASSOCIATES

(Thousands of euros)

			% shareholding										
Corporate name	**Business activity**	**Registered address**	**Direct**	**Total**	**Assets**	**Liabilities**	**Ordinary income**	**Share capital**	**Reserves**	**Results**	**Total compr. income**	**Cost of direct holding (net)**	**Dividends accrued on total ownership interest**
Ape Software Components S.L.	Computer programming activities	Barcelona-Spain	-	25.22	2,983	3,177	2,188	12	58	(263)	(263)	-	-
Arrendadora Ferroviaria, S.A.	Lessor of trains	Barcelona-Spain	54.15	54.32	156,330	156,840	10,954	60	(578)	8	8	-	-
Banco Comercial de Investimento, S.A.R.L. (1)	Banking	Mozambique	-	35.67	210,351,425	179,534,844	32,876,046	10,000,000	12,916,467	8,160,651	8,160,651	-	28,999
Bizum, S.L.	Payment entity	Madrid-Spain	-	24.00	21,426	12,840	52,777	2,346	3,322	2,918	2,918	-	-
Brilliance-Bea Auto Finance Co., L.T.D. (2)	Automotive sector financing	China	-	22.50	3,844,406	2,115,681	182,083	1,600,000	128,254	472	472	-	-
Comercia Global Payments, Entidad de Pago, S.L.	Payment entity	Madrid-Spain	-	20.00	1,284,042	787,077	629,434	4,857	383,773	108,336	108,336	-	20,976
Companhia de Seguros Allianz Portugal, S.A.	Insurance	Portugal	-	35.00	1,356,500	1,188,144	564,592	31,636	89,294	50,901	50,901	-	12,291
Concessia, Cartera y Gestión de Infraestructuras, S.A.	Infrastructure construction and operations	Madrid-Spain	24.20	32.20	11,968	106	-	17,249	(2,861)	(2,526)	(2,526)	-	-
Coral Homes, S.L.	Real estate services	Madrid-Spain	-	20.00	1,913,124	62,408	481,194	270,774	1,649,170	(69,228)	(69,228)	-	-
Drembul, S.L.	Real estate development	Logroño-Spain	21.83	46.83	58,370	29,360	863	30	28,430	(1,069)	(1,069)	3,179	-
Girona, S.A.	Holding company	Girona-Spain	34.22	34.22	5,809	153	671	1,200	4,431	25	25	1,642	-
Global Payments Moneytopay, EDE, S.L.	Payment entity	Madrid-Spain	-	49.00	185,995	156,758	19,941	1,367	21,983	5,888	5,888	-	3,450
Global Payments – Caixa Acquisition Corporation S.A.R.L.	Payment methods	Luxembourg	-	45.23	42,763	110	-	14	42,713	(74)	(74)	-	-
Gramina Homes, S.L.	Real estate services	Madrid-Spain	-	20.00	281,425	9,815	39,439	27,626	249,049	(5,065)	(5,065)	-	-
IT Now, S.A.	Services for IT technology projects	Barcelona-Spain	39.00	49.00	148,834	68,734	175,928	3,382	73,472	3,246	3,246	1,323	-
Murcia Emprende Sociedad de Capital Riesgo, S.A.	Venture capital company	Murcia-Spain	28.68	28.68	3,291	77	-	2,557	949	(254)	(254)	600	-
Parque Científico y Tecnológico de Córdoba, S.L.	Science park operation and management	Córdoba-Spain	15.58	35.69	27,324	19,125	1,399	23,422	(19,435)	981	981	-	-
Portic Barcelona, S.A.	Other services related to information technology and telecommunications	Barcelona-Spain	25.81	25.81	2,452	290	2,390	291	1,841	29	29	105	-
Redsys Servicios de Procesamiento, S.L.	Payment methods	Madrid-Spain	-	24.90	155,184	67,833	183,967	5,815	74,035	7,501	7,501	-	-
SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Non-life insurance	Madrid-Spain	-	49.92	5,001,136	2,781,818	4,237,192	469,670	1,099,756	491,000	505,787	-	182,386
Servired, Sociedad Española de Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	41.21	74,478	47,542	4,533	16,372	10,655	(91)	(91)	-	-
Sistema de Tarjetas y Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	20.61	394,501	385,632	9,815	240	4,874	3,756	3,756	-	-

APPENDIX 3 – CAIXABANK'S INVESTMENTS IN GROUP ASSOCIATES

(Thousands of euros)

			% shareholding										
Corporate name	**Business activity**	**Registered address**	**Direct**	**Total**	**Assets**	**Liabilities**	**Ordinary income**	**Share capital**	**Reserves**	**Results**	**Total compr. income**	**Cost of direct holding (net)**	**Dividends accrued on total ownership interest**
Sociedad Española de Sistemas de Pago, S.A.	Payment entity	Madrid-Spain	26.91	26.91	13,208	2,891	11,741	512	7,738	2,067	2,067	2,012	269
Societat Catalana per a la Mobilitat, S.A.	Development and implementation of the T-mobilitat project	Barcelona-Spain	16.79	16.79	133,310	116,109	18,106	13,823	76	636	636	1,846	-
TFP, S.A.C. (5)	Factoring	Peru	16.20	16.20	25,953	3,735	12,126	6,000	9,205	7,013	7,013	920	170
Telefonica Factoring España, S.A.	Factoring	Madrid-Spain	20.00	20.00	79,976	62,780	13,569	5,109	1,740	10,347	10,347	2,525	2,051
Telefonica Factoring do Brasil, Ltda. (4)	Factoring	Brazil	20.00	20.00	288,874	266,998	29,978	5,000	1,000	15,876	15,876	2,029	1,082
Telefónica Factoring Colombia (3)	Factoring	Colombia	16.20	16.20	403,917,084	391,457,063	11,958,351	4,000,000	2,125,218	6,334,803	6,334,803	543	228
Zone2Boost, S.L.	Holding company for business acquisition	Barcelona-Spain	-	40.00	2,971	37	130	3	3,564	(633)	(633)	-	-

(1) All data except cost are in local currency: New Mozambique metical (thousands).
(2) All data except cost are in local currency: Renmimbi (thousands).
(3) All data except cost are in local currency: Colombian pesos (thousands).
(4) All data except cost are in local currency: Brazilian real.
(5) All data except the cost are in local currency: Peruvian sol (thousands).
N.B.: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.
N.B.: Furthermore, the Company has significant influence over the investee companies Chimparra, A.I.E. and Guadapelayo, S.L., which are currently in liquidation.

APPENDIX 4 - DISCLOSURE ON THE ACQUISITION AND DISPOSAL OF OWNERSHIP INTERESTS IN SUBSIDIARIES IN 2023

(Article 155 of the Capital Companies Law and Article 105 of Law 6/2023 of 17 March on Securities Markets and Investment Services).

No acquisitions or disposals of equity interests worthy of inclusion in this section took place during 2023.

APPENDIX 5 - LIST OF AGENTS

Information required under Article 21 of Royal Decree 84/2015, of 13 February

Name
ASESORIA SUAREZ S.L.
DEL CASTILLO ROPERO CONSULTORES S.L.
ASESORIA Y GESTION MARTINEZ LERIDA S.L.
INVERSIONES CONFIDENCE CAPITAL, S.L.
SERFIS ASESORIA E XESTION, S.L.
GESTIMAR ASESORES S.COOPERATIVA
SALEK BACHIR, ABDULAHI
LUZ MARIA GARCIA VALERO
JOSE ANDRES CEJAS GALVEZ
ALFONSO AMURRIO MARTINEZ
MARIA JULIANA GOMEZ PAEZ
MARIA GEMA MELGAR NAVARRO
ANTONIO JESUS GOMEZ CHICA
LOURDES CERES OCAÑA
SERGIO LOPEZ RODRIGUEZ
MATIAS JESUS RUIZ LOPEZ
JOSE MANUEL CRUZ MUÑIZ
APOLONIA GOMEZ SANTOS
FRANCISCO JAVIER DOMINGUEZ CORNEJO
JUANA WIC GOMEZ
JONATHAN PEREZ IGLESIA
MARIA CARMEN ULGAR GUTIERREZ
BEATRIZ LOPEZ BELLO
JESUS MIGUEL PRADO CEA
MARIA ISABEL PAÑOS RUEDA
MARIA AURORA JURADO ROMERO
JESUS RAFAEL SERRANO LOPEZ
MARIA ARACELI JANDULA MONTILLA
MARIA REYES RODRIGUEZ NARANJO
LORENA TOLEDO GARCIA
MIGUEL ANGEL SANCHEZ PAREJA
FRANCISCA CASTILLA GIGANTE
MARIA BEATRIZ MATAS ALMIRON
INMACULADA ROMERO DIEGO
MIGUEL GARCIA DOMINGUEZ

PROPOSED APPROPRIATION OF CAIXABANK PROFIT

The appropriation of profits of CaixaBank, S.A. for the year 2023, which the Board of Directors, with the information available at the date of preparation of these financial statements, resolves to propose to the Annual General Meeting for approval, is presented below:

Proposed appropriation of profit of CaixaBank S.A.
(Euros)

	2023
Basis of appropriation	
Profit/(loss) for the year	4,304,442,873
Distribution	
To dividends (1)	2,889,371,854
To reserves (2)	1,415,071,019
To legal reserve (3)	
To voluntary reserve (2) (4)	1,415,071,019
NET PROFIT FOR THE YEAR	**4,304,442,873**

(1) Estimated amount corresponding to payment of the dividend of EUR cents 39.19 per share, to be paid in cash. This amount is equivalent to 60% of consolidated net profit, in line with the dividend policy currently in force. It is noted that this dividend has been calculated taking the following into account: (a) the Company currently holds 129,404,256 treasury shares acquired under the share buyback programme completed on 3 January 2024, as reported in a statement of Other Significant Information published on the same date, (b) as announced in a statement of Inside Information on 18 September 2023, the purpose of the aforementioned buyback programme was to reduce CaixaBank's share capital by redeeming the treasury shares acquired under the programme, i.e. 129,404,256 shares, with the proposed resolution to reduce CaixaBank's share capital being submitted to this Annual General Meeting under point 7.1 of the Agenda, as announced in the Inside Information statement published on 18 September 2023, (c) in view of the above, these shares must be amortised, and (d) in accordance with the Capital Companies Act, treasury shares are not entitled to receive a dividend. Should the Company hold more treasury shares in addition to the 129,404,256 shares at the dividend payment date, the amount of the dividend corresponding to these additional treasury shares shall be applied to voluntary reserves.

(2) Estimated amount allocated to the voluntary reserve. This amount will be increased by the same quantity as the reduction in the amount earmarked for payment of the dividend (see note (1) above).

(3) It is not necessary to transfer part of the 2023 profit to the legal reserve as it is fully constituted. Subject to the approval of the Annual General Meeting of the proposed resolution to reduce the share capital, under item 7.1 on the Agenda, as well as the subsequent formalisation of such reduction, the amount equivalent to 20% of the share capital will be considered a legal reserve, with the surplus being considered as an available reserve.

(4) Remuneration of AT1 capital instruments corresponding to 2023, totalling EUR 276,694,082, will be deemed to have been paid, with this amount charged to voluntary reserves.

CaixaBank

2023

Management Report

Legal notice

The aim of this document is purely informative, and it does not claim to provide a financial advisory service or the offer of a sale, exchange, acquisition or invitation to acquire any kind of securities, product or financial services of CaixaBank, S.A. (hereinafter, "CaixaBank" or "the Entity"), or of any other companies mentioned within it. The information contained therein is subject to, and should be treated as complementary to, all other publicly available information. The information refers to CaixaBank, S.A.; where the data or information refers to the CaixaBank Group (CaixaBank and its subsidiaries), this will be explicitly stated (CaixaBank Group or Group). Anyone who purchases a security at any time must do so solely on the basis of their own judgment or the suitability of the security for their own purposes, and exclusively on the basis of the public information set out in the public documentation drawn up and registered by the issuer in the context of this specific information, availing themselves of advice if they consider this necessary or appropriate in accordance with the circumstances, and not on the basis of the information set out in this document.

CaixaBank cautions that this document may contain statements on provisions and estimates of future business and profitability, particularly in relation to the financial and non-financial information relating to CaixaBank Group (such as environmental, social and governance (ESG) performance targets), which has been prepared mainly on the basis of estimates made by the Entity. Please note that these estimates represent our expectations regarding the development of our business and that there may be various risks, uncertainties and other relevant factors that could cause developments to differ materially from our expectations. These variables include market conditions, macroeconomic factors, regulatory and government requirements; fluctuations in national or international stock markets or in interest and exchange rates; changes in the financial position or our customers, debtors or counterparties, and so forth. as well as our capacity to meet ESG expectations and obligations, which can mainly depend on the actions of third parties, such as our decarbonisation targets, etc. These risk factors, together with any others mentioned in past or future reports, could adversely affect our business and its level of performance, or the achievement of future objectives, including those relating to ESG performance. Other variables that are unknown or unpredictable, or for which there is uncertainty about their evolution and/or potential impacts, may cause the results to differ materially from those described in the forecasts and estimates.

Past financial statements and previous growth rates are no guarantee of the future performance, results or price of shares (including earnings per share). Nothing contained in this document should be construed as constituting a forecast of future results or profit.

It should also be noted that this document has been prepared on the basis of the accounting records kept by CaixaBank and, where applicable, by the other CaixaBank Group companies, and includes certain adjustments and reclassifications to bring the principles and criteria followed by the integrated companies in line with those of CaixaBank, and therefore the data contained in this presentation may not coincide in some respects with the financial information published by the Entity.

The statement of profit or loss, the balance sheet and the various breakdowns thereof shown in this report are presented on a management basis, although they have been prepared in accordance with Bank of Spain Circular 4/2017, of 6 December, which adapts the International Financial Reporting Standards (hereinafter IFRS) adopted by the European Union to the Spanish credit institution sector, and subsequent amendments thereto. Meanwhile, the information referring to the CaixaBank Group has been prepared in accordance with the IFRS adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and subsequent amendments.

This document features data supplied by third parties generally considered to be reliable information sources. However, the accuracy of the data has not been verified. With regard to the data provided by third parties, neither CaixaBank nor any of its administrators, directors or employees, guarantees or vouches, either explicitly or implicitly, that these contents are exact, precise or complete, nor is it obliged to keep them duly updated, or to correct them in the event of detecting any deficiency, error or omission. Likewise, in the reproduction of this content by any means, CaixaBank may introduce the modifications it deems appropriate, may partially or totally omit any of the elements of this presentation, and, in the event of discrepancy with this version, assumes no liability. This statement should be taken into account by all persons or entities that may have to take decisions or prepare or disseminate opinions regarding securities issued by CaixaBank and, in particular, by analysts and investors who handle this presentation. All of them are invited to consult the documentation and public information communicated or registered by CaixaBank with the Spanish National Securities Market Commission (CNMV). Be advised that this document contains unaudited financial information.

This report contains a number of the Alternative Performance Measures (APMs) set out in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415) ("the ESMA Guidelines") so as to provide a clearer picture of the Entity's financial performance and situation. Please be advised that these APMs have not been audited. These measures constitute additional information and should be treated accordingly. In no event are they intended to replace the financial information drawn up in accordance with International Financial Reporting Standards (IFRS). Moreover, the way CaixaBank Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. As such, they may not be comparable. Please refer to the 'Glossary' section of the document for details of the APMs used, as well as for the reconciliation of certain management indicators to the indicators presented in the consolidated financial statements prepared under the IFRS.

Figures are presented in millions of euros unless the use of another monetary unit is stated explicitly, and may be expressed as either million euros or € million.

Contents

This Management Report has been prepared in accordance with the Spanish Commercial Code and Royal Legislative Decree 1/2010, of 2 July, enacting the Spanish Corporate Enterprises Act. The non-financial information corresponding to CaixaBank, S.A. is included in the CaixaBank Group's Consolidated Management Report, which is available together with the CaixaBank Group's Consolidated Financial Statements for the year ending 31 December 2023 and which will be filed with the Commercial Register of Valencia.

The CNMV Listed Company Guide to Drawing up the Management Report was used to create this document.

From 1 January 2023 to the date of preparation of this report, there have been no significant events in the development of the Entity that are not mentioned in this document or in the accompanying financial statements.

1. Our **identity**

CaixaBank is a financial group with a ***socially responsible universal banking model and a long-term outlook*** *that is based on quality, engagement and specialisation.*

CaixaBank offers a value proposition of products and services adapted for each sector, adopting innovation as a strategic challenge and a distinguishing feature of its corporate culture, and whose leading position in retail banking in Spain and Portugal makes it a key player in supporting sustainable economic growth.

CaixaBank, S.A. is the Parent company of a group of financial services, whose stock is traded on the stock exchanges of Barcelona, Madrid, Valencia and Bilbao and on the continuous market. It has been part of the IBEX-35 since 2011, as well as the Euro Stoxx Bank Price EUR, the MSCI Europe and the MSCI Pan-Euro.

Impact on Society

CaixaBank offers its customers the best tools and expert advice to make decisions and develop habits that form the basis of **financial well-being** and enable them, for example, to appropriately plan to address recurring expenses, cover unforeseen events, maintain purchasing power during retirement or to make their dreams and projects come true.

We do this by:

- Standing by people for everything that matters

We do this with:

- Specialized advice.
- Personal finance simulation and monitoring tools.
- Convenient and secure payment methods.
- A broad range of saving, pension and insurance products.
- Responsibly-granted loans.
- Overseeing the security of our customers' personal information.

We contribute to the progress of society

- Effectively and prudently channelling savings and financing, and guaranteeing an efficient and secure payment system.
- Through financial inclusion and education; environmental sustainability; support for diversity; with housing aid programmes; and promoting corporate voluntary work,
- And, of course, through our collaboration with the Obra Social (social work) of the "la Caixa" Foundation, whose budget is partly nourished through the dividends that CriteriaCaixa earns from its stake in CaixaBank. A major part of this budget is funnelled into identified local needs through the CaixaBank branch network in Spain and BPI in Portugal.

*Besides contributing to our customers' financial well-being, **our purpose is to support the progress of the whole of society.***

We are a deeply-rooted retail bank in all areas in which we work and, for this reason, **we feel a part of the progress of the communities where we engage our business**

1.1 Share **structure**

The share structure of the Entity is set out in section 03: Corporate Governance – Property, of the Consolidated Management Report of the CaixaBank Group.

The purchase and sale of own shares by CaixaBank shall comply with the provisions of current regulations and the corresponding agreements of the Annual General Meeting.

Information on the acquisition and disposal of shares held in treasury during the period is included in Note 22 'Net Equity' of the attached Financial Statements.

__Performance of the share in 2023

The CaixaBank share price closed 2023 at EUR 3.726 per share, up +1.5% in the year.

Overall, 2023 left a very positive balance on the stock markets, with most of the world's stock exchanges closing with gains and with the Chinese indices as the major —and almost exclusive— exception. The Ibex 35 and the Eurostoxx 50 gained +22.8% and +19.2% in the year, respectively, while the benchmark banking indices performed even better than the general aggregates (+27.8% Ibex 35 Banks and +23.5% Eurostoxx Banks).

The year was shaped by the sluggishness of the European economy and the resilience of the US economy in a complex geopolitical context, as war dragged on in Ukraine and new conflicts broke out in the Middle East, and inflation rates eased in the course of the year. The banking crises in the US and Switzerland in the early part of the year were contained and ended up having a somewhat limited impact.

Following the sharp rises in interest rates, the leading central banks ended 2023 keeping them stable and shifting their monetary policy towards a strategy of maintaining them at sufficiently restrictive levels for a good period of time. In view of this, and despite statements by various Fed and ECB officials seeking to curb expectations of rate cuts, there was a change of narrative in the financial markets, with renewed risk appetite and rallies in both equities and bonds, spurred by good inflation data in both the US and Europe, a heightened likelihood of a soft landing for the US economy and expectations of an earlier start to rate cuts.

_PERFORMANCE OF THE CAIXABANK SHARE

COMPARED TO THE MAIN SPANISH AND EUROPEAN INDICES

CaixaBank	Ibex35	Eurostoxx50	Eurostoxx Eurozone Banks
+1.5%	+19.2%	+22.8%	+23.5%

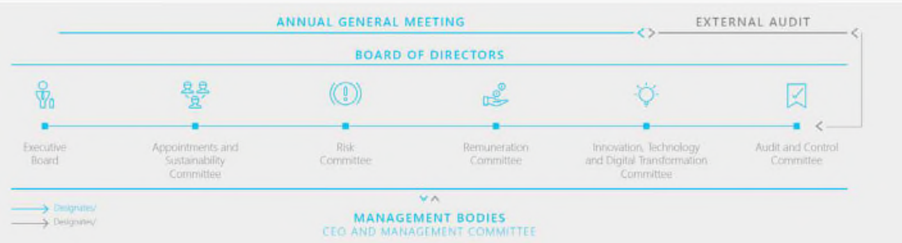
1.2 Corporate Governance

A solid Corporate Governance framework enables companies to **maintain an efficient and methodical decision-making process** as it provides clarity in the allocation of functions and responsibilities, while also promoting appropriate risk management and effective internal controls, which promotes transparency and mitigates potential conflicts of interest. All this promotes excellence in management, which translates into greater added value for the company and its stakeholders.

In accordance with the commitment to our mission and vision, there is a need to integrate the practices of Good Corporate Governance into our activity. This is a strategic priority for having a well-governed and managed company, and for being recognised for this.

__Corporate Governance Structure

In CaixaBank, the management and control of the Company is borne by the shareholders at the Annual General Meeting, the Board and its Committees:



Executive: Delegated body of the Board that meets as often as it is convened by its Chairman (or substitute). The resolutions are adopted by the majority of the attending members and they are valid and binding with no need for subsequent ratification by the Board. It reports to the Board on the main business addressed and on the decisions reached.

Appointments and Sustainability: It proposes the assessment of the skills, knowledge and experience required of board members, makes proposals to appoint independent directors and to appoint or remove senior management, organises the succession of the Chair, assesses the structure, size, composition and performance of the Board and its committees, oversees compliance with the Company's environmental and social policies and rules, and supervises the Company's performance in relation to sustainability and the related reports it publishes.

Risks: It advises the Board on the Company's current and future overall risk appetite and risk strategy and oversees compliance therewith, proposing the Group's risk policy and regularly reviewing exposures to all types of risks.

Remuneration: Draft resolutions related to remuneration.

Innovation, Technology and Digital Transformation: Advise on the implementation of the Strategic Plan in aspects relating to digital transformation and technological innovation.

Audit and Control: It reports to the AGM on the outcome of the audit, oversees the process of preparing and presenting financial and non-financial information relating to the Company and the Group and monitors the effectiveness of internal control and risk management systems.

The information relating to the Entity's corporate governance is contained in the accompanying **CaixaBank Annual Corporate Governance Report (ACGR)**, which is also available on CaixaBank's corporate website (www.caixabank.com).

1.3 Business **model**

> BASED ON OUR STRENGTHS

- **Benchmark** bank **in Spain and Portugal**
- **Broad customer base** and **universal banking** model
- **Multi-channel distribution** model
- Robust **insurance subsidiaries** and **long-term savings management**
- High **financial soundness**
- Benchmark **in sustainable banking**
- **Excellent** human **team**

> WITH SPECIALISED MANAGEMENT

20.1 M Customers

Retail Banking
15.1 M Customers
Personal Banking
2.7 M Customers
Premier Banking
1.6 M Customers
Business and other

Private Banking
0.3 M Customers
Private Banking

Business Banking
0.4 M Customers
Business Banking

CIB
0.02 M Customers
CIB

Customers in Spain and Portugal
Distribution channels to which customers in the segment have access

> ADAPTED DISTRIBUTION CHANNELS

Branches
3,876 branches in Spain and 315 in Portugal

CaixaBankNow
11.5 M customers with use of digital channels in Spain and 0.9 M in Portugal

InTouch
3.3 M customers with remote manager in Spain and 0.2 M in Portugal

imagin
3.3 M digital customers seeking neobank experience

> A COMPREHENSIVE RANGE OF INSURANCE AND FINANCIAL PRODUCTS AND SERVICES

CaixaBank has a **universal banking model** that seeks the best customer experience and that is adapted to the profile of each customer in accordance with our **segmentation**, to the different ways that customers manage their **mobility**, to their way of **relating** to people and to their way of using **technology.**

__Retail Banking

The Retail Banking value proposition is geared to customers in **Retail Banking, Premier Banking and Business Banking** (self-employed customers, professionals and retailers).

It is based on an innovative, customised and unique offer, focused on *The 4 Customer Experiences*, the transformation of the distribution network and omni-channeling by improving digital and remote customer relationship models.

__Private Banking

Private Banking has specialized teams, more than 1,096 professionals, exclusive to Private Banking and Wealth, accredited with an average experience of 15 years, and with 85 exclusive centers that allow you to ensure that clients always receive treatment nearby. Different service models are offered to clients, from advice not independent to independent advice, as well as broker services.

Private Banking offers value propositions specifically aimed at groups that, due to their nature, share the same asset management needs and objectives.

The independent advisory model continues to be developed with the specialised proposals of: **Independent Advisory** (for customers with between 1 and 4 million euros), **Wealth** (for customers with more than 4 million euros), **CaixaBank Wealth Management Luxembourg** and **OpenWealth** (the first bank in Spain to offer its Ultra High Net Worth (UHNW) customers a multi-family office service, regardless of where the customer has their wealth deposited).

It also has specialised units that offer its customers solutions to meet their needs in the areas of philanthropy and responsible and impact investing.

__Business Banking

CaixaBank Business has an **exclusive model for attending to companies**, consolidating its position as the benchmark Entity for this segment.

CaixaBank Business offers innovative, tailor-made solutions with specialised service in its **157 centres throughout Spain,** where it has more than 2,200 professionals who provide advanced advice.

We have exclusive centres depending on the sector or type of company, in order to adapt our services and products to the needs of our customers as much as possible: **Business Centres**, **SME Store Centres**, **Real Estate Business Centres** and **Day One Centres**.

__Corporate & Institutional Banking

CIB has three business areas, Corporate Banking, International Banking and Institutional Banking, backed by highly specialised product teams, such as Project Finance, Treasury & M&A, Capital Markets, Sustainable Finance & ESG Advisory, Transactional Banking and Asset Finance & Structured Trade Finance.

Corporate Banking manages relationships with national and international corporate clients with the main aim of becoming their benchmark financial provider.

International Banking offers support to customers of the branch network, CIB and Corporate Banking who operate abroad, as well as major foreign corporates in their countries of origin, through 26 international points of presence and upwards of 200 professionals.

Institutional Banking provides services to public and private sector institutions, through of a value proposition that combines the high specialization of the teams, the proximity with clients and a comprehensive set of financial services and solutions tailored to their needs through 13 institutional centers and more than 110 professionals.

The information related to the evolution of the different business areas of CaixaBank, S.A. is included in point 05: Value creation model - Business model, of the Consolidated Management Report of the CaixaBank Group.

1.4 **People** and culture

CaixaBank places a particular focus on culture and people, cross-cutting enablers of the 2022-2024 Strategic Plan to achieve the ambition of:

***To be the preferred financial** group to work for...*

*...and to have **the best talent** to meet the Group's strategic challenges.*

CaixaBank, S.A.

57.4 % Female

42.6 % Male

4,857 Directors

7,014 Middle management

24,354 Other employees

Permanent contracts **99.7 %**

Average age **46.4 years**

Average length of service **19.6 years**

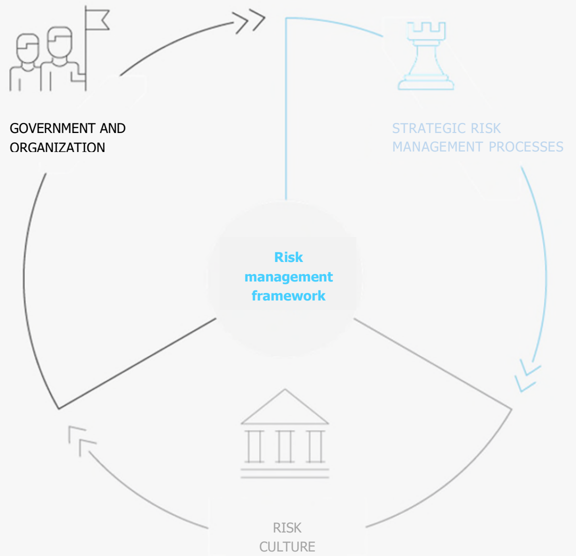
2. Risk **management**

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

CaixaBank aims to maintain a medium-low risk profile, a comfortable level of capital, and ample liquidity measures in line with its business model and the risk appetite established by the Board of Directors.

As part of the internal control framework and in accordance with the **Corporate Global Risk Management Policy**, the Group has a risk management framework that enables it to make informed risk-taking decisions consistent with the target risk profile and appetite level approved by the Board of Directors. This framework comprises the elements described below:

CORE ELEMENTS OF THE RISK MANAGEMENT FRAMEWORK:



> Governance and organization

Undertaken through policies, standards and internal procedures that ensure appropriate risk control is exercised by the governing bodies and committees, and the specialisation of employees.

> Strategic risk management processes

1. Identifying and assessing risks (Risk Assessment).
2. Risk definition and taxonomy. Corporate Risk Catalogue.
3. Risk Appetite Framework (RAF).

> Risk culture

The **risk culture** is based, among other things, on general risk management principles, employee training and evaluation of variable remuneration for employee performance.

__Corporate risk catalogue

The **Corporate Risk Catalogue** is the taxonomy of the Entity's risks. It promotes internal and external monitoring and reporting of risks and consistency across the Group, and is subject to regular review at least on an annual basis. This update process also evaluates the materiality of the emerging risks previously identified in the Risk Assessment process and covers the definition of strategic events.

As a result of reviewing the Corporate Risk Catalogue in the 2023 financial year, the **most relevant modification** has been as follows:

- **Model risk is now classified as a cross-cutting risk** (previously considered purely operational), given that its management and materialisation is directly linked to the other risks in the catalogue. This change in the presentation has no impact on risk management or measurement.

Additional information on the Entity's risk management and internal control model is detailed in Note 3 of the accompanying Financial Statements for 2023.

3. Environment

Economic environment

__Global **and eurozone trend**

2023 has been the ***year of combating inflation***

The ***performance of the international economy*** *in 2023 was characterised by three major dynamics.*

Firstly, **economic activity slowed less than feared at the close of 2022**, underpinned by robust labour markets, the easing of the energy crisis, a remarkable resilience of economic confidence, and tailwinds such as the normalisation of bottlenecks in the wake of the pandemic, the lifting of restrictions in China and the definitive post-pandemic revival of services.

Secondly, **inflation fell steadily in all major international economies.** However, the drop was much sharper in the headline price index, due to the correction in energy inflation, while underlying price pressures eased more moderately.

In that context, and as the third major dynamic of the year, **the major central banks continued the process of tightening financial conditions that began in 2022.**In the first stretch of 2023 they continued to hike interest rates until they reached levels considered sufficiently restrictive. And in a second phase, having reached the peak in rates, they halted the increases, but stepped up their intention to sustain these restrictive levels for a prolonged period of time until inflation was on a path towards the central banks' target. Thus, the Fed rate, with a cumulative rise of 100 bp in the year, peaked at 5.25%-5.50%, and the ECB rate, with a rise of 200 bp, reached 4.00% for the depo rate and 4.50% for the refi rate. All this happened in a year in which inflation managed to end near 3% in both regions, down substantially from its highs, but clearly above the 2% target.

Overall economic activity is estimated to have grown by slightly less than 3% in 2023 as a whole, although progressively declining over the year and with uneven performance across regions. While the eurozone's economic activity showed a marked sluggishness and, in China, the initial reactivation following the lifting of restrictions gradually gave way to indicators below expectations, which added to the persistent difficulties in its real estate sector, the USA showed notable resistance mainly due to consumption, supported by a robust labour market.

In such an environment of tight monetary conditions and weak external demand, the world's major economies can be expected to display subdued dynamism in the early part of 2024. Thus, after a few quarters of relative stagnation, **a gradual recovery is expected over the course of 2024,** boosted by a rebound in household purchasing power and less headwinds, such as the correction of the overstocking of inventories that has weighed on industry.

Activity in the eurozone was ***markedly sluggish in 2023***

The eurozone economy was considerably weaker in 2023, suffering from the impact of monetary tightening and the significant loss of competitiveness of the most energy-intensive industries. Following a largely stagnant first half of the year, GDP fell back in the third quarter (-0.1% quarter-on-quarter) and a sustained rebound in activity is not expected until well into 2024. Activity was negatively affected by a declining industrial sector in recession since the outbreak of the war in Ukraine in February 2022, while the services sector lost steam and could no longer sustain the growth of the economy as a whole on its own. With regard to the energy crisis triggered by the outbreak of war in Ukraine in 2022, the worst-case scenarios suggesting supply security risks did not materialise and gas prices recorded a sharp correction, albeit still at levels almost twice as high as before the war broke out in Ukraine.

The outlook for 2024 has weakened considerably and GDP growth in the eurozone is expected to be similar to that of 2023 (0.5%); a result conditioned by Germany's struggles to overcome the recession in 2023; and the lack of steam in both France and Italy (both expected to grow by less than 1.0%). The bright side is that the labour market continued to generate employment, albeit at a slower pace, which, together with the savings accumulated by households, gives us confidence that consumption will once again underpin the economy once household purchasing power recovers more sharply.

In this context of a cooling economy and monetary tightening, **inflation dropped sustainably throughout the year,** from 9.2% in December of 2022 to 2.9% at the end of 2023. The lower energy prices were one the major tailwinds in reducing inflation, but also a moderation of the underlying pressures stood out as the indirect effects of the energy shock started to disappear, with a core inflation –which excludes energy and all food– dropping to 3.4% in December 2023, following its maximum of 5.7% in March.

__**Spanish** economy overview

Resilience of the Spanish economy in a highly adverse environment.

In 2023 the Spanish economy showed remarkable resilience to a highly adverse environment, marked by the impact of high inflation and rising interest rates, as well as the weakness of the main trading partners. In these circumstances, GDP growth moderated to 2.5%, a much faster pace than the major eurozone economies, on the back of the good pace of job creation and the boost from the tourism sector, which recovered pre-pandemic levels.

One of the strongest factors behind the economy's resilience **was the strength of the labour market**, which saw an increase of more than half a million workers affiliated to the system at year-end, which boosted the recovery in household income and helped to contain the climate of confidence, allowing household consumption to take over from external demand as the driving force behind growth.

Inflation recorded a sharp correction during the year, down to 3.1% in December from 5.7% at the end of 2022, due to the lower contribution of energy and food and as the pass-through of indirect effects to the rest of the basket of goods and services was completed, in an environment in which no significant second round effects were unleashed.

The housing market cooled throughout 2023 as financing conditions tightened. Transactions fell by around 9% (data to November, the latest available), albeit this drop was driven by the comparison with the high volume reached in 2022 affected by pent-up demand during the pandemic, and the annual number of sales and purchases was high compared pre-pandemic levels, standing at around six hundred thousand, well above the just over five hundred thousand in 2019. In turn, the scarcity of new development, the high growth in the number of households and foreign demand helped to prop up prices more than expected.

Going forward to 2024, we expect GDP growth to slow to 1.4%, although with a gradually easing profile over the year, and with an improvement in the external environment, real household income and the pace of implementation of NGEU funds, activity can be expected to gain traction.

__Portuguese **economy overview**

The Portuguese economy more dynamic than expected.

In 2023, **the Portuguese economy maintained a stronger growth rate than the eurozone average,** with GDP growth estimated at 2.3%, and registering renewed dynamism in the last quarter of the year. The pass-through of higher interest rates to household and corporate income, the absorption of the inflationary shock and the climate of heightened uncertainty had a negative impact on private consumption and investment. In positive terms, most noteworthy were the **good performance of the labour market,** reaching record employment figures, and the sharp decline of inflation, which ended the year at 1.4% versus 9.6% in December 2022.

For 2024, **we expect a further slowdown in economic activity early in the year,** brought on by the weakness of the eurozone, before shifting to a more dynamic scenario driven by increased investments in EU funds and the recovery of household purchasing power. We expect GDP growth for 2024 as a whole to average 1.8%.

Regulatory environment

*CaixaBank shares **its opinions on regulatory processes** with the public authorities, through position papers and impact analysis documents, either at their request or on its own initiative.*

CaixaBank's public policy actions follow a broad approach aimed at **promoting the development and economic growth** of the territories in which it is present. In particular, we should emphasise the support to regulatory initiatives that strive to strengthen financial stability and support the proper performance of the European banking sector. To this end, CaixaBank participates in the regulatory and legislative processes of the financial and banking sector at national, European and global levels in order to promote a solid, consistent and coherent regulatory framework. Likewise, as a socially responsible entity, CaixaBank works to promote the development of a regulatory framework for sustainable finance that enables it to meet the objectives of the 2030 Agenda and the Paris Agreements on climate change. CaixaBank wants to ensure a fair transition to a sustainable economy, which is why it also engages in initiatives related to promoting the digital transformation, improving transparency and protecting consumers.

CaixaBank does not contract services related to direct representation of interests to position itself with the authorities. Instead, it generally shares its opinions through different associations to reach a consensus on the industry's position, though in specific cases it does send direct messages to regulators and public authorities.

The **CaixaBank Regulation Committee** is the body responsible for monitoring the regulatory environment and setting positions on developments of public policies that are relevant to the entity and the financial system. It is supported by internal analyses of regulatory proposals to identify potential unwanted effects or impacts that may be disproportionate to the regulatory goal. Once the proposals are analysed, the Committee decides on the regulatory strategy. This strategy will be channelled through the associations[1] or transmitted directly by the institution itself.

The Chief Compliance, Control and Public Affairs Officer (member of the Management Committee) and the Director of Public Affairs are the representatives before the administrative, management and control bodies for the internal supervision of CaixaBank's public policy activities.

The relationship with political parties and public authorities are subject to the CaixaBank Code of Ethics and its Anti-corruption Policy, both serving as essential elements for setting up participation in regulatory processes.

CaixaBank's Code of Ethics and Anti-corruption Policy aim to not only comply with applicable legislation, but also its firm commitment with its ethical principles as a signatory to the United Nations Global Compact. This reflects its strong determination in the fight against corruption.

Similarly, pursuant to current legislation, we are registered in the European **Commission's Transparency Register** under registration number 055017716307-39.

Section 6 of the CaixaBank Anti-Corruption Policy strictly prohibits donations to political parties and associated foundations. CaixaBank has the necessary controls in place to ensure that donations are not made to political parties.

1.Additional information is detailed in the "Dialogue with Society" section of the IGC.

Sustainable finance

- Consultation of the Spanish Government regarding the Preliminary Draft Organic Law on Parity in Decision-Making Bodies.
- Consultation of the Spanish Treasury regarding the draft Royal Decree on the reports on the estimation of the financial impact of the risks associated with climate change.
- Mineco consultation on the LPA transposing the CSRD.
- Commission consultation on the Regulation on the first set of European Sustainability Reporting Standards (ESRS).
- Proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD).
- EC consultation on the proposed Regulation on ESG ratings.
- EC consultation on the implementation of the Sustainable Finance Disclosure Regulation (SFDR).
- European Banking Authority (EBA) consultation on remuneration/gender gap.
- The ESMA consultation on the draft Guidelines on fund names using ESG or sustainability-related terms.
- ESMA consultation on fund names using ESG or sustainability-related terms.
- Consultation of the ESAs on the Delegated Regulation of the Sustainable Finance Disclosure Regulation (SFDR).

Financial stability and strengthening of the financial sector

- EC proposal to revise the Crisis Management and Deposit Insurance (CMDI) framework.
- EC proposal for the implementation of the final Basel III reforms (CRD VI and CRR III).
- ECB Consultation on Guidance on effective risk data aggregation and risk reporting.
- EBA consultation on guidelines on the overall resilience of the recovery plan.
- EBA consultation on guidelines for tackling de-risking.
- EBA consultation on guidelines on AML/CFT risk-based supervision.

Digital

- Regulation (EU) 2022/2554 on the digital operational resilience of the financial sector (DORA).
- Regulation (EU) 2023/2854 on harmonised rules for fair access to and use of data (Data Act).
- EC proposal for a Regulation on Cyber-Solidarity.
- EC proposal for a Regulation on the introduction of the digital euro.
- EC proposal for a framework for Financial Data Access Regulation (FIDAR).
- EC Proposal for a Payment Services Regulation in the Internal Market (PSR).
- EC proposal for a Directive on Payment services and electronic money services in the internal market (PSD3).
- European Commission consultation on an initiative on virtual worlds and Web 4.0.

Markets

- European Commission proposal and public consultation on the Retail Investment Strategy.
- Guidelines on product governance requirements under MiFID II.
- ESMA Guidelines on certain aspects of MiFID II suitability requirements.
- Law 38/2022 for the establishment of temporary levies on energy and credit institutions.
- Law 6/2023 on Securities Markets and Investment Services.
- Royal Decree 1180/2023 (Investor Compensation Schemes and Collective Investment Schemes).
- Code of Best Practice for Investors.

Consumer protection and transparency

- Directive (EU) 2023/2225 on credit agreements for consumers.
- Directive (EU) 2023/2673 on distance financial services.
- Law 2/2023on the protection of persons who report regulatory infringements and the fight to combat corruption.
- Law 12/2023 on the right to housing.
- Royal Decree 193/2023 regulating the basic conditions of accessibility and non-discrimination for people with disabilities for access to and use of goods public and services available to the public.
- Preliminary draft law creating the independent administrative authority for the defense of financial customers.

Social, technological and competitive environment

↗ Business profitability and solvency

The profitability of the Spanish banking sector performed very strongly in 2023, buoyed by strong growth in net interest income. *Thus, return on equity (ROE) came to 12.3% in the third quarter of 2023[1], 2 p.p. above the figure recorded a year earlier. However, according to the ECB, the gap between profitability and the cost of capital persists and has also continued to widen with the increase in interest rates[2].*

The **trend in net interest income** during 2023 reflects the change in monetary policy that drove interest rates higher than initially expected. Furthermore, there has been a faster pass-through of the increase in benchmark interest rates to the loan portfolio than to deposits.

Banking sector activity has been conditioned by the **tightening of monetary policy**, resulting in a notable **contraction in funding**. In fact, in December 2023 the credit portfolio to the private sector in Spain recorded a fall of 3.4% from December 2022, being particularly relevant in the mortgage and corporate credit portfolio. Looking ahead to 2024, the reduction in interest rates that anticipated by the market should contribute to improving financing conditions and demand credit.

Credit quality remains stable. The NPL ratio stood at 3.57% in November 2023, representing a cumulative increase of only 4 basis points since December 2022, while compared to the pre-pandemic levels of February 2020, it accumulated a decrease of 125 basis points.

1 Bank of Spain, Supervisory Statistics for the third quarter of 2023. Consolidated sector data
2 ECB, Financial Stability Review, November 2023

In 2024 the market anticipates a reduction in reference rates, which may help to improve financing conditions.

However, there are some signs of early impairment of credit quality, such as growth in special surveillance lending, which rose slightly to 7.4%[1] in September (1.5 percentage points above the observed pre-pandemic level). Of particular note is the household loan portfolio, which has shown a worse relative performance, with special watch-list lending increasing by 0.8 percentage points to 5.5%. The volume of non-performing loans in this portfolio has also picked up in the third quarter of 2023, although they remain at 6%, below the level of a year ago.

Capital ratios are at robust levels and continue to have a comfortable margin over regulatory requirements. In Spain, according to EBA data, the CET1 ratio stood at 12.6%[2] in the third quarter of 2023. These capital levels are well above those recorded in the previous financial crisis and grant give the banking sector in Spain a high capacity to absorb potential losses, even in more adverse the scenarios. This is evidenced by the latest stress test conducted by the EBA, which estimates that the CEU ratio would remain above the requirements in the case of a severe deterioration in the macroeconomic situation.

However, it is worth noting that **the bank tax has a significant impact on the Spanish banking sector's income statement** and, as a result, on the capacity to generate organic capital.

Lastly, **liquidity levels in the Spanish financial sector remain high**, although there has been a decline in the liquidity buffer, mainly due to the repayment of the European Central Bank's funding lines (TLTROs). The system's LCR ratio reached 172.5% in the third quarter of 2023[3], compared to 203.1% in December 2021.

All of the above allowed the Spanish financial sector, like the European one, to calmly navigate the global financial turbulence that occurred during 2023, and that causing the winding down of 3 regional banks in the United States and the acquisition of a systemically important entity in Switzerland in the first quarter of the year.

Besides, **the regulatory and supervisory framework in the eurozone has proven to be much stronger** than that of regional banking in the United States, which has prevented uncertainty from spilling over into the European financial system in the past year. Moreover, it is worth highlighting that **the Spanish banking sector enjoys significant mitigating factors in the face of these risks**, particularly a business model with a high weight of the retail sector and maintaining very comfortable levels of liquidity.

1 Bank of Spain
2 EBA Risk Dashboard.
3 EBA Risk Dashboard.

↗ Digital transformation

*The **more digital habits and behaviours that have emerged in the wake of the COVID-19 pandemic accelerated the process of digitalisation** of the environment in which financial institutions operate. Since then, institutions have continued to make progress in their digital transformation by adopting new tools and technologies.*

For the banking industry, **digital transformation** is leading to a **growing focus on the customer** and greater demands to keep them satisfied (in terms of convenience, immediacy, customisation and cost). More specifically, customer satisfaction is becoming an increasingly relevant issue; customer loyalty is decreasing as it is easier to switch bank in a digital environment. The digitisation of the banking sector has also facilitated the **emergence of new non-traditional competitors**, such as fintech companies and bigtech digital platforms, with business models that leverage new technologies, **raise service quality standards and increase pressure on the sector's margins.**

Thus far, this **non-traditional sector has been very small** compared to the financial sector as a whole. However, these new entrants have grown quickly in an environment of low interest rates and abundant liquidity, and their presence can be seen throughout the value chain of the financial sector (specifically in the payments and consumer credit segments).

Going forward, the ability of fintech companies to adapt their business models to the new interest rate environment will be crucial in determining the sector's evolution. Specifically, the tightening of financial conditions has reduced investor appetite for this sector (in the third quarter of 2023, global fintech funding fell at a global scale by 46% year-on-year, down to pre-2019 levels)[1]. In consequence, these companies are being forced to transfer a portion of their increased funding costs to their customer base —which may pose a challenge for companies whose growth is based on the provision of low or zero-cost financial services—.

Furthermore, **access to data and the ability to generate value from data** has become an important source of competitive advantage. In particular, the use, processing and storage of data results in information that serves to create products that generate greater value for the customer and are more tailored to their risk profile. In addition, there is an increase in the **use cases and development of new technologies** (such as Cloud, blockchain or generative AI) in the sector, albeit at different levels of maturity. In any case, the use of new technologies in the sector generates the need to adapt business processes and strategies to the new environment.

The **digitalisation of the sector also brings with it numerous opportunities** to generate more revenue. In particular, through the use of digital technology, institutions can expand their customer base and provide services more efficiently and at a lower cost.

In that regard, digitalisation makes it possible to reach a larger number of potential customers, without having to expand the branch network in the territory.

1 Source: CB Insights, State of Fintech Report.

At the same time, digitalisation also creates new business opportunities, for example by offering their digital platforms for third parties to market their products, or through new financial products that are better adapted to the needs of each customer.

Furthermore, **payment patterns are changing.** The trend of a reduction in the use of cash in favour of electronic payments has gained speed with COVID-19, becoming established thereafter. In addition, the digital payments arena is also evolving from a model dominated almost exclusively by card systems (linked to bank accounts) to a more mixed model that involves fintech and bigtech companies (which offer alternative payment solutions harnessing new technologies) and is starting to introduce alternative types of money and private payment methods, such as stablecoins.

In this case, the swift expansion of the crypto-assets and stablecoins market in recent years has driven investment in technologies such as DLT or cryptography, which allow the development of new value-added features in payments (such as the ability to make almost instant payments anywhere in the world or to programme payments through Smart Contracts).

Faced with such developments, **central banks**, particularly in advanced economies, are **considering issuing their own digital currencies** (CBDCs) as a way to ensure that citizens and businesses continue to have access to central bank money in the digital age, and that the money they issue continues to act as a monetary anchor (supporting the stability, integration and efficiency of the financial and payment systems).

Thus, in the eurozone, the **European Central Bank (ECB) is exploring the possibility of issuing a digital euro** to supplement cash and as an additional payment solution. Following a two-year research phase, which focused on developing a proposal to design the digital euro, technical exploration and learning, the ECB decided in November to move on to the next phase of the project, the preparatory phase. This new phase, which is expected to be fully completed by October 2025, will focus on laying the groundwork for the possible issuance of a digital euro in the future. The last phase of the project (pre-launch phase) will be devoted to developing and rolling out the various use cases for the digital euro, before a possible launch in 2026 or 2027.

Meanwhile, **in June 2023, the European Commission published the legislative proposal laying down the legal framework for a possible digital euro,** a proposal that still needs to be agreed by the European Parliament and the European Council.

The **European Commission also presented other legislative proposals geared towards aligning payment services and the financial sector in general** with the digital transformation of the European economy, and which have a high potential for disruption. In particular, the proposal for a framework for Financial Data Access Regulation (FIDAR), which will lay down rights and obligations in the exchange of customers' financial data beyond payment accounts, is noteworthy.

Also prominent is the **proposal to update the European Payments Directive**, which, among other aspects, will introduce changes in the management of customer payment data permissions and measures to combat and mitigate fraud in electronic payments. Nevertheless, these proposals still need to go through the legislative process before being adopted.

CaixaBank faces the challenge of digitalisation with a strategy focused on customer experience. In this regard, the digital transformation offers the Institution new opportunities to understand its customers and offer them a higher-value proposal, using a multi-channel assistance model. In particular, CaixaBank has a distribution platform that blends major physical capillarity with high digital capabilities —proof of this is that the company has more than 11 million digital customers in Spain.

Likewise, in response to the change in habits of customers, the Entity is placing special emphasis on initiatives to improve interaction with customers through non-face-to-face channels. Meanwhile, digital transformation is also driving CaixaBank to focus more on the development of skills, such as advanced analytics, generative AI and the provision of native digital services. Regarding this last point, imagin features a digital ecosystem and lifestyle platform focused on the younger segment, offering financial and non-financial products and services, it own and of third parties. In addition, the Entity is also promoting new ways of working (more cross-cutting and collaborative) and is actively seeking to collaborate with new entrants that offer services that can be incorporated into the Group's value proposition.

Cybersecurity

*Although digital transformation is essential for the competitiveness and efficiency of banking, it also increases technological risks. In this regard, the increased digital operations of customers and employees make it necessary to **increase the focus on cybersecurity and information protection.***

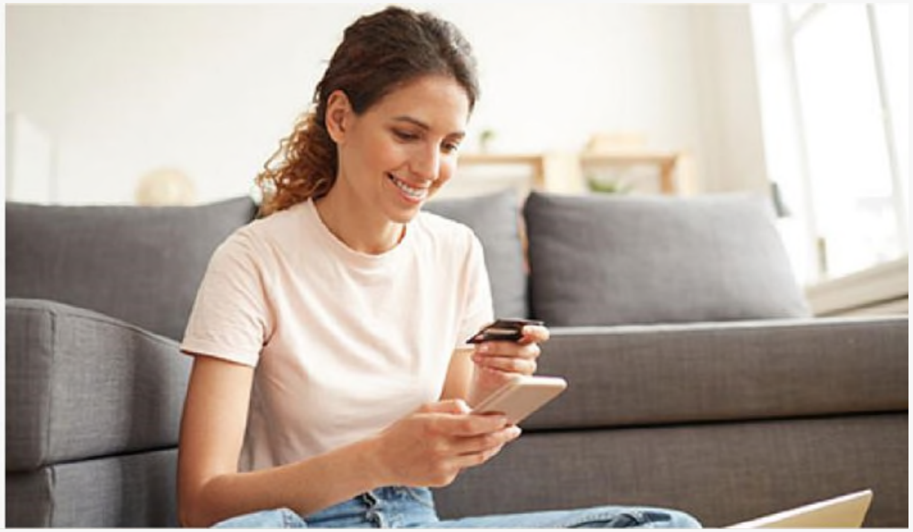
Cyber risk poses a **serious threat to financial stability and the global economy.** Specifically, cyber incidents can have an impact on a range of financial activities (such as the provision of credit, payment and settlement services) by disrupting the information and communication technologies (ICT) that support them. Cyber incidents can also result in the misuse of the data that these technologies process or store. Inside the financial sector, banks have many points of contact with third parties, which increases their exposure to cyber-attacks and can be used as entry points for attacks in the financial sector.

Furthermore, the cyber threat landscape is in **constant evolution** and is becoming **increasingly complex** as a result of the growing digitalisation of the economy, increasing dependencies on third parties and geopolitical tensions. In addition, the cost of cyber incidents has been steadily and significantly increasing over the years.

In that regard, the **European Union (EU) is responding to cyber risk with several initiatives**, including the **Digital Operational Resilience Act (DORA)**, in force since January 2023 and intended to create a regulatory framework to ensure that financial institutions can withstand, respond to and recover from any kind of disruption and threat related to ICTs.

CaixaBank is aware of the level of threat and considers cybersecurity to be a priority. To that end, it has a **Strategic Plan for information security** that constantly measures the Group's cybersecurity capabilities and it seeks to keep the Entity at the forefront of data protection, in accordance with the best market standards.

*CaixaBank has a **Strategic Plan for information security** that constantly measures the Group's cybersecurity capabilities*



↗ Sustainability

The medium-term goal of **decarbonisation of the European economy** is being accompanied by an increasingly strict regulation on how to address sustainability and growing pressure (from investors, authorities, and supervisors) for companies to adjust their strategies accordingly.

In that regard, the entry into force of the **EU's green taxonomy** is noteworthy. It establishes a classification system for sustainable activities and the approval of the information requirements on the degree of alignment with the taxonomy for companies subject to the Non-Financial Reporting Directive (NFRD). The credit institutions (also subject to this directive) must disclose the proportion of exposures that are within the scope of the taxonomy, and the proportion of exposures aligned with the taxonomy (Green Asset Ratio).

Similarly, it is also worth highlighting the approval of the new **Sustainability Reporting Directive (CSRD)** in 2022, the roll-out of which in 2024 will involve a major step forward in terms of the current ESG reporting requirements of the Management Report, fostering transparency and comparability in reporting. Furthermore, due to its extension to the value chain, the Directive is expected to accelerate the sustainable transition of the business fabric.

Also in the area of banking supervision, it is worth noting the **ECB's action plan to explicitly incorporate climate change and energy transition into its framework of operations.** In line with the plan, the ECB has started to include climate criteria into its Corporate Sector Purchase Programme and collateral framework. These measures seek to curb climate risk on the ECB's balance sheet, foster increased transparency and disclosure of climate risks by companies and financial institutions, enhance climate risk management and support the economy's green transition.

In addition, the **setting of supervisory expectations within this scope** and the assessment of banks' practices related to climate and environmental risk strategy, governance and management are particularly noteworthy.

The **European Banking Authority (EBA) also has a work plan to mainstream ESG aspects into the regulatory and supervisory framework.** Among the different initiatives is the inclusion of climate risks in the framework of stress exercises to gauge the resilience of the European banking sector to climate risks. In that regard, the EBA, alongside other European supervisory authorities, the ECB and the European System Risk Board (ESRB) are engaged in a unique one-off exercise to assess the financial sector's preparedness and resilience to the package of legislative measures (on energy, transport, emission reductions, land use and forestry) included in the "Fit-for-55", to cut the bloc's GHG emissions by 55% by 2030. The exercise was kicked off in the last quarter of 2023 and the results will be published in the first quarter of 2025.

Meanwhile, **in 2021, the EU approved the European climate law** (which sets the bloc's emissions reduction targets for 2030 and emission neutrality by 2050 as a legal commitment) and has started to roll out measures and reforms in various economic sectors (from housing to energy and transport) to reduce greenhouse gas (GHG) emissions in line with the targets set and move towards a decarbonized economy. In addition, with the Russian invasion of Ukraine, the European Commission presented the REPowerEU plan to dramatically accelerate the energy transition and make Europe independent of Russia's fossil fuels.

Spain, **thanks to the Next Generation EU (NGEU) Recovery Plan**, around €4,600 million[1] were earmarked in 2022, and **an additional €7,500 million[2] in 2023 are estimated to have been allocated** to investments in renewable energies, sustainable mobility and the energy rehabilitation of buildings, thus driving the economy's green transition.

In this environment, **CaixaBank prioritises making progress in the transition to a low-carbon economy as an essential action to foster sustainable and socially inclusive development and uphold excellence in corporate governance.** Thus, and to materialise the commitment, **Sustainability** (in its environmental, social and governance scope) **is one of the three cornerstones of the Group's 2022–24 Strategic Plan**. The actions in this strategic axis are outlined in the 2022–24 Sustainability Management Plan.

1 IGAE Budget execution General State Administration and Bodies.

2 According to the General State Budget for 2023.

4. Strategy

The year 2023 witnessed the halfway point of the 2022–2024 Strategic Plan (hereinafter referred to as "the Strategic Plan"). The context in which the Strategic Plan was drawn up has shifted substantially. However, the main market trends identified remain fully in force, including changes in consumer habits, the entry of new technologies and the growing relevance of sustainability, the change in monetary policy has had a notable impact.

On the one hand, there was higher inflation and higher reference rates for longer than anticipated in the Strategic Plan, enabling net interest income to grow more than initially expected. On the other hand, the tightening of financing conditions had a negative impact on lending demand.

As a whole, the Strategic Plan evolves favorably in terms of the defined strategic objectives.

In 2022, CaixaBank presented its 2022–2024 Strategic Plan, under the slogan ***"Close to our customers".***

2022–2024 Strategic Plan

CaixaBank Group's new 2022–2024 Strategic Plan, presented in May 2022 under the slogan "Close to our customers", maintains CaixaBank's commitment to society with a unique banking model and with the aim of offering the best service for each and every customer profile as we provide solutions from end to end, promote financial inclusion and lead the way in generating positive social impacts.

The 2022-2024 Strategic Plan is based on the three strategic lines and two cross-cutting capacities:

Business growth	Operating with an efficient service	Sustainability
→ Developing **the best value proposition** for our customers.	→ **Accurately** tailored to customer preferences.	→ **Leaders** in Europe.

Cross-cutting capacities
→ Technology → People

This new Strategic Plan ***is aligned with the Materiality analysis carried out by the Entity,*** *in which those issues that represent a greater level of impact on CaixaBank's activity have been identified.*

In that regard, governance issues, particularly cybersecurity, financial and non-financial risk management, and clear and transparent communication, along with financial soundness and profitability, are the **issues with the highest impact for CaixaBank and its stakeholders**. Both the strategic lines defined and the cross-cutting enablers aim to strengthen CaixaBank's position in these areas to guarantee the best service to our customers.

1 BUSINESS GROWTH

It is geared towards **driving business growth, developing the best value proposition for our customers.** CaixaBank has developed a leading financial supermarket in the Spanish market, featuring a commercial offer built around customer experiences. Throughout this new Plan, we will continue to expand the capabilities of this financial supermarket, increasing the penetration of our products and services to customers, endeavouring to progress the commercial offer and making a quantitative and qualitative leap in the construction of ecosystems. This line's core ambitions include:

*Strengthening **leadership in retail banking** through new housing and consumer banking products and greater penetration in insurance and long-term savings products.*

Achieving leadership in the corporate, companies and SMEs segments.

Driving ecosystems as a new source of income in housing, mobility, seniors, health, entertainment, business and seniors.

With regard to the objectives set for **business growth**, the Group continued to consolidate its leadership in retail banking, with a highly positive performance in the main market shares. Particularly noteworthy was the positive evolution of CIB lending, backed by significant growth in the International Banking portfolio, which also exceeded the target set for the end of the Strategic Plan in 2024.

2 OPERATING WITH AN EFFICIENT SERVICE MODEL

It seeks to maintain an **efficient service model, adapting it to suit the customer's preferences.** Thus, the goal is to find opportunity arising from the lowering of entry barriers to new technologies that will enable us to explore of new ways of interacting with customers. Thus, this line's core ambitions include:

Ensuring a best-in-class customer experience.

Achieving greater operational and commercial

Improving digital selling capabilities

The CaixaBank **customer service model** continues to be developed in order to make it more efficient and adapted to suit the needs of each customer. In this regard, the Imagin and Intouch communities are a cornerstone of the Group's strategy, and both are growing at a rapid pace. There are currently more than 11 million customers and almost half are customers that very frequently use the bank's digital channels.

3 SUSTAINABILITY

Consolidating CaixaBank's position as a sustainability benchmark in Europe. Prioritising environmental, social and governance areas on the European agenda gives us a unique opportunity to take advantage of the competitive advantages inherent to CaixaBank's way of banking, highlighting social commitment as a foundational value and our status as European leaders in microfinance. The main initiatives are as follows:

- Accompanying our customers in their energy transition

- Leading the positive social impact
- Fostering financial inclusion

- Fostering a responsible culture

To date, the cumulative mobilisation of sustainable funds is showing a very positive evolution, already reaching 79.4% of the 2024 target. The rating average received from ESG rating agencies remains at A, as set in the 2024 target.

CROSS-CUTTING ENABLERS

The Plan also includes **two cross-cutting enablers** that will support the execution of these three strategic priorities: people and technology.

First of all, CaixaBank pays special attention to **people** and seeks to be the best bank to work for:

Promoting an exciting, committed, collaborative and streamlined team culture that fosters closer and more motivating leadership.

Boosting its employees' development programmes and career plans, featuring a more proactive people development model for training teams and focusing on critical skills.

Promoting new forms of collaborative work, enhancing work in remote and helping your employees develop their potential with equal opportunities through a culture based on meritocracy and diversity.

The second enabler is geared towards **technology**. CaixaBank has outstanding technological capabilities, in which it will continue to invest to continue to drive the business forward:

Having an efficient, flexible and resilient IT infrastructure, as a result of the drive for technological transformation from CaixaBank Tech, the adoption of cloud technology as a cornerstone, the development of data and advanced analytics capabilities, and ongoing improvement in cyberdefence to mitigate the growing risk within this scope.

Efficient allocation of resources.

Move towards end-to-end process management through the identification and redesign of key processes and the construction of reusable modular parts of functional architecture.

Furthermore, the development of the necessary capacities outlined in the cross-cutting enablers is progressing as identified in the Strategic Plan. The Group continued to strengthen the growth of people as a cornerstone of the Strategic Plan. In that regard, the Group continues to make progress in identifying critical skills for the Entity with a view to assessing and planning strategic processes and activities and defining upskilling and reskilling actions to improve the value proposition for employees. Also of note was the 42.7% rise in the number of women in management positions.

At the same time, investment in technological capabilities is a key enabler for achieving the goals of the Strategic Plan. Particularly noteworthy in this regard is the increase in the absorption of cloud technology, which is progressing in line with forecasts, and the advances in the transformation towards end-to-end process management, which seeks to boost the optimisation of the Entity's operating model.

As a consequence of deploying and executing this new Strategic Plan, CaixaBank ***hope to overcome the financial targets set for 2024.***

In the Strategic Plan, the Group defined the objectives of achieving a ROTE above 12 % and an efficiency ratio[1] below 48%. He also committed to offering attractive remuneration to his shareholders with a pay-out ratio above 50% and defined the objective of having €9,000 million of capital to distribute (accumulated in the period 2022-2024)[2]. All this, leveraging on a solid balance sheet position with a ratio of default below 3%, a normalization of the cost of risk below 0.35% (on average 2022-2024) and maintaining a position of strength in capital, with a management objective of CET1 without temporary IFRS9 adjustments of between 11-12%.

In these first two years of the Strategic Plan, the main financial metrics show very favorable results. In this sense, coinciding with the presentation of 2023 results, the Group has presented the update of the objectives for 2024, among which stand out a new expected ROTE target above 15% and a capital distribution capacity (accumulated in the 2022-2024 period) of €12,000 MM, maintaining a strong capital position with a CET1 ratio of between 11.5 – 12%.

Thus, in the evolution of the activity, the improvement in the group's profitability stands out, driven due to the growth in the interest margin and the good evolution of the insurance activity, while maintaining the non-performing loan ratio at levels historically low. Finally, the Entity has continued to maintain very solid levels of solvency and liquidity.

In section 02. Further information on achievement of the Entity's Strategic Plan is provided in the Consolidated Management Report for the 2023 financial year.

1The Efficiency Ratio objective has been updated with the application of the IFRS17 standard. That presented in the Strategic Plan was <48%. Ratio recurring efficiency (excludes extraordinary expenses).
2 Includes the share buyback program (SBB) for 2022 in addition to the excess capital generated in 2022-24 above 12% of the ratio CET1 (without IFRS9 TA).

5. Results and financial information

MAIN FINANCIAL METRICS OF THE CAIXABANK GROUP

When managing the business and making decisions, the directors and management team at CaixaBank essentially rely on the CaixaBank Group or consolidated financial management information, the main financial figures of which are as follows:

	2023	2022	Change
PROFIT/(LOSS)[1]			
Net interest income	10,113	6,553	54.3%
Net fee and commission income	3,658	3,855	(5.1)%
Core income	15,137	11,504	31.6%
Gross income	14,231	11,093	28.3%
Recurring administrative expenses, depreciation and amortisation	(5,812)	(5,525)	5.2%
Pre-impairment income	8,410	5,519	52.4%
Pre-impairment income stripping out extraordinary expenses	8,419	5,568	51.2%
Profit/(loss) attributable to the Group	4,816	3,129	53.9%
MAIN RATIOS (last 12 months)			
Cost-to-income ratio[1]	40.9%	50.3%	(9.3)
Cost-to-income ratio, stripping out extraordinary	40.8%	49.8%	(9.0)
Cost of risk (last 12 months)	0.28%	0.25%	0.03
ROE[1]	13.2%	8.3%	4.9
ROTE[1]	15.6%	9.8%	5.9
ROA[1]	0.7%	0.4%	0.3
RORWA[1]	2.1%	1.3%	0.7

1. The financial information published for 2022 has been restated in accordance with IFRS 17 / IFRS 9.

(Millions de euros/%)	2023	2022	Change
BALANCE SHEET			
Total Assets[1]	607,167	598,850	1.4%
Net equity[1]	36,339	33,708	7.8%
BUSINESS ACTIVITY			
Customer funds[1]	630,330	611,300	3.1%
Loans and advances to customers, gross	354,098	361,323	(2.0)%
RISK MANAGEMENT			
NPLs	10,516	10,690	(175)
NPL ratio	2.7%	2.7%	0.0
Provisions for insolvency risk	7,665	7,867	(202)
NPL coverage ratio	73%	74%	(0.7)
Net foreclosed available for sale real estate assets	1,582	1,893	(311)
LIQUIDITY			
Total Liquid Assets	160,204	139,010	21,193
Liquidity Coverage Ratio	215%	194%	21
Net Stable Funding Ratio (NSFR)	144%	142%	2
Loan to deposits	89%	91%	(2)
CAPITAL ADEQUACY			
Common Equity Tier 1 (CET1)	12.4%	12.8%	(0.4)
Tier 1	14.4%	14.8%	(0.4)
Total capital	17.1%	17.3%	(0.2)
MREL	26.8%	25.9%	0.9
Risk-weighted assets (RWAs)	228,428	215,103	13,325
Leverage ratio	5.8%	5.6%	0.2
SHARE INFORMATION			
Share price (€/share)	3.726	3.672	0.054
Market capitalisation	27,450	27,520	(70)

The following section (Profit/(loss)) shows the business performance of CaixaBank, S.A., unless otherwise indicated.

PROFIT/(LOSS)

The income statement of CaixaBank, S.A. for 2023 is shown below, together with a comparison with the previous year.

(Millions of euros)	2023	2022
Net interest income	**8,398**	**5,122**
Dividend income	1,724	1,259
Net fee and commission income	3,090	3,245
Gains/losses on financial assets and liabilities and others	143	279
Other operating income and expense	(1,180)	(852)
Gross income	**12,175**	**9,053**
Recurring administrative expenses, depreciation and amortisation	(5,121)	(5,009)
Extraordinary expenses	0	(44)
Pre-impairment income	**7,054**	**4,000**
Allowances for insolvency risk	(765)	(754)
Other charges to provisions	(128)	(6)
Gains/(losses) on disposal of assets and others	(418)	(188)
Negative goodwill recognised in profit or loss	0	0
Profit/(loss) before tax	**5,743**	**3,052**
Income tax	(1,439)	(639)
Profit/(loss) after tax	**4,304**	**2,413**

Profit/(loss) after tax amounted to €4,304 million compared to €2,413 million in 2022 (+78.4%).

Gross income amounted to €12,175 million (+34.5%). The performance of gross income was mainly due to the increase in dividend income (+36.9%) and the rise in net interest income (+64.0%).
Core income[1] of €11,488 million in 2023 (+37.3%, impacted by higher net interest income outpacing the reduction in net fee and commission income).

Lower generation of **gains on financial assets and liabilities and others** (-48.7%).

The development of **Other operating income and expense** was impacted by the recording of the bank levy of €-326 million.

The growth of the gross margin (+34.5 %) outpaces the growth of **recurring administrative expenses, amortisation and depreciation** (+2.2 %) and boosts the **operating margin** (+76.4%).

In 2023 there are no **extraordinary expenses**.

The heading **Losses due to impairment of financial assets** stands at €-765 million (+1.5% compared to the previous year) allowing high levels of coverage to be maintained of risks via provisions.

The heading **other allocations to provisions** (€-128 million) mainly includes coverage for contingencies and the deterioration of other assets.

The trend in **gains/(losses) on disposal of assets and others (+122.3%)** was impacted, among other aspects, by the charges associated with the write-downs of assets related to the restructuring of the commercial network and write-downs of intangible assets. The previous year's profit was affected, in addition to the charges associated with the abovementioned write-downs, by the recording of the profit generated by the sale of the property located at Paseo Castellana 51 (€+101 million).

NET INTEREST INCOME

Net interest income stands at €8,398 million, (up 64.0 with respect to 2022). This increase is due to; **(i)** higher income from loans mainly due to an increase in the average rate, as a result of the positive impact of market interest rates on the portfolio tied to variable rates and on the rates of the new production. **(ii)** higher contribution of the fixed-income portfolio mainly due to the increase of the average rate.

These effects have been partially reduced by: **(iii)** lower contribution to interest income by financial intermediaries mainly due to the higher costs of financing taken from the ECB and the impact of a lower excess liquidity; **(iv)** higher costs of institutional funding, impacted by a rate increase from the repricing of issuances changed to variable rate due to the rise of the rate curve; **(v)** higher costs of customer deposits, which includes the effect of the conversion into floating interest by means of interest-rate hedges established for a limited amount.

[1]. Includes net fee and commission income and net interest income.

DIVIDEND INCOME

Dividend income amounted to EUR 1,724 **million** (up 36.9% on the previous year), and included dividends paid out by Group companies, mainly VidaCaixa, CaixaBank Payments&Consumer, Banco BPI and CaixaBank Asset Management. It also includes the Telefónica dividend for €61 million.

FEE AND COMMISSION INCOME

Net fee and commission income stood at €3,090 million (-4.8% year-on-year).

Banking services, securities and other fees include income on securities transactions, transactions, risk activities, deposit management, payment methods and wholesale banking. In year-on-year terms, they fell by -10.2%, largely impacted for the loss of the custody fees for corporate deposits and lower deposit fees maintenance of current accounts.

Fees for the sale of insurance products increased compared to 2022 and amounted to €818 million due to the positive commercial performance.

Fee and commission income from mutual funds, portfolios and SICAVs amount to €448 million.

The **fee and commission income from managing pension plans** stand at €128 million.

(Millions of euros)	2023	2022
Banking services, securities and other fees	1,696	1,891
Sale of insurance products	818	743
Mutual funds, managed accounts and SICAVs	448	476
Pension plans	128	135
Net fee and commission income	**3,090**	**3,245**

GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AND OTHERS

Gains/(losses) on financial assets and liabilities and others amounted to €143 million (-48.7%). The evolution is explained mainly by the impact favorable recorded in the assessment of the credit risk of financial derivatives in 2022, linked to the macroeconomic context.

OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense amounts to €-1,180 million (+0.2%) and includes, inter alia, the special tax on banks and contributions to the Single Resolution Fund (SRF) and the Deposit Guarantee Fund (DGF), as well as real estate income and expenses, other bank contributions, fees and taxes.

(Millions of euros)	2023	2022
Contribution to the Single Resolution Fund / Deposit Guarantee Fund	(572)	(542)
Banking sector levy	(326)	–
Other	(282)	(310)
Other operating income and expense	**(1,180)**	**(852)**

RECURRING ADMINISTRATVE EXPENSES, DEPRECIATION AND AMORTISATION

Recurring administrative expenses, depreciation and amortisation stood at €-5,121 million, +2.2% year-on-year. Personnel expenses are up +5.5%. General expenses grow +1.0% due to the impact of new transformation projects and the inflationary pressure. Amortizations, excluding the amortization of goodwill associated with Banca Cívica (amortization completed at the end of 2022), grew by 19.2%, essentially associated with the investment effort in digital transformation projects.

In 2023 there are no **extraordinary expenses**.

(Millions of euros)	2023	2022
Gross income	**12,175**	**9,053**
Personnel expenses	(3,323)	(3,150)
General expenses	(1,249)	(1,237)
Depreciation and amortisation	(549)	(622)
Recurring administrative expenses, depreciation and amortisation	**(5,121)**	**(5,009)**
Extraordinary expenses	**0**	**(44)**

ALLOWANCES FOR INSOLVENCY RISK AND OTHER CHARGES TO PROVISIONS_

Allowances for insolvency risk stood at €-765 million (€-754 million in 2022).

The provision models have been calibrated with forward-looking macroeconomic scenarios under the IFRS 9 accounting standard. Furthermore, given the uncertainties in estimating these scenarios, CaixaBank maintains a collective allowance amounts to €527 million as of December 31, 2023, mainly due to Post Model Adjustment (PMA), compared to the €994 million of PMA collective fund as of December 31, 2022. The change over the year is due to a specific allocation of collective provisions due to recurrent parameter recalibration processes without, therefore, altering the overall coverage of the portfolio. This PMA fund, of a collective and 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.

The evolution of the heading **other allocations to provisions** is marked by different aspects, among which stand out:

- Throughout 2023 and compared to 2022, there has been a lower availability of provisions established in 2021 to cover rite-downs of assets derived from the restructuring of the commercial network.
- In 2023, singular provisions have been recorded, among them, provisions provisions on contingent commitments within the framework of the semi-annual recalibration of internal risk models.
- Extraordinary availability of provisions recorded in 2022.

GAINS/(LOSSES) ON DISPOSAL OF ASSETS AND OTHERS

Gains/(losses) on disposal of assets and others includes, essentially, the results of one-off transactions and results from the sale and write-off of assets. In 2023 they include, among other aspects, greater impairments of the investees, the charges associated with the write-downs of assets related to the restructuring of the commercial network and cleaning up of intangible assets. In its evolution year-on-year essentially influenced by extraordinary events that occurred in 2022:

- The heading in 2022 mainly includes the gains generated from the sale of the property located at Paseo Castellana 51 in Madrid (EUR 101 million) and the materialisation of the asset write-downs within the framework of the aforementioned plan to restructure the commercial network.

BALANCE SHEET

When managing the business and making decisions, the directors and management team at CaixaBank rely on the Group or consolidated management information. Accordingly, the figures that appear in this section refer to information of the CaixaBank Group, unless otherwise indicated.

	CaixaBank Group		CaixaBank, S.A.	
(Millions of euros)	31/12/2023	31/12/2022[1]	31/12/2023	31-12-2022
Total assets	607,167	598,850	500,024	497,718
Total liabilities	570,828	565,142	469,181	468,983
Equity	36,339	33,708	30,843	28,735

1.Opening balance sheet at 1 January 2023 presented for comparative purposes following the application of IFRS 17 / IFRS 9. See section "1.4. Comparison of the information and variations in the consolidation perimeter" of the consolidated Annual Accounts for 2023.

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers, gross stood at €354,098 million at 31 December 2023 (-2.0% in the year).

Loans for home purchases (-4.7%) continue to be marked by the portfolio's repayments, as well as due to a lower demand for mortgages with respect to the previous year, in a scenario of rate hikes.

Loans to individuals – other purposes contracts by -3.3% in the year.

Consumer lending grows +1.9% compared to December 2022, thanks to production levels that offset the portfolio's maturities.

Good performance of **Loans to business**, which is the main contributor to the loan book growth, up +2.1% in the year.

Lending to the public sector declined by -12.0% in the year, impacted by one-off operations.

	CaixaBank Group	
(Millions of euros)	31-12-2023	31-12-2022
Loans to individuals	**175,807**	**183,867**
Home purchases[1]	133,270	139,863
Other[1]	42,538	44,004
of which: Consumer lending[1]	*19,911*	*19,538*
Loans to business[1]	**160,018**	**156,693**
Public sector[1]	**18,273**	**20,763**
Loans and advances to customers, gross[2]	**354,098**	**361,323**
Of which:		
Performing loans	*344,052*	*351,225*
Provisions for insolvency risk	(7,339)	(7,408)
Loans and advances to customers, net	**346,759**	**353,915**
Contingent liabilities	29,910	29,876

1. Following an in-depth analysis of the loan book, the specific segmentation and allocation of certain non-inventoried items have been improved, mainly resulting in reclassifications from Business to Individuals (home purchases and consumer lending). The figures have been restated for comparison purposes. The figures reclassified by segment at December 2023 are €-1,087 million from Loans to business, €+1,083 million from Loans to individuals (€+818 million Home purchases and €+265 million Other) and €+3 million from Public sector. The previous year-end figures have been restated to compare the changes in the loan book by segment.

CUSTOMER FUNDS

Customer funds stood at €630.330 million on 31 December 2023 (+3.1% in the year).

On-balance sheet funds stood at €463,323 million, up +1.2% in the year, mainly due to a good performance of savings insurance. Highlights include:

- **Demand deposits** are at €330,799 million (-8.1%). This performance is due to the market conditions, which favours the transfer to time deposits, insurance and mutual funds, among others.

- **Term deposits** totalled EUR 54,708 million (+109.4%).

- Growth of **insurance contract liabilities** (+8.0%) to €74,538 million, due to better market conditions.

- Positive performance of Unit Linked in the year (+9.1%), boosted by the performance of the markets.

Assets under management stand at €160,827 million. Its year-on-year performance (+8.7%) was mainly driven by the evolution of the markets and a significant volume of subscriptions. The assets managed in **mutual funds, managed accounts and SICAVs** stood at €114,821 million (+9.7% in the year due to the good performance of the market and positive subscriptions). **Pension plans** reached €46,006 million (up +6.2% in the year), following the positive performance of the market.
Other accounts (+7.9% in the year) mainly includes temporary funds associated with transfers and collections.

	CaixaBank Group	
(Millions of euros)	**31-12-2023**	**31-12-**
Customer deposits	385,507	386,017
Demand deposits	*330,799*	*359,896*
Term deposits[1]	*54,708*	*26,122*
Insurance contract liabilities[2]	74,538	68,986
of which: Unit-Linked and other[3]	*19,980*	*18,310*
Reverse repurchase agreements and other	3,278	2,631
On-balance sheet funds	**463,323**	**457,634**
Mutual funds, managed accounts and SICAVs[4]	114,821	104,626
Pension plans	46,006	43,312
Assets under management	**160,827**	**147,938**
Other accounts	**6,179**	**5,728**
Total customer funds[4]	**630,330**	**611,300**

1. Includes retail borrowings amounting to EUR 1,433 million at 31 December 2023 (EUR 1,309 million at 31 December 2022).
2.Does not include the correction of the financial component due to updating the liability under IFRS 17, with the exception of Unit Linked and Life Annuities. Flexible Investment (managed part). 3 Incorporates the correction of the financial component by updating the liability under IFRS 17 corresponding to Unit Linked and Life Annuity Flexible Investment (managed part).4. See "Reconciliation of activity indicators with management criteria" in "Glossary - Financial information"

ASSET QUALITY

The **non-performing loan ratio** remains stable at 2.7% (2.7% at the close of 2022).

Non-performing balances dropped to EUR 10,516 million following the active management of delinquency. The change would be EUR -175 million in the year.

Provisions for insolvency risk stood at EUR 7,665 million in 2023 (EUR 7,867 million at the end of 2022).

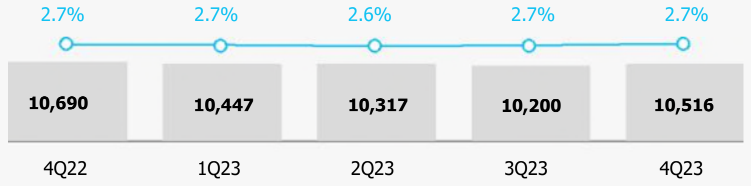
The **coverage ratio** came to 73% (74% at the end of 2022).

NON-PERFORMING LOAN RATIO BY SECTOR[1]	CaixaBank Group	
%	31-12-2023	31-12-2022
Loans to individuals	3.1 %	3.0 %
Home purchases	*2.6 %*	*2.4 %*
Other	*4.5 %*	*4.9 %*
Loans to business	2.9 %	3.0 %
Public sector	0.1 %	0.1 %
NPL Ratio (loans and contingent liabilities)	**2.7 %**	**2.7 %**
NPL coverage ratio	**73 %**	**74 %**

1. Following an in-depth analysis of the loan book, the specific segmentation and allocation of certain non-inventoried items have been improved, mainly resulting in reclassifications from Business to Individuals (home purchases and consumer lending). The NPL ratios have been restated for comparison purposes. The impact on the NPL ratios by segment is immaterial.
2. Calculations include loans and contingent liabilities.

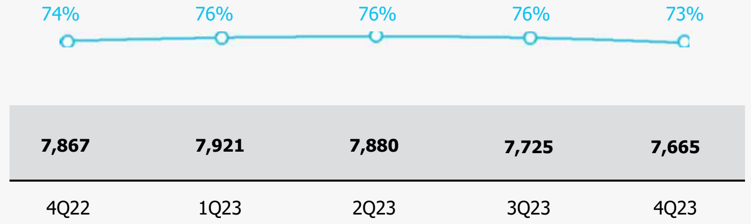
| NPLs AND NPL RATIO[2]

(MILLION EUROS/%)



| PROVISIONS AND COVERAGE RATIO[2]

(MILLION EUROS/%)



LIQUIDITY

The Entity manages liquidity risk to maintain sufficient liquidity levels so that it can comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, at all times within the risk appetite framework (RAF).

Note 3.4.4. "Liquidity risk and financing" of the report of these financial statements attached describes the Bank's strategic principles, risk appetite and risk strategy and liquidity and financing strategy.

The main figures related to CaixaBank's liquidity and financing structure are as follows:

	CaixaBank, S.A.	
(Millions of euros)	**31-12-2023**	**31-12-2022**
Total liquid assets [1]	148,492	126,258
of which: HQLA	*94,809*	*87,613*
of which: available balance in non-HQLA facility	*53,683*	*38,645*
Institutional financing	54,727	53,182

1. Data corresponding to the reporting perimeter and regulatory compliance of a 'Single liquidity subgroup' (CaixaBank Subgroup).

Total liquid assets amounted to €148,492 million at 31 December 2023, up +€22,234 million in the year, mainly due to balance sheet liquidity generation, the positive evolution of the commercial gap and a higher volume of new issuances than maturities.

There was no **balance drawn under the ECB facility** at 31 December 2023, following the anticipated return of the TLTRO III. The Entity repaid a TLTRO III balance of EUR 15,178 million in 2023, of which EUR 7,143 million corresponded to ordinary repayments and EUR 8,035 million to early repayments, with no outstanding financing at year-end.

Institutional financing for 2023 amounted to €54,727 million, diversified by instruments, investors, currency and maturities.

CaixaBank, S.A.'s **unused issuance capacity** for mortgage and public sector covered bonds amounted to EUR 48,064 million at 31 December 2023. There is no need to segregate liquid assets in the hedging pool.

Information on CaixaBank, S.A.'s issuances in 2023 is as follows:

(Millions of euros) **CaixaBank, S.A.**

Issue	Amount	Issue date	Maturity	Cost[1]	Demand	Category
Senior non-preferred debt[2, 3]	USD 1,250	18/1/2023	6 years	6.208% (UST + 2.50%)	USD 3,400	
Subordinated debt - Tier 2[2, 4]	£500	25/1/2023	10 years and 9 month	6.970% (UKT +3.70%)	£1,300	
Additional Tier 2	€750	13/3/2023	Perpetual	8.25% (mid-swap + 5.142%)	€2,500	
Senior non-preferred debt[2]	€1,000	16/5/2023	4 years	4.689% (mid-swap + 1.50%)	€1,750	Social Bond
Subordinated debt - Tier 2[2]	€1,000	30/5/2023	11 years	6.138% (mid-swap + 3.00%)	€2,400	
Mortgage covered bond	€100	15/6/2023	3 years and 7 months	3.471% (mid-swap + 0.245%)	Private placement	
Mortgage covered bond	€100	23/6/2023	12 years and 9 month	3.732% (mid-swap + 0.64%)	Private placement	
Senior non-preferred debt[2]	€1,000	19/7/2023	6 years	5.097% (mid-swap +1.65%)	€2,750	
Senior non-preferred debt[2]	€500	19/7/2023	11 years	5.202% (mid-swap +1.95%)	€800	
Senior preferred debt	€1,250	6/9/2023	7 years	4.311% (mid-swap +1.20%)	€3,100	
Senior non-preferred debt[2,5]	USD 1,000	13/9/2023	4 years	6.684% (UST +1.95%)	USD 1,950	
Senior non-preferred debt[2,5]	USD 1,000	13/9/2023	11 years	6.840% (UST +2.55%)	USD 2,350	
Senior preferred debt	€1,000	29/11/2023	10 years	4.487% (mid-swap +1.45%)	€3,500	

After the end of December 2023 (16 January 2024), CaixaBank issued shares preferred securities eventually convertible into shares of new issue that counts as Tier 1 capital (Additional Tier 1 or AT1) for an amount of 750 million euros. Remuneration, which is discretionary and subject under certain conditions, it was set at 7,500% annually payable quarterly basis. The preferred shares are perpetual, without prejudice to which they can be amortized in certain circumstances at the option of CaixaBank starting January 16, 2030.

There are regulatory liquidity requirements, which, for the case of the reporting perimeter and regulatory compliance of a 'Single liquidity subgroup' (CaixaBank Subgroup), are as follows:

The Liquidity Coverage Ratio (LCR) at 31 December 2023 was 218%, showing an ample liquidity position (206% LCR trailing 12 months) well clear of the minimum requirement of 100%.

The Net Stable Funding Ratio (NSFR) stands at 143% at 31 December 2023, above the regulatory minimum requirement of 100%.

1. Meaning the yield on the issuance.
2. The issues are callable, meaning that the option to redeem them early can be executed before the maturity date.
3. Equivalent amount on the day of issuance, in euros: €1,166 million.
4. Equivalent amount on the day of issuance, in euros: €564 million.
5. Equivalent amount on the day of issuance, in euros: €931 million.

CAPITAL MANAGEMENT

When managing the business and making decisions, the directors and management team at CaixaBank rely on the Group or consolidated management information. Accordingly, the figures that appear in this section refer to information of the CaixaBank Group, unless otherwise indicated.

	CaixaBank Group	
(€ millions and %)	**31-12-2023**	**31-12-2022**
Common Equity Tier 1 (CET1)	12.4%	12.8%
Tier 1	14.4%	14.8%
Total capital	17.1%	17.3%
Risk-Weighted Assets (RWAs)	228,428	215,103

The Group's **Common Equity Tier 1** (CET1) ratio reached 12.4% at 31 December 2023, taking into account the one-off impact of the first-time application of IFRS17 (-20 bps) and the deduction of the full amount of the share buy-back (SBB) programme (EUR 500 million) initiated in September[1] (-23 bps).

A cash dividend of 39.19 euro cents per share, equivalent to a payout of 60% of consolidated net income, has been proposed to the Annual General Meeting.

The organic change in the year was +203 basis points, -146 basis points caused by the proposal of dividends charged to this year and Additional Tier 1 coupon payment, and -24 basis points by the performance of the markets and other factors. The impact of IFRS 9 phase in was +2 basis points at 31 December 2023.

The internal CET1 target ratio is set between 11.5% and 12% (without considering the IFRS 9 transitional adjustments), which implies a margin of between 300 and 350 basis points in relation to the SREP requirements.

The **Tier 1** ratio stands at 14.4%. After year-end, in January 2024, a new AT1 issue for €750 million was completed and €605 million from a previous AT1 issue were repurchased.

The **Total Capital** ratio stands at 17.1%.

The leverage ratio stands at 5.8%.

As for the MREL requirement, in March 2023 the Bank of Spain communicated to CaixaBank the Total and Subordinated minimum MREL requirements that it must meet at consolidated level:

	% Requirement for RWAs (including current RBC)		% requirement for LRE	
	2022	2024	2022	2024
Total MREL	22.43 %	24.31 %	6.09 %	6.19%
Subordinated MREL	16.60 %	18.47 %	6.09 %	6.19%

On 31 December, the **subordinated MREL** ratio reached 23.2% and the **total MREL** ratio 26.8%.

On the other hand, **CaixaBank is subject to minimum capital requirements** based individual. For this perimeter, the CET 1 ratio reaches 12.1%, the Tier 1 ratio reaches 14.2% and Total Capital 17.1%.

The CaixaBank Group's capital requirements at December 2023 are set at 8.53% for CET1, 10.34% for Tier 1 and 12.75% for Total Capital.

The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and the interests of holders of Additional Tier 1 capital securities. At 31 December 2023, CaixaBank has a margin of 387 basis points, equating to €8,837 million, until the Group's MDA trigger.

The information on the CaixaBank Group's capital adequacy and capital ratios required by the regulations in force in 2023 is detailed in Note 4 to the accompanying Financial Statements.

[1] On 3 January 2024, CaixaBank reached the maximum planned investment with the acquisition of a total of 129,404,256 treasury shares, representing 1.72% of the share capital. As at 31 December 2023, CaixaBank has acquired 127,963,079 shares for €494,505,534, equivalent to 98.9% of the maximum monetary amount.

SHAREHOLDER REMUNERATION

On 12 April 2023, **the company paid its shareholders an ordinary dividend of €0.2306 per share** charged to the profits from 2022, as approved by the CaixaBank Ordinary General Shareholders' Meeting held on 31 March. This total dividend distribution amounted to €1,730 million and is equivalent to 55%,of the consolidated net profit of 2022. In addition, a share buy-back programme was completed between May and December 2022 for an amount of €1.8 billion. Furthermore, the Board of Directors agreed in September 2023 to approve and **commence a programme to buy back treasury shares (SBB)** for a maximum monetary amount of EUR 500 million with the aim of reducing the share capital by means of their redemption. On 3 January 2024, the abovementioned maximum investment was reached following the acquisition of 129,404,256 treasury shares for redemption (to be submitted for approval at the 2024 Annual General Meeting), representing 1.72% of share capital[2].

After receiving the regulatory approval, the Board also agreed on September to approve and **initiate an open-market *share buy-back programme* for a maximum amount of €500 million**, with the aim of reducing the share capital by means of their redemption (See Other Relevant Information of 18,September 2023). On 3 January 2024, CaixaBank reached the maximum planned investment with the acquisition of a total of 129,404,256 treasury shares, representing 1.72% of the share capital. In order to comply with the Programme's purpose, the reduction of CaixaBank, S.A.’ s share capital by €500 million, through the redemption of the 129,404,256 treasury shares acquired, is to be submitted for approval at the Annual General Meeting to be held in 2024.

The Board of Directors has agreed, on 1 February 2024, to propose the distribution of a cash dividend of 0.39191 euros, gross, per share to the Ordinary Annual General Meeting, to be convened in February 2023, to be paid out of 2023 profits, which represents a payout of 60%, during the month of April 2024. In the same meeting, the Board of Directors approved the dividend plan for 2024, which consists of a cash distribution of between 50% and 60% of consolidated net profit, to be paid in two cash payments: an interim dividend to be paid during November 2024, amounting to between 30% and 40% of the consolidated net profit for the first half of 2024; and a final dividend to be paid in April 2025, subject to final approval by the General Meeting of Shareholders.

Additionally, it is also CaixaBank's intention, after obtaining the relevant regulatory approval, to implement a new share buyback during the first half of 2024, aimed at bringing the CET1 surplus close to 12% at the end of 2023. Specific details of the share buy-back, including the maximum investment, will be disclosed once the regulatory approval is obtained.

1 The DPS of gross €0.3919 per share is the quotient between: (i) 60% of the consolidated net profit 2023 (payout that the Board of Directors will propose to the Annual General Meeting) and (ii) the total number of shares less the number of shares bought back within the share buy-back program initiated in September 2023.

6. Non-financial information

The non-financial information related to CaixaBank, S.A. is detailed in point 11: Statement of Non-Financial Information, from the Consolidated Management Report of the CaixaBank Group.

The most significant events of 2023 at CaixaBank, S.A. in the following areas are set out below and expanded upon in the point previously mentioned.

__Customer Experience

- CaixaBank named the **Best Bank in Spain 2023** for the third consecutive year by Euromoney.
- CaixaBank **ranked as Best Bank in Spain and Western Europe 2023** by Global Finance magazine.
- **Best Private Bank For Digital Marketing & Communication In Europe 2023** by the British magazine PWM (Financial Times Group) and **Best Private Bank Spain 2023** at Euromoney's Global Private Banking Awards.
- CaixaBank wins the **Seres Award with the 'Senior Commitment Program'** and is consolidates as a leading entity in improving care for the elderly.

__Innovation and digitisation

- CaixaBank **Best Digital Bank in Western Europe 2023 and Best Bank in Digital Solutions in Spain 2023** by Euromoney.
- CaixaBank **Best Mobile App for Digital Retail Banking in Spain 2023 and Best Digital Retail Banking Bank in Spain 2023** by Global Finance magazine.

__People management

- CaixaBank has been ranked **third in the Bloomberg Gender Equality Index.**
- CaixaBank has been named the **Top Employer Spain 2024.**
- CaixaBank has been awarded the **Healthy Organisation** certification by AENOR in 2023.
- In 2023, it was the first Spanish company to obtain the AENOR seal certifying the **excellence of the Mentoring Process**.
- CaixaBank is awarded the 5th **Manuel Olivencia Prize for Good Corporate Governance**, which recognises the best governance practices of listed companies in Spain.

__Sustainability

- CaixaBank named **Leading ESG Lender in the World 2023** and **Leading Bank in Supporting Society in Western Europe 2023** in the Sustainable Finance Awards 2023 of Global Finance magazine's.
- **Best Sustainability Bank in Spain 2023** by Euromoney.
- Publication of the 2030 decarbonization objectives of two new sectors: **Automotive and Iron and steel.**
- CaixaBank, leader in the **2023 EMEA Sustainable Finance Loan - Top Tier** by Refinitiv.
- CaixaBank issues **its fifth social bond** in 2023 for an amount of 1 billion euros.
- **CaixaBank ranks as one of the most sustainable banks in the world according to Dow Jones Sustainability Index.**

  CaixaBank awarded for its "**carbon footprint calculator for individuals**" as an innovative project as part of Global Finance's 'Sustainability' 2023 category.
- First Spanish bank to voluntarily undergo **Sustainable Fitch's solicited ESG assessment.**

Glossary – Financial information

In addition to the financial information prepared in accordance with International Financial Reporting Standards (IFRSs), this document includes certain Alternative Performance Measures (APMs) as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 30 June 2015 (ESMA/2015/1057) (the "ESMA Guidelines"). CaixaBank uses certain APMs, which have not been audited, for a better understanding of the Group's financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRSs. Moreover, the way the Group defines and calculates these measures may differ to the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In accordance with these guidelines, following is a list of the APMs used, along with a reconciliation between certain management indicators and the indicators presented in the consolidated financial statements prepared under IFRS. Figures are presented in millions of euros unless the use of another unit is stated explicitly.

___Profitability and efficiency

Customer spread: this is the difference between: (i) average rate of return on loans (obtained as a quotient between the income from loans and advances and the net average balance of loans and advances for the period, and; (ii) average rate for retail customer funds (annualised quarterly cost of retail customer funds divided by the average balance of those same retail customer funds for the quarter, excluding subordinated liabilities that can be classified as retail). Allows the Group to track the spread between interest income and costs for customers.

N.B.: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month.

Balance sheet spread: this is the difference between: (i) average rate of return on assets (calculated from the interest income divided by the total average assets for the period) and; (ii) average cost of funds (interest expenses divided by total average funds for the period). Allows the Group to track the spread between interest income and cost for its on-balance sheet assets and liabilities.

N.B.: The average balances of the analysed period are calculated on the basis of the daily closing balances of said period, except in the case of some subsidiaries, for which the average balances are calculated as the arithmetic average of the closing balances of each month.

ROE: ratio of profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon, recorded in shareholder equity) to shareholder equity plus average valuation adjustments over the last 12 months (calculated as the average value of average monthly balances). Allows the Group to monitor the return on its shareholder equity.

ROTE: quotient between: (i) profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) and; (ii) twelve-month average shareholder equity plus valuation adjustments (calculated as the average value of the monthly average balances) deducting intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet). Metric used to measure the return on a company's tangible equity.

ROA: the net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total assets for the last 12 months (calculated as the average value of the daily balances of the analysed period). Measures the level of return relative to assets.

RORWA: the net profit (adjusted by the amount of the Additional Tier 1 coupon reported in shareholder equity) divided by average total risk-weighted assets for the last 12 months (calculated as the average value of the quarterly average balances). Measures the return based on risk weighted assets.

Cost-to-income ratio: ratio of operating expenses (administrative expenses and depreciation and amortisation) to gross income (or core income for the core cost-to-income ratio), for the last 12 months. Metric widely used in the banking sector to compare the cost to income generated.

__Risk management

Cost of risk (CoR): ratio of total loan-loss provisions (12 months) to the average gross balance of loans and advances to customers and contingent liabilities, with management criteria (calculated as the average value of the closing balances for each month of the period). Metric used to monitor allowances for insolvency risk on the lending portfolio.

Non-performing loan ratio: quotient between (i) the non-performing loans and advances to customers and contingent liabilities, using management criteria; and (ii) the total gross loans to customers and contingent liabilities, using management criteria. Metric used to monitor and track the change in the quality of the loan portfolio.

Coverage ratio: quotient between (i) the total credit loss provisions for loans to customers and contingent liabilities, using management criteria; and (ii) non-performing loans and advances to customers and contingent liabilities, using management criteria. Metric used to monitor NPL coverage via provisions.

Real estate available for sale coverage ratio: quotient between (i) the gross debt cancelled at the foreclosure or surrender of the real estate asset minus the present net book value of the real estate asset; and (ii) the gross debt cancelled at the foreclosure or surrender of the real estate asset. Reflects the coverage level via write-downs and accounting provisions on foreclosed real estate assets available for sale.

Real estate available for sale coverage ratio with accounting provisions: quotient between (i) accounting coverage (charges to provisions of foreclosed assets); and (ii) the the gross book value of the foreclosed asset (sum of net carrying amount and the accounting provision). Ratio used as an indicator of accounting provisions covering foreclosed real estate assets available for sale.

__Liquidity

Total liquid assets: sum of HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA). Indicator that shows the Entity's liquidity position.

Loan-to-deposits: quotient between (i) net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions); and (ii) customer deposits. Metric showing the retail funding structure (allows us to value the proportion of retail lending being funded by customer funds).

__Other relevant indicators

Market capitalisation: share price multiplied by the number of outstanding shares minus the number of treasury shares held at the end of the period.

__Adjustment of the layout of the statement of profit or loss to management format

Net fee and commission income. Includes the following line items:

- Fee and commission income.
- Fee and commission expenses

Trading income. Includes the following line items:

- Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss (net).
- Gains/(losses) on financial assets and liabilities held for trading, net.
- Gains/(losses) from hedge accounting, net.
- Exchange differences (net).

Administrative expenses, depreciation and amortisation. Includes the following line items:

- Administrative expenses.
- Depreciation and amortisation.

Pre-impairment income.

- (+) Gross income.
- (-) Operating expenses.

Impairment losses on financial assets and other provisions. Includes the following line items:

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss or gains/(losses) on adjustments.
- Provisions/(reversal) of provisions.

Of which: ***Allowances for insolvency risk.***

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss corresponding to Loans and advances to customers, using management criteria.
- Provisions/(reversal) of provisions corresponding to Provisions for contingent liabilities, using management criteria.

Of which: ***Other charges to provisions.***

- Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss, excluding balances corresponding to Loans and advances to customers, using management criteria.

• Provisions/(reversal) of provisions, excluding provisions corresponding to contingent liabilities using management criteria.

Gains/(losses) on derecognition of assets and others. Includes the following line items:

• Impairment or reversal of impairment on investments in joint ventures or associates.
• Impairment or reversal of impairment on non-financial assets.
• Gains/(losses) on derecognition of non-financial assets and investments, net.
• Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net).

__Reconciliation of activity indicators using management criteria

Loans and advances to customers, gross

€ million	**December 2023**
Financial assets at amortised cost - Customers (Public Balance Sheet)	344,384
Reverse repurchase agreements (public and private sector)	—
Clearing houses and sureties provided in cash	(1,584)
Financial assets not designated for trading compulsorily measured at fair value through profit or loss- Loans and advances (Public Balance Sheet)	—
Fixed income bonds considered retail financing (Financial assets at amortised cost - Public debt securities, Balance Sheet)	4,186
Fixed income bonds considered retail financing (reinsurance contract assets on the public Balance Sheet)	33
Provisions for insolvency risk	7,339
Loans and advances to customers (gross) using management criteria	354,098

Customer funds

€ million	**December 2023**
Financial liabilities at amortised cost - Customer deposits (Public balance sheet)	397,499
Non-retail financial liabilities (registered under Financial liabilities at amortised cost - Customer deposits)	(10,148)
Multi-issuer covered bonds and subordinated deposits	(4,043)
Counterparties and other	(6,105)
Retail financial liabilities (registered under Financial liabilities at amortised cost - Debt securities)	1,433
Retail issues and other	1,433
Liabilities under insurance contracts, using management criteria	74,538
Total on-balance sheet customer funds	463,323
Assets under management	160,827
Other accounts[1]	6,179
Total customer funds	630,330

1. It mainly includes transitional funds associated with transfers and collection activity.

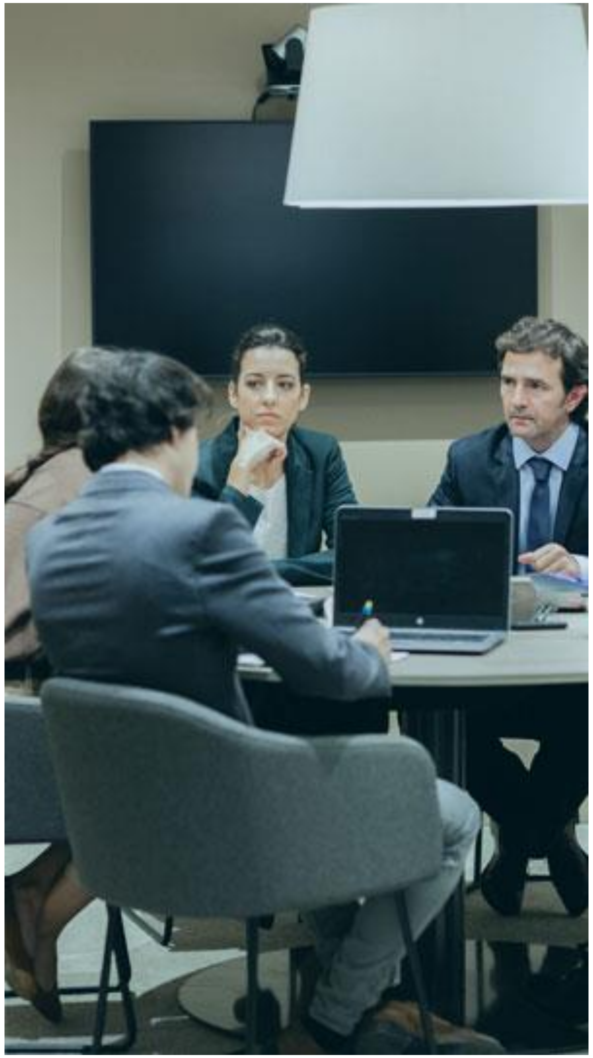
CaixaBank

2023

Annual Corporate Governance Report

The following document is the Annual Corporate Governance Report (hereinafter, ACGR) of Caixabank, S.A. (hereinafter, CaixaBank or the Company) for the 2023 financial year, and it comprises the chapter on "Corporate Governance" in the ***Consolidated Group Management Report****, alongside sections F (ICFR) and G (Extent of compliance with corporate governance recommendations), the Reconciliation table and the "Statistical appendix to the ACGR" presented below.*

The ACGR, in its consolidated version, is available on the corporate website of CaixaBank (www.caixabank.com) and on the website of the CNMV. The information contained in the Annual Corporate Governance Report refers to the financial year ending on 31 December 2023. Abbreviations are used throughout the document to refer to the company names of various entities: FBLC ("La Caixa" Banking Foundation), Criteria Caixa (Criteria Caixa, S.A.U.); FROB (Fund for Orderly Bank Restructuring); BFA (BFA Tenedora de Acciones, S.A.); as well as CaixaBank governing bodies: the Board (Board of Directors) or the AGM (Annual General Meeting).



Corporate Governance

Sound corporate governance enables companies to maintain an efficient and methodical decision-making process,

because it incorporates clarity in the allocation of roles and responsibilities while promoting proper risk management and efficient internal control, which enhances transparency and limits the appearance of potential conflicts of interest.

All of this drives excellence in management that results in greater value for the company and therefore for its *stakeholders*.

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 regarding the corporate governance of the Company is supplemented by the Annual Director Remuneration Report (ADRR), which is prepared and submitted to a non-binding vote at the Annual General Meeting.

Once approved by the Board of Directors and published on the CNMV website, the ADRR and this ACGR report are available on the CaixaBank corporate website (www.caixabank.com).

CaixaBank's Corporate Governance Policy is based on the Company's corporate values and also on good practices for governance, particularly the recommendations in the Good Governance Code of Listed Companies approved by the CNMV in 2015 and revised in 2020. This policy establishes the action principles that will regulate the Company's corporate governance, and its text was reviewed in December 2021.

> CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

01. Competencies and self-organisation
→ in a efficient manner

02. Diversity and balance
→ in the composition of the Board of Directors

03. Professionalism for proper compliance
→ with the duties of members of the Board of Directors

04. Balanced remuneration
→ aimed at attracting and retaining the appropriate profile of members of the Board of Directors

05. Commitment
→ commitment to ethical and sustainable action

06. Protection and promotion
→ of shareholder rights

07. Prevention, identification and proper handling of conflicts of interest
→ in particular with regard to operations with related parties, considering intragroup relations

08. Regulatory compliance
→ regulations as the guiding principle for all people who form part of CaixaBank

09. Achievement of the social interest
→ through the acceptance and updating of good governance practices

10. Transparent information
→ covering both financial and non-financial activity

Best Corporate Governance practices (G)

Of the 64 Recommendations in the Good Governance Code (excluding one non-applicable recommendation), CaixaBank is fully compliant with 59 and partially compliant with 4. The following list contains the recommendations with which CaixaBank is partially compliant, and the reason:

> CAIXABANK IS PARTIALLY COMPLIANT WITH THE FOLLOWING RECOMMENDATIONS:

RECOMMENDATION 5

Given that the General Shareholders' Meeting on 14 May 2021 approved a resolution delegating to the Board of Directors the power to issue bonds convertible into shares that allow or are intended to meet regulatory requirements for their eligibility as additional Tier 1 regulatory capital instruments, with the power to exclude pre-emptive subscription rights, subjecting the capital increases that the Board of Directors may approve under this authorisation to the limitation of 50% of the capital at the time of authorisation and not 20%, the latter being the general limit applicable to listed companies.

Law 5/2021, in force since 3 May 2021, imposed a general prohibition for the General Shareholders' Meeting of all listed companies from delegating to the Board the power to increase the share capital, excluding pre-emptive subscription rights, by an amount exceeding 20% of the share capital, as well as the power to issue convertible bonds excluding pre-emptive subscription rights, so that the maximum number of shares into which the bonds may be converted, added to the number of shares issued by the directors under the delegation to increase capital, does not exceed 20% of the share capital.

Without prejudice to the foregoing, in the case of credit institutions, as is the case of CaixaBank, the Law provides for the possibility of not applying this 20% limit to convertible bond issues made by credit institutions, provided that these issues comply with the requirements of Regulation (EU) 575/2013, which is expressly stated in the resolution of the General Shareholders' Meeting of 14 May 2021, with the limit of 50% of share capital being applicable at the time of authorisation.

Pursuant to the delegation of authority granted to it by the Annual General Meeting of Shareholders held on 14 May 2021, the Board of Directors approved, on 29 July 2021, the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding preemptive subscription rights, the definitive terms being fixed on 2 September 2021, as published in a privileged information communication of the same date.

In addition, on 16 February 2023, the Board of Directors approved the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights, the definitive terms being fixed on 1 March 2023, as published in a communication from OIR on the same date.

On 3 January 2024, CaixaBank reported the approval of an issue of preferential shares, eventually convertible into new issue shares (Additional Tier 1) worth EUR 750 million, with the pre-emptive subscription right disapplied. The preference shares are perpetual, although they may be redeemed under specific circumstances at the option of CaixaBank and, in all cases, are convertible into ordinary newly-issued shares of the entity if CaixaBank or the CaixaBank Group has a Common Equity Tier 1 ratio (CET1), of less than 5.125%, calculated in accordance with European Regulation 575/2013 of 26 June of the European Parliament and Council, on prudential requirements of credit institutions and investment firms. The issuance was aimed exclusively at professional investors and eligible counterparties, and retailers were expressly excluded.

RECOMMENDATION 10

Because the regulations of CaixaBank's Annual General Meeting provide for a different voting system depending on whether resolutions are proposed by the Board of Directors or by shareholders. This is to avoid counting difficulties in respect of shareholders who are absent before the vote and to resolve new proposals dealing with resolutions that contradict the proposals submitted by the Board, ensuring in all cases the transparency of counting and the proper recording of votes.

RECOMMENDATION 27

Because the proxies for voting at the headquarters of the Board, when applicable, in cases when attendance in not possible, may be carried out with or without specific instructions at the discretion of each director. The freedom to appoint proxies with or without specific instructions is considered a good Corporate Governance practice by the Company and, specifically, the absence of instructions is seen to facilitate the proxy's ability to adapt to the content of the debate.

RECOMMENDATION 64

Payments for termination or expiry of the Chairman's and CEO's contracts, including severance pay in the event of termination or expiry of the relationship in certain cases and the post-contractual non-competition agreement, do not exceed the amount equivalent to two years of the total annual remuneration for each of them. In addition, CaixaBank has recognised a social security supplement for the CEO to cover retirement, death and permanent total, absolute or severe disability, and for the Chairman to cover death and permanent total, absolute or severe disability.

In the case of the commitment to cover the retirement contingency, this is a system established under a defined contribution plan, for which the annual contributions to be made are fixed in advance. Under this commitment, the CEO has recognised the right to receive a retirement benefit upon reaching the legally established age, which will be the result of the sum of the contributions made by CaixaBank and their corresponding returns up to that date, provided that he/she is not terminated for just cause, and without prejudice to the applicable treatment of discretionary pension benefits in accordance with the remuneration regulations applicable to credit institutions. With the termination of the CEO's contract, the contributions would be consolidated (except in the event of termination for just cause attributable to the CEO) but in no case is there any provision for the possibility of receiving an early retirement benefit, since its accrual and payment would occur only on the occasion and at the time of retirement (or the occurrence of the other contingencies covered) and not on the occasion of the termination of the contract. The nature of these savings systems is not to indemnify or compensate for the loss of rights to the assumption of non-competition obligations, as they are configured as a savings system that is endowed over time with periodic contributions and which form part of the fixed components of the usual remuneration package of the Executive Directors; unlike indemnities or compensations for not competing, it grows over time and is not set in absolute terms.

Therefore, the institution would only be in breach of recommendation 64 if the mere consolidation of savings scheme entitlements, without actual accrual or payment at the time of termination, were to be included in the concept of termination payments or termination of contract payments as defined therein.

Recommendation 2 is not deemed to be applicable *as CaixaBank is not a company controlled by another entity, listed or otherwise, in the sense of Article 42 of the Commercial Code.*

Changes in the composition of the Board and its committees in the 2023 financial year

The Ordinary General Shareholders' Meeting held on 31 March 2023 approved the re-election of Gonzalo Gortázar (executive director), María Amparo Moraleda (independent director) and Cristina Garmendia (independent director) as members of the Board of Directors, as well as the appointment of Peter Löscher as a new member of the Board of Directors as an independent director, to fill the vacancy created by the resignation of John S. Reed.

Following the Ordinary General Shareholders' Meeting, the Board of Directors agreed to appoint Gonzalo Gortázar as Chief Executive Officer with all the powers that may be delegated by law and the Articles of Association. In addition, Eduardo Javier Sanchiz was appointed as Lead Independent Director , as agreed by the Board of Directors on 22 December 2022, following the resignation of John S. Reed.

Likewise, the Board of Directors, on the same date and following the above appointment resolutions, agreed to reorganise the composition of the Board Committees.

As regards the **Executive Committee**, the Board agreed to incorporate Eduardo Javier Sanchiz (independent director) as a new member of the Committee, replacing María Verónica Fisas, who ceased to be a member of the Executive Committee. In addition, it was agreed to appoint Gonzalo Gortázar and María Amparo Moraleda again as members of the Committee, after being re-elected as directors by the General Meeting.

As regards the **Appointments and Sustainability Committee**, the Board also agreed to re-appoint María Amparo Moraleda as a member of the Committee, following her re-election as an independent director by the General Shareholders' Meeting. For their part, the members of the Commission agreed to appoint María Amparo Moraleda as Chairwoman of the Committee.

As for the **Audit and Control Committee**, according to an agreement by the Board, Koro Usarraga ceased to be a member of the Committee, which led to a reduction in one of the total number of members of the Committee. In addition, the Board agreed to re-appoint Cristina Garmendia as a member of the Committee, following her re-election as independent director by the General Shareholders' Meeting. For their part, the members of the Committee agreed to appoint Eduardo Javier Sanchiz (independent director) as its Chairman.

As regards the **Risk Committee**, the Board resolved that Eduardo Javier Sanchiz would no longer be a member of the Risk Committee, reducing the total number of members by one. For their part, the members of the Committee agreed to appoint Koro Usarraga (independent director) as Chairwoman.

As regards the **Remuneration Committee**, the Board agreed to the incorporation of Eva Castillo and Koro Usarraga, both independent directors, as well as the non-renewal of María Amparo Moraleda as a member. These changes represented an increase in one Committee member. In addition, the Board agreed to re-appoint Cristina Garmendia as a member of the Committee, following her re-election as independent director by the General Shareholders' Meeting. For their part, the members of the Committee agreed to appoint Eva Castillo (independent director) as Chair.

Finally, as regards the **Innovation, Technology and Digital Transformation Committee**, the Board agreed to incorporate Francisco Javier Campo (independent director) as a member, increasing the number of members of the Committee by one. In addition, the Board agreed to re-appoint Gonzalo Gortázar, María Amparo Moraleda and Cristina Garmendia as members of the Committee, following their re-election as directors by the General Shareholders' Meeting.

On 15 May, following verification of his suitability by the European Central Bank, Peter Löscher accepted his appointment as a director, as well as his appointment as a member of the Appointments and Sustainability Committee and the Innovation, Technology and Digital Transformation Committee.

In 2023, progress was made on the path of excellence in Corporate Governance.

Corporate Governance Progress in 2023

In addition to what is explained in the previous section on the re-election of three directors and the appointment of a new director, as well as various changes to the Committees and the change of the Lead Independent Director (which took effect after the 2023 AGM), it should be noted that the Board of Directors had established an improvement plan for the 2023 financial year, the result of the evaluation exercise carried out in 2022 with the assistance and collaboration of Korn Ferry, as external advisor, relating to the functioning of the Board itself and its Committees, as well as time distribution issues to increase attention to the monitoring of significant investments and also to the governance of the CaixaBank Group's most relevant subsidiaries and, in order to keep Board members permanently updated, to carry out training actions. In this regard, and in relation to these opportunities for improvement, during the 2023 financial year, the established objectives were met once again and solid progress was made on the path to excellence in Corporate Governance, consolidating the strengths of transparent, efficient and coherent governance aligned with the objectives of the company's Strategic Plan.

Firstly, as regards the functioning of the Board of Directors and the Board Committees, in view of the favourable progress achieved in recent years, the company considers it important to maintain and consolidate the excellent standard achieved with regard to the dynamics of meetings, in terms of their duration and the distribution of time according to the subject matter of the various items on the agenda.

The right balance between operational and strategic issues for good monitoring of investments and key subsidiaries.

In this regard, efforts have been made to increase and consolidate the levels of technical rigour and anticipation of the information and documentation provided to the Board members, in addition to introducing improvements in IT tools at the service of the Board members. On the other hand, and with regard to the frequency, duration, distribution of time and dynamics followed in Board meetings, the company has consolidated the practices of promoting debate, frequency and dynamics of programming and attendance at Board meetings and its Committees.

Secondly, as regards aspects related to the composition of the Board and its Committees, as indicated above, the Board agreed to appoint a new independent director and the Lead independent director has thus changed. With regard to the Board Committees, it was considered advisable to strengthen the composition of the Innovation, Technology and Digital Transformation Committee, and therefore it was agreed on 31 March 2023 to amend the Board Regulations to increase the maximum number of members of this Committee from six (6) to seven (7), in order to adequately address the workload and carry out the functions envisaged.

In terms of succession planning, a greater level of transparency has been provided on the process for establishing the Chairman and CEO Succession Plan, as well as greater detail regarding the process,

candidate "pool" and opportunities for exposure and visibility in relation to the Succession Plan of the members of the Management Committee.

Likewise, it has been consolidated as a good governance practice to establish at the beginning of the financial year the calendar and planning of the meetings of the different governing bodies and to monitor the annual planning, the monitoring of mandates and requests for information, as well as the monitoring of agreements and decisions adopted by the governing bodies. On the other hand, and in order to strengthen and enhance the knowledge of the Board of Directors as a whole, as well as the specific knowledge of the Committees, a training plan has been developed throughout the year dedicated to the analysis of various topics such as different business areas, economic-financial information, sustainability, digital currencies and digital euro, relevant aspects of regulation, innovation and cybersecurity, among others. In addition, Directors receive up-to-date information on economic and financial developments on a recurring basis.

Finally, in line with best corporate governance practices, two meetings of the Lead Independent Director were held without the presence of the executive directors.

Challenges for 2024

In 2023, a self-assessment exercise has been carried out internally as in the previous year, with the Board assisted by Korn Ferry's external consultant.

After carrying out this self-assessment exercise and examining the results obtained and its conclusions, also taking into account the activity reports of the Board Committees (the reports of all the Committees are published for the first time on the corporate website, as an exercise of greater transparency and good practice in the entity's corporate governance), the Board has concluded that, in general terms, its functioning and composition have been adequate for the exercise and performance of its functions, in particular for the correct management of the company that the governing body has carried out.

In short, the Board has favourably assessed the quality and efficiency of its functioning and that of its Committees during the 2023 financial year.

Likewise, in order to continue improving the quality and efficiency of the functioning of the Board and its Committees, it has been agreed to address and implement some specific recommendations during the 2024 financial year.

As regards the functioning of the Board, improvements will continue to be made not only in the IT tools and resources available, but also in the anticipation of documentation as well as in the presentation of issues, such as the provision of executive summaries, with the aim of being able to devote as much time as possible at Board meetings to discussion and decision-making. Similarly, it was agreed to increase attention to the monitoring of significant investments, as well as to deepen the monitoring of the Information Systems Strategic Plan in order to give greater support to the Innovation, Technology and Digital Transformation Committee. Likewise, in order to keep the Board permanently updated, it was agreed to continue to carry out training activities for Board members during the year on various subjects, such as geostrategy.

Finally, with regard to Board committees, the aim is to continue to improve performance of their important functions of assisting the Board, improving the knowledge of members, especially in those committees of a more technical nature.

Ownership

Share capital (A.1 + A.11 + A.14)

At the close of the financial year, the share capital of CaixaBank was 7,502,131,619 euros, represented by 7,502,131,619 shares each with a face value of 1 euro, belonging to a single class and series, with identical political and economic rights, and represented through book entries. The shares into which the Company's share capital is divided are listed for trading on the Barcelona, Bilbao, Madrid and Valencia stock exchanges through the Automated Trading System (Continuous Market).

On 13 January 2023, CaixaBank's current share capital was registered in the Valencia Mercantile Registry as a result of the execution of the reduction of the Company's share capital agreed by the Board of Directors on 22 December 2022. The Company's By-laws do not contain the provision of shares with double loyalty voting.

As regards the issuance of securities not traded in a regulated EU market, thus, referring to non-participating or non-convertible securities, in 2021, CaixaBank performed

- a non-preference ordinary bond issue for 200 million Swiss francs (ISIN CH1112011593), which has been admitted to trading in the SIX Swiss market,
- in 2023, an issue of ordinary non-preferred bonds admitted to trading on the Irish unregulated market (GEM), for an amount of US$1,250 million (ISIN US12803RAA23 / USE2428RAA35),
- in 2023, an issue of ordinary non-preferred securities admitted to trading on the Irish unregulated market (GEM), for an amount of US$1 billion (ISIN US12803RAB06 / USE2428RAB18), and
- in 2023, an issue of ordinary non-preferred securities admitted to trading on the Irish unregulated market (GEM), in the amount of US$1 billion (ISIN US12803RAC88 / USE2428RAC90).

Also, of the issues of securities admitted to trading outside a regulated market in the EU that were incorporated into CaixaBank as a result of the merger by absorption of Bankia, at 31 December 2023 an issue of ordinary bonds for EUR 7.9 million (ISIN XS0147547177), admitted to trading on the unregulated market in Luxembourg, was still current.

Shareholder structure

Share tranches	Shareholders1	Shares	% of share capital
from 1 to 500	276,577	51.686.920	0.69
from 501 to 1,000	107,214	77.240.760	1.03
From 1,001 to 5,000	163,283	355.756.385	4.74
from 5,001 to 50,000	41,777	471.634.488	6.29
from 50,001 to 100,000	867	58.549.525	0.78
more than 100,0002	595	6.487.263.541	86.47
Total	590,313	7.502.131.619	100

[1] For shares held by investors trading through a custodian entity located outside of Spain, the custodian is considered to be the shareholder and appears as such in the corresponding book entry register.
[2] Includes treasury shares.

Significant shareholders (A.2)

In accordance with the CNMV definition, significant shareholders are those who hold voting rights representing at least 3% of the total voting rights of the issuer (or 1% if the shareholder is a resident of a tax haven). According to the information provided by "la Caixa" Banking Foundation (and its subsidiary Criteria Caixa, S.A.U.) and by FROB (and its subsidiary BFA, Tenedora de Acciones, S.A.) as of 31 December 2023 and the latest public communication from BlackRock to the CNMV on 4 May 2023, its holdings are as follows:

	% of voting rights attributed to the shares		% of voting rights through financial instruments		
Name or company name of the holder	Direct	Indirect	Direct	Indirect	% total voting rights
Black Rock, Inc.	0.000	4.448	0.000	0.546	4.994
"la Caixa" Banking Foundation	0.000	31.917	0.000	0.000	31.917
Criteria Caixa, S.A.U.	31.917	0.000	0.000	0.000	31.917
FROB	0.000	17.320	0.000	0.000	17.320
BFA Tenedora de Acciones, S.A.	17.320	0.000	0.000	0.000	17.320

Details of indirect holding

Details of direct and indirect owners of significant holdings at the end of the financial year, excluding directors with a significant shareholding:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to the shares	% of voting rights through financial	% total voting rights
Black Rock, Inc.	Other controlled entities belonging to the BlackRock, Inc Group.	4.448	0.546	4.994
"la Caixa" Banking Foundation	Criteria Caixa, S.A.U.	31.917	0.000	31.917
FROB	BFA, Tenedora de Acciones, S.A.	17.320	0.000	17.320

The most relevant changes with regard to significant shareholdings in the last financial year and notified to the CNMV are detailed below:

		Status of significant shareholding	
Date	Shareholder name	% previous share	% subsequent share
16/01/2023	BlackRock, Inc.	3.211	5.017
04/05/2023	BlackRock, Inc.	5.017	4.994

Shareholders' agreements (A.7 + A.4)

The Company is not aware of any concerted actions among its shareholders or shareholders' agreements, now any other type of relationship, whether of a family, commercial, contractual or corporate nature, among the significant shareholders.

Treasury shares (A.9 + A.10)

As at 31 December 2023, the Board has the 5-year authorisation granted at the AGM of 22 May 2020 to proceed with the derivative acquisition of treasury shares, directly and indirectly through its subsidiaries, under the following terms:

> The acquisition may be in the form of a trade, swap, dation in payment or any other form allowed by law, in one or more instalments, provided that the nominal amount of the shares acquired does not amount to more than 10% of the subscribed share capital when added to those already owned by the Company.

> When the acquisition is burdensome, the price shall be the price of Company shares on the Continuous Market at the close of the day prior to the acquisition, +/-15%.

Furthermore, the shares acquired by virtue of this authorisation may be subsequently disposed of or redeemed, or else extended to employees and directors of the Company or its group as part of the remuneration systems. In accordance with the provisions of the Internal Code of Conduct in matters relating to the securities market, CaixaBank share transactions must always be for legitimate purposes, such as contributing to the liquidity and regularising the trading of CaixaBank shares. Under no circumstances may the transactions aim to hinder the free process of formation of market prices or favour certain shareholders of CaixaBank. In this regard, the Board of Directors set the criteria for intervention in treasury shares on the basis of a new alerts system to define the margin of discretion of the inside area when managing treasury shares.

Number of shares held indirectly (*) through:	
Vida-Caixa, S.A. de Seguros y Reaseguros	281,192
Banco BPI, SA	425,609
Nuevo Micro Bank, S.A.U.	17,822
CaixaBank Payments & Consumer, E.F.C, E.P., S.A.	28,350
CaixaBank Wealth Management Luxembourg, S.A.	29,554
CaixaBank Facilities Management, S.A.	2,050
CaixaBank Operational Services, S.A.U.	2,626
Total	787,203

134.499.655

→ **Number of shares held directly**

1.80%

→ **% of total share capital**

787,203

→ **Number of shares held indirectly (*)**

Treasury share transactions are carried out in isolation in an area separate from other activities and protected by the appropriate firewalls so that no inside information is made available.

_Share Buyback Programme

Notwithstanding the foregoing and during the financial year 2023, CaixaBank approved and implemented a treasury share buyback programme (the "buyback programme" or the "Programme") in accordance with the milestones set out below:

On 28 July 2023, CaixaBank informed the market of its intention, subject to regulatory approval, to implement a share buy-back programme for EUR 500 million in order to distribute the CET1 surplus above 12%.

On 18 September 2023, following the relevant regulatory authorisation, CaixaBank announced that the Board of Directors had agreed to approve and initiate the "Buyback Programme" for a maximum amount of 500 million euros. The Buyback Programme has been carried out in accordance with Article 5 of Regulation (EU) No 596/2014 and Delegated Regulation (EU) 2016/1052 and has among others the following features:

> Purpose of the Buyback Programme: to reduce CaixaBank's share capital by redeeming the treasury shares acquired under the buy-back programme, with the reduction in share capital to be submitted for approval at the Ordinary General Shareholders' Meeting in 2024.,

> Maximum investment: the buy-back p'rogramme will have a maximum monetary amount of EUR 500 million.

> Maximum number of shares: the maximum number of shares to be acquired in the execution of the Programme will depend on the average price at which the purchases take place and, added to the treasury shares held by CaixaBank at any given time, will not exceed 10% of the bank's share capital (750,213,161 shares).

> Duration of the programme: The Programme shall have a maximum duration of 12 months from the date of the announcement. However, the Company reserves the right to terminate the Buy-back programme if the maximum monetary amount is reached beforehand or if circumstances so advise or require.

> Execution of the Programme: BofA Securities Europe S.A. has been designated as the Programme Manager.

It is worth mentioning that on 3 January 2024 CaixaBank informed the market that the maximum investment foreseen in the Buy-back Programme had been reached, i.e. 500 million euros, which means the acquisition of a total of 129,404,256 treasury shares, representing 1.72% of the share capital.

All acquisitions under the Buy-back Programme have been carried out and reported on a regular basis in accordance with Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "Market Abuse Regulation") and Commission Delegated Regulation (EU) 2016/1052 (the "Delegated Regulation"). As a result of the above, the Buy-back Programme had been completed.

As stated in the announcement of the start of the buy-back programme, the purpose of the programme was to reduce CaixaBank's share capital by redeeming the treasury shares acquired under the programme. To this end, the reduction of CaixaBank, S.A.'s share capital by 500 million euros, through the cancellation of the 129,404,256 treasury shares acquired, is to be submitted for approval at the Ordinary General Shareholders' Meeting in 2024. The approval and formalisation of the reduction of capital will be reported to the market in a timely manner.

On 2 February 2024, CaixaBank announced that it intends, subject to obtaining the relevant regulatory authorisation, to implement a new share buyback during the first half of 2024, with the aim of bringing the CET1 ratio to 12% by the end of 2023. Specific details of the share buy-back, including the maximum investment, will be disclosed once the regulatory approval is obtained.

Information on the acquisition and disposal of treasury shares held in treasury during the period is included in Note 25 "Equity" to the Consolidated Financial Statements.

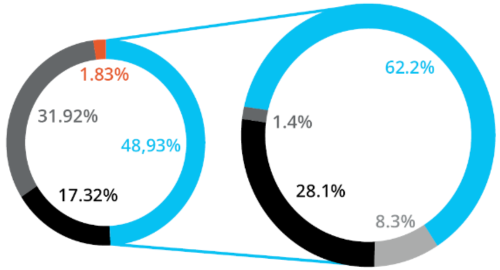
Regulatory working capital (A.11)

The CNMV defines “estimated working capital” as the part of share capital that is not in the possession of significant shareholders (according to information in previous section A.2) or members of the board of directors or that the company does not hold in treasury shares.

- 54.23% Significant Shareholders (total)
- 43.94% Regulatory Working Capital (CNMV criterion)
- 0.03% Board
- 1.80% Treasury shares

Available working capital

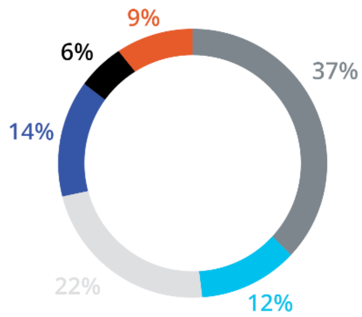
In order to specify the number of shares available for the public, a definition of "available working capital" is used that takes into account the issued shares minus the shares held in the treasury, shares owned by members of the Board of Directors and shares held by “la Caixa” Bankia Foundation and the FROB, and it differs from the regulatory calculation.



- Retail
- Employees
- International Institutional
- National Institutional

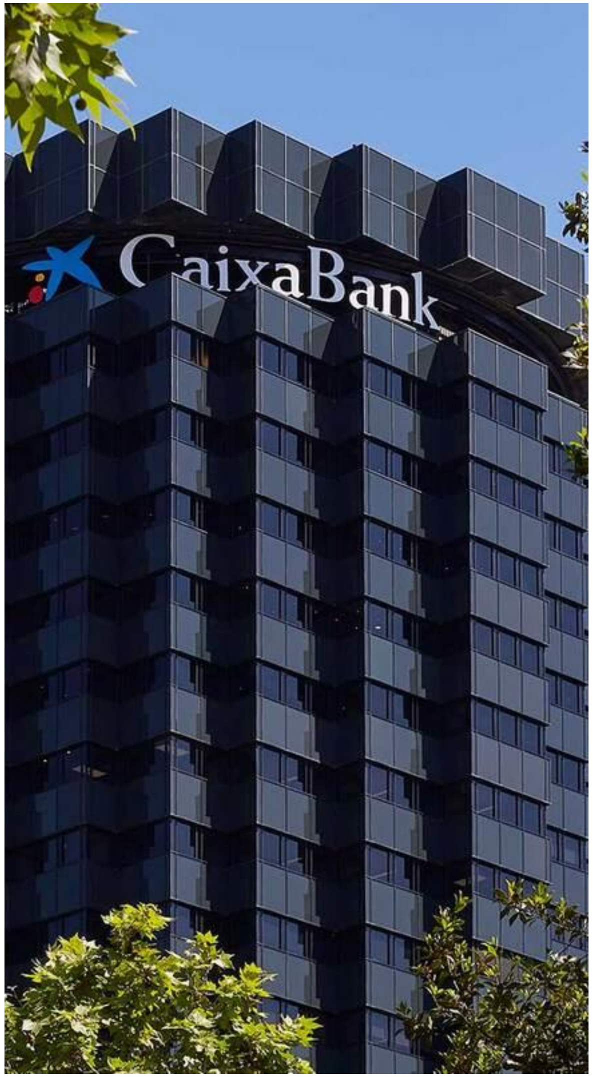
- FROB
- ”La Caixa” Foundation
- Treasury and Board
- Free Float

> GEOGRAPHICAL DISTRIBUTION OF INSTITUTIONAL INVESTORS



- USA and Canada
- Spain
- United Kingdom
- Rest of Europe
- Asia and rest of the world
- Not defined/foreign

→ 70.5% Institutional



Authorisation to increase capital (A.1)

At 31 December 2023, the Board holds the authorisation granted by the AGM on 22 May 2020 until May 2025 to increase capital on one or more occasions up to the maximum nominal amount of 2,991 million euros (50% of the share capital at the date of the proposal on 22 May 2020), under such terms as it deems appropriate. This authorisation may be used for the issue of new shares, with or without premium and with or without voting rights, for cash payments.

The Board is authorised to waive, in full or in part, the pre-emptive rights, in which case the capital increases will be limited, in general, to a total maximum amount of 1,196 million euros (20% of the share capital at the date of the proposal on 16 April 2020). As an exception, this limit does not apply to capital increases for the conversion of convertible bonds, which will be subject to the general limit of 50% of share capital. As a result of the authorisation granted by the AGM in May 2021, the Board is authorised to waive the pre-emptive rights without being subject to the aforementioned limit of 1,196 million euros if it decides to issue convertible securities for the purpose of meeting certain regulatory requirements. Along these lines, as of 3 May 2021, the Corporate Enterprises Act includes as a general obligation the 20% limitation for the exclusion of pre-emptive subscription rights in capital increases, as well as in the case of credit institutions the possibility of not applying this 20% (and only the general limit of 50%) to convertible bond issues made by credit institutions, provided that such issues comply with the requirements under Regulation (EU) 575/2013.

At the last General Shareholders' Meeting held on 8 April 2022, the reports of the Board of Directors and BDO Auditores S.L.P. were communicated and made available to the shareholders. (independent expert appointed by the Commercial Registry of Valencia) were communicated and made available to the shareholders for the purposes of the provisions of article 511 of Royal Legislative Decree 1/2010, of 2 July, regarding the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding the pre-emptive subscription right. This issue was approved by the Board of Directors on 29 July 2021 under the delegation of powers granted in its favour by the Ordinary General Shareholders' Meeting of 14 May 2021, the final terms being set on 2 September 2021, as published in a privileged information communication of the same date.

In addition, on 16 February 2023, the Board of Directors approved the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights, the definitive terms being fixed on 1 March 2023, as published in a communication from OIR on the same date.

CaixaBank holds the following bonds, as preference shares *(Additional Tier 1)* that may be convertible into new issue shares under certain terms and conditions without pre-emptive rights:

> BREAKDOWN OF PREFERENCE SHARE ISSUES[1]

€ millions

Issue date	Maturities	Nominal amount	Nominal interest rate2	Amount to be amortised 31-12-2023	Amount to be amortised 31-12-2022
June 2017 [1,3]	Perpetual	1,000	6.750%	1,000	1,000
March 2018[1]	Perpetual	1,250	5.250%	1,250	1,250
September 2018	Perpetual	500	6.375%	0	500
October 2020[1]	Perpetual	750	5.875%	750	750
September 2021[1]	Perpetual	750	3.625%	750	750
March 2023[1]	Perpetual	750	8.250%	750	0
PREFERENCE SHARES				4,500	4,250
Own securities purchased				0	0
Total				4,500	4,250

[1] They are perpetual additional tier 1 capital instruments, notwithstanding which they may be redeemed (partially or fully) in certain circumstances at CaixaBank's option (once at least five years have elapsed since their issue date according to the particular conditions of each one of them, and with the prior consent of the competent authority) and, in any case, they will be converted into newly issued ordinary shares of CaixaBank if CaixaBank or the CaixaBank Group has a Common Equity Tier 1 ordinary capital ratio (CET1) calculated in accordance with European Regulation 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("CRR"), of less than 5.125%. The conversion price of the preference shares shall be the highest of (i) the volume-weighted daily average price of CaixaBank's shares in the five trading days prior to the day the corresponding conversion is announced, (ii) the minimum conversion price specified for each issue, and (iii) the par value of CaixaBank's shares at the time of conversion.

[2] Payable quarterly.

[3] From this issue, a total of 605 million euros of nominal value was repurchased in January 2024 and subsequently redeemed. This buy-back was combined with an issuance on 16 January 2024 of preferential shares eventually convertible into newly-issue shares that qualify as Additional Tier 1 (AT1) capital for €750 million. The remuneration, which is discretionary and subject to certain conditions, was set at 7.5% per annum, payable quarterly.

Performance of stocks (A.1)

CaixaBank's share price closed 2023 at €3.726 per share, representing a revaluation **+1.5% in the year.**

Overall, **2023 leaves a very positive balance on the stock markets**, with most of the world's exchanges closing with gains and with the Chinese indices as the main - and almost exclusive - exception. Thus, the Ibex 35 and the Eurostoxx 50 advanced by +22.8% and +19.2% over the year, respectively, while the benchmark banking stocks performed even better than the general aggregates (+27.8% Ibex 35 Banks and +23.5% Eurostoxx Banks).

The year was marked by the sluggishness of the European economy and the resilience of the North American economy in a complex geopolitical context, with the prolongation of the war in Ukraine and the outbreak of new conflicts in the Middle East, as well as the decline in inflation rates throughout the year. The banking crises in the USA and Switzerland in the early stages of the year were contained and had a limited impact.

Following the sharp interest rate hikes, the main central banks ended 2023 by keeping interest rates stable and reorienting their monetary policy towards a strategy of maintaining them at sufficiently restrictive levels for a good period of time. In this context, and despite statements by various Fed and ECB officials seeking to contain expectations of rate cuts, there was a change of narrative in the financial markets, with renewed risk appetite and revaluations in both equities and bonds, spurred by good inflation data in both the US and Europe, a greater probability of a soft landing for the US economy, and the expectation of an earlier start to rate cuts.

> **CAIXABANK SHARE PERFORMANCE**
(WITH RESPECT TO SPANISH AND EUROPEAN BENCHMARK INDEXES)
(year-end 2022 BASE 100 and annual variations in %)

CaixaBank	Eurostoxx 50	IBEX 35	Eurostoxx Eurozone Banks
+ 1.5%	+ 19.2%	+ 22.8%	+ 23.5%

Action	December 2023	December 2022	Change
Share price (€/share)	3.726	3.672	0.054
Market capitalisation	27,450	25,870	1,580
Book value per share (€/share)	4.93	4.57	0.36
Tangible book value per share (€/share)	4.20	3.82	0.38
Net profit attrib. per share excl. merger impacts (€/share) (12 months)	0.64	0.37	0.27
PER (Price/Profit; multiple)	5.78	9.95	- 4,17
P/TBV tangible (Share price divided by tangible book value)	0.89	0.96	- 0,07

1 The financial information published for 2022 has been restated as per IFRS 17 / IFRS 9.

Shareholder rights

There are no legal or statutory restrictions on the exercise of shareholders' voting rights, which may be exercised either through physical or telematic attendance at the AGM, if certain conditions[1] are met, or prior to the AGM by remote means of communication. (B.6)

No changes to CaixaBank's Articles of Association were approved in 2023.

The Company's By-laws do not contain the provision of shares with double loyalty voting. In addition, there are no statutory restrictions on the transfer of shares, other than those established by law. (A.1 and A.12)

CaixaBank has not adopted any neutralisation measures (according to the definitions in the Securities Market Law) in the event of a takeover bid. (A.13)

On the other hand, there are legal provisions[2] that regulate the acquisition of significant shareholdings in credit institutions as banking is a regulated sector (the acquisition of shareholdings or significant influence is subject to regulatory approval or non-objection) without prejudice to those related to the obligation to formulate a public takeover bid for the shares to acquire control and for other similar operations.

Regarding the rules applicable to amendments to the Articles of Association, as well as the rules for shareholders' rights to amend them, CaixaBank's rules and regulations largely include the provisions of the Capital Companies Act. Likewise, as a credit institution, the amendment of the Articles of Association is subject to the authorisation and registration procedure established in Royal Decree 84/2015, of 13 February, which implements Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions. It should be mentioned that, in accordance with the regime envisaged in this rule, certain modifications (the change of registered office within the national territory, the increase of share capital or the textual incorporation of mandatory or prohibitive legal or regulatory precepts, or to comply with judicial or administrative resolutions, as well as those that the Banco de España has considered of little relevance in response to prior consultation) are not subject to the authorisation procedure, although they must in any case be notified to the Banco de España for registration in the Register of Credit Institutions. (B.3)

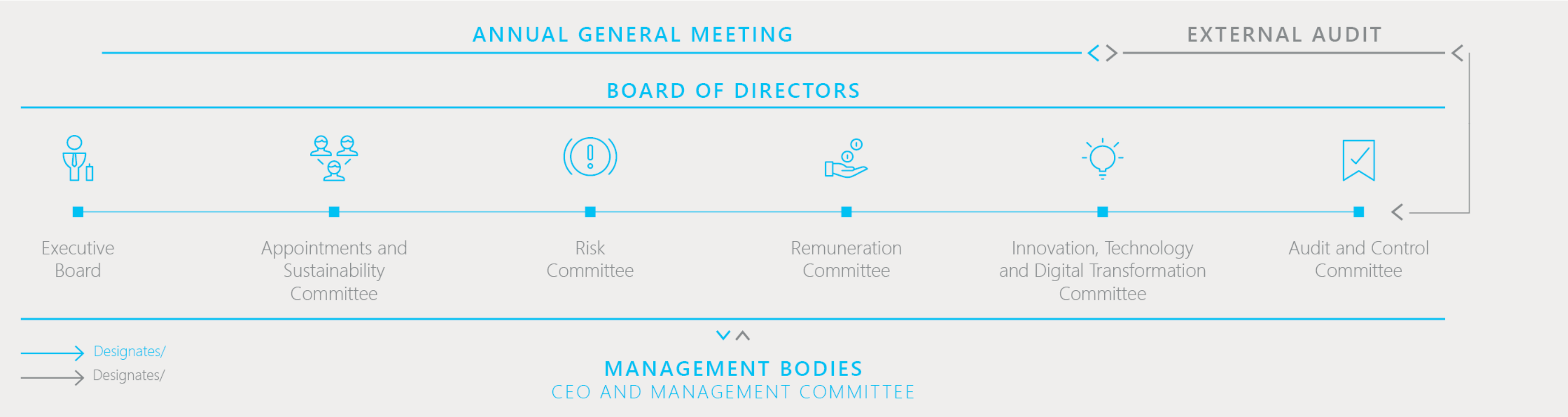
In relation to the right to information, the Company acts under the general principles of transparency and non-discrimination contained in current legislation and set out in internal regulations, especially in the Policy on communication and contact with shareholders, institutional investors and proxy shareholders, which is available on the corporate website. With regard to inside information, in general, this is made public immediately through the CNMV website and the corporate website, as well as any other channel deemed appropriate. Notwithstanding the foregoing, the Company's Investor Relations area carries out information and liaison activities with different stakeholders, always in accordance with the principles of the aforementioned Policy.

[1] Registration of ownership of shares in the relevant book-entry ledger, at least 5 days in advance of the date on which the General Meeting is to be held and ownership of at least 1,000 shares, individually or in a group with other shareholders.

[2] Regulation (EU) 1024/2013 of the Council, of 15 October 2013, conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions; Securities Market Law; and Act 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions (art. 16 to 23) and Royal Decree 84/2015, of 13 February, which implements it.

Management and Administration of the Company

At CaixaBank, the management and control functions in the Company are distributed among the Annual General Meeting, the Board of Directors, and its committees:



Annual General Meeting

The Annual General Meeting of CaixaBank is the ultimate representative and participatory body of the Company shareholders.

Accordingly, in order to facilitate the participation of shareholders in the General Shareholders' Meeting and the exercise of their rights, the Board will adopt such measures as appropriate so that the AGM may effectively perform its duties.

> ATTENDANCE AT GENERAL MEETINGS (B.4)

			Distance voting		
Date of general meeting	**Physically present**	**Present by proxy**	**Electronic means**	**Other**	**Total**
14/05/2021[2]	46.18%	26.94%	1.24%	1.07%	75.43%
Of which: Public float1	0.01%	23.96%	1.24%	1.07%	26.28%
8/04/2022[3]	46.87%	28.62%	0.25%	0.40%	76.14%
Of which: Public float1	0.70%	22.51%	0.25%	0.40%	23.86%
31/03/2023[4]	49.61%	25.22%	0.91%	0.82%	76.56%
Of which: Public float1	0.02%	20.82%	0.91%	0.82%	22.57%

[1] Approximate information given that significant foreign shareholders hold their stakes through nominees.
[2] The General Shareholders' Meeting of May 2021 was held in hybrid format (in person and electronically) and therefore figure for physical attendance corresponds to both in-person and remote participation by shareholders.
[3] The General Shareholders' Meeting of April 2022 was held in hybrid format (in person and electronically) and therefore figure for physical attendance corresponds to both in-person and remote participation by shareholders.
[4] The General Shareholders' Meeting of April 2023 was held in hybrid format (in person and electronically) and therefore figure for physical attendance corresponds to both in-person and remote participation by shareholders.

At the General Shareholders' Meeting in March 2023 all items on the agenda were approved (B.5):

> **GENERAL SHAREHOLDERS' MEETING OF 31 MARCH 2023**

76.56% of quorum
→ of total share capital

92.03%
→ average approval

	Resolutions of the General Shareholders' Meeting 31/03/2023	% votes issued in favour	% votes in favour out of
1	Individual and consolidated annual financial statements for 2022 and the respective management reports	99.86%	76.45%
2	Status of the consolidated non-financial statement for 2022	99.90%	76.49%
3	Management of the Board of Directors in 2022	99.79%	76.40%
4	Approval for the application of the 2022 financial results	99.85%	76.45%
5	Re-election of CaixaBank and consolidated group auditors for 2024	99.79%	76.40%
6.1	Re-election of the director Gonzalo Gortázar Rotaeche	99.44%	76.13%
6.2	Re-election of the director Cristina Garmendia Mendizábal	99.50%	76.18%
6.3	Re-election of the director María Amparo Moraleda Martínez	99.17%	75.93%
6.4	Appointment as Director of Peter Löscher	99.66%	76.30%
7	Modification of the remuneration policy of the Board of Directors	76.03%	58.21%
8	Setting of the Directors' remuneration	76.91%	58.88%
9	Issue of shares to executive directors as payment of the variable components of their remuneration	77.05%	58.99%
10	Maximum level of variable remuneration for employees whose professional activities have a significant impact on the risk profile	77.01%	58.93%
11	Authorisation and delegation of powers to interpret, rectify, supplement, execute, implement, convert to public instruments and register the resolutions	99.91%	76.49%
12	Advisory vote on the Annual Report on Remuneration of the members of the Board for the 2022 financial year	76.63%	58.67%
	Average	92.03%	

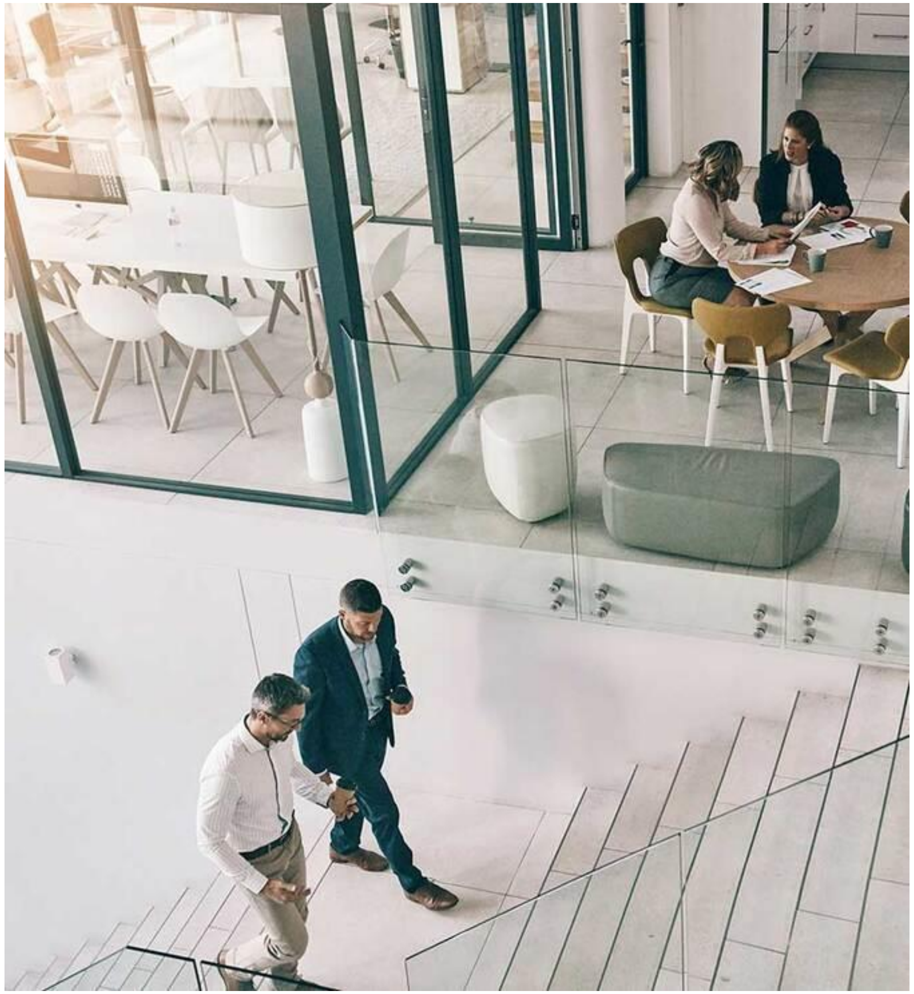
AGM date 31 March 2023. For further information about the results of the votes, go to: https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Gobierno_Corporativo/JGA/2023/Quorum_CAST_2023.pdf

There are no differences between the minimum quorum requirements for the constitution of the General Shareholder's Meeting, nor with respect to the regime for adopting corporate resolutions established by the Corporate Enterprises Act for General Shareholders' Meetings and those set by CaixaBank. (B.1, B.2).

It has not been established that the decisions that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions (other than those established by law) must be subject to the approval of the AGM. However, the Regulations of the General Meeting establishes that the AGM shall have the remit prescribed by applicable law and regulations at the Company. (B.7).

The corporate governance information is available on the corporate website of CaixaBank (www.caixabank.com) under "Shareholders and Investors – Corporate governance and remuneration policy"[1], including specific information on the general shareholders' meetings"[2]. Also, when an AGM is announced, a banner appears on the CaixaBank homepage with a direct link to the information regarding the meeting (B.8).

[1] https://www.caixabank.com/es/accionistas-inversores/gobierno-corporativo/consejo-administracion.html
[2] https://www.caixabank.com/es/accionistas-inversores/gobierno-corporativo/junta-general-accionistas.html



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 remit of the 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.

The maximum and minimum number of directors established in the Articles of Association is 22 and 12, respectively.(C.1.1)

The General Shareholders' Meeting of 22 May 2020 adopted the agreement to set the number of Board members at 15.

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, since 2021, 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 a Lead Independent 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 directors meet the requirements of honourability, experience and good governance in accordance with the applicable law at all times, considering, furthermore, recommendations and proposals for the composition of administrative bodies and profile of directors issued by authorities and national or community experts.

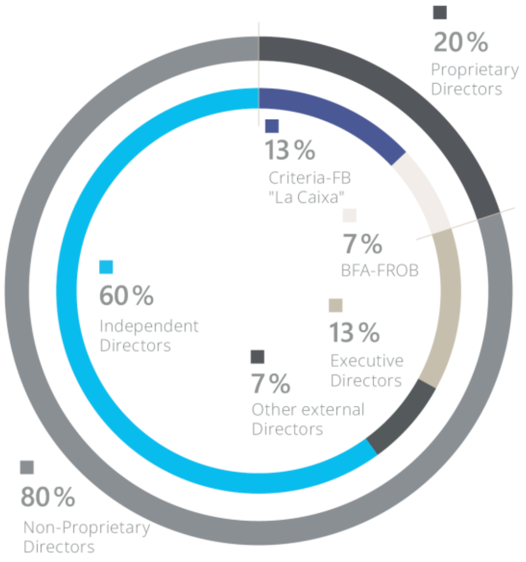
As at 31 December 2023, the Board of Directors was composed of 15 members (without taking into account the vacancy), with two CEO and 13 external directors (nine independent, three proprietary and one other external).

In terms of independent directors, these make up 60% of the CaixaBank Board of Directors, which is well in line with the current provisions of Recommendation 17 of the Code of Good Governance for Listed Companies in companies that have one shareholder who controls more than 30% of the share capital.

The Board also has two executive directors (the Chairman of the Board and the CEO), an external director, as well as three proprietary directors, two of which are proposed by the FBLC and CriteriaCaixa and one by the FROB Executive Resolution Authority and BFA Tenedora de Acciones, S.A.U.

For illustrative purposes, the following chart shows the distribution of directors in the different categories and the significant shareholder they represent, if proprietary directors.

> BOARD OF DIRECTORS AT END OF 2023 CATEGORY
> MEMBERS OF THE BOARD OF DIRECTORS OF CAIXABANK



60%
→ Independent Directors (C.1.3)

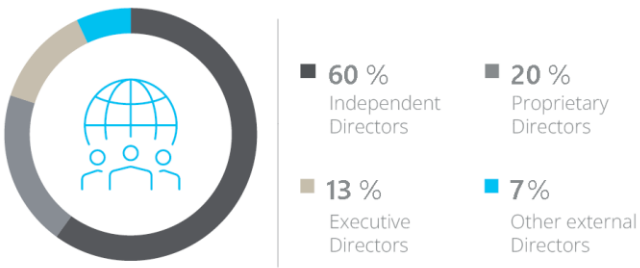
20%
→ Proprietary Directors (C.1.3)

13%
→ Executive Directors (C.1.3)

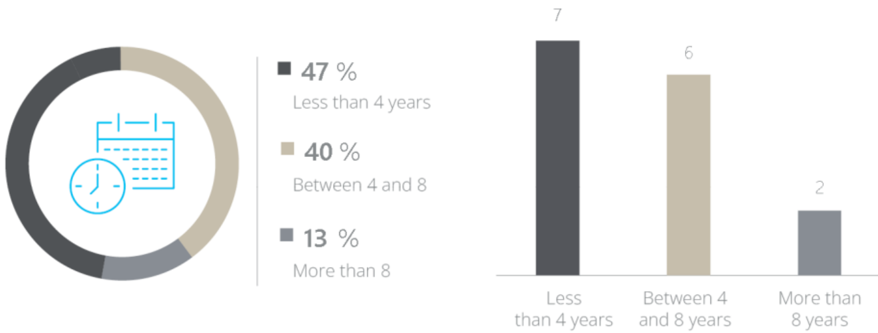
7%
→ Other External Director (C.1.3)

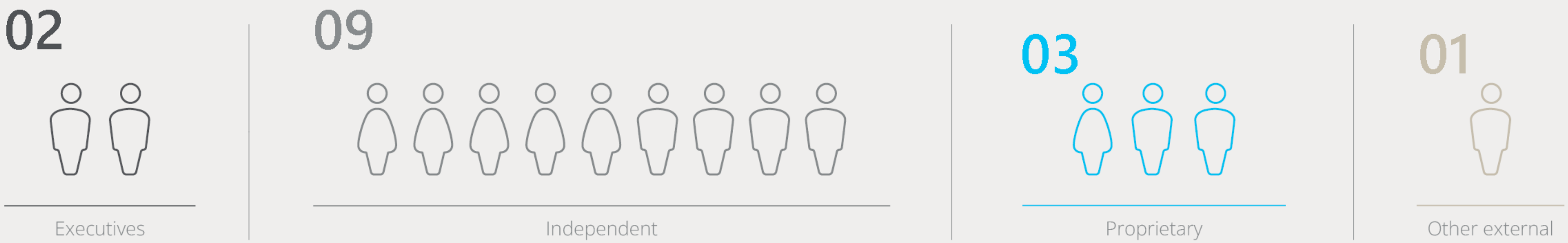
5.2 Years
→ Term of office of 5.1 years in the case of independent directors

> DIRECTORS IN EACH CATEGORY, AS AT 31 DECEMBER



>TIME IN ROLE AS AT 31 DECEMBER





Details of the Company's directors at year-end 2023 are set out below: (C.1.2)

	José Ignacio Goirigolzarri	Tomás Muniesa	Gonzalo Gortázar[1]	Eduardo Javier Sanchiz	Joaquín Ayuso	Francisco Javier Campo	Eva Castillo	Fernando María Ulrich	Verónica Fisas	Cristina Garmendia	Peter Löscher	M. Amparo Moraleda	Teresa Santero	José Serna	Koro Usarraga
Director category	Executive	Proprietary	Executive	Independent	Independent	Independent	Independent	Other External[2]	Independent	Independent	Independent	Independent	Proprietary	Proprietary	Independent
Position on the Board	Chairman	Deputy Chairman	CEO	Lead Independent Director	Director	Director	Director	Director	Director	Director	Director	Director	Director	Director	Director
Date of first appointment	03/12/2020	01/01/2018	30/06/2014	21/09/2017	03/12/2020	03/12/2020	03/12/2020	03/12/2020	25/02/2016	05/04/2019	31/03/2023	24/04/2014	03/12/2020	30/06/2016	30/06/2016
Date of last appointment	03/12/2020	08/04/2022	31/03/2023	08/04/2022	03/12/2020	03/12/2020	03/12/2020	03/12/2020	22/05/2020	31/03/2023	31/03/2023	31/03/2023	03/12/2020	14/05/2021	14/05/2021
Election procedure	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution	AGM resolution
Year of birth	1954	1952	1965	1956	1955	1955	1962	1952	1964	1962	1957	1964	1959	1942	1957
Mandate end date	03/12/2024	08/04/2026	31/03/2027	08/04/2026	03/12/2024	03/12/2024	03/12/2024	03/12/2024	22/05/2024	31/03/2027	31/03/2027	31/03/2027	03/12/2024	14/05/2025	14/05/2025
Nationality	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Portuguese	Spanish	Spanish	Austrian	Spanish	Spanish	Spanish	Spanish

[1] It has been delegated all powers delegable by law and the By-laws, without prejudice to the limitations established in the Regulations of the Board, which apply at all times for internal purposes. (C.1.9)
[2] Fernando Maria Ulrich was classified as another external director, neither proprietary nor independent, in accordance with the provisions of section 2 of article 529 duodecies of the Corporate Enterprises Act and article 19.5 of the Regulations of the Board of Directors. He has been the Non-Executive Chairman of Banco BPI, S.A. since 2017.

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship. (C.1.3)

The Company has not appointed any Proprietary Directors upon the request of shareholders who hold less than 3% of the share capital. (C.1.8)

The General Secretary and Secretary to the Board of Directors, Óscar Calderón, is not a director. (C.1.29)

During the 2023 financial year, John S. Reed stepped down as a member of the Board, as his renewal was not considered, due to the proximity of the completion of 12 years as an independent director. (C.1.2)

> SHARES HELD BY BOARD (A.3)

	Number of voting rights attached to the shares		% of voting rights attributed to the shares		Number of voting rights through financial instruments		% of voting rights through financial instruments		Total number of voting rights	% total voting rights	Of the total number of voting rights attributed to the shares, specify, where applicable, the additional votes corresponding to the shares with a loyalty vote	
Name	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect			Direct	Indirect
José Ignacio Goirigolzarri	263,983	0	0.004%	0%	172,285	0	0.002%	0.000%	436,268	0.006%	0	0
Tomás Muniesa	299,015	0	0.004%	0%	8,247	0	0.000%	0.000%	307,262	0.004%	0	0
Gonzalo Gortázar	828,756	0	0.011%	0%	381,740	0	0.005%	0.000%	1.210.496	0.016%	0	0
Eduardo Javier Sanchiz	8,700	0	0.000%	0%	0	0	0.000%	0.000%	8,700	0.000%	0	0
Joaquín Ayuso	37,657	0	0.001%	0%	0	0	0.000%	0.000%	37,657	0.001%	0	0
Francisco Javier Campo	34,440	0	0.000%	0%	0	0	0.000%	0.000%	34,440	0.000%	0	0
Eva Castillo	19,673	0	0.000%	0%	0	0	0.000%	0.000%	19,673	0.000%	0	0
Fernando María Ulrich	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
Veronica Fisas	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
Cristina Garmendia	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
Peter Löscher	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
Maria Amparo Moraleda	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
Teresa Santero	0	0	0.000%	0%	0	0	0.000%	0.000%	0	0.000%	0	0
José Serna (*)	6,609	10,463	0.000%	0%	0	0	0.000%	0.000%	17,072	0.000%	0	0
Koro Usarraga	7,175	0	0.000%	0%	0	0	0.000%	0.000%	7,175	0.000%	0	0
TOTAL	1,506,008	10,463	0.020%	0%	562,272	0	0.007%	0.000%	2.078.743	0.028%	0	0

(*) Indirect shares held by María Soledad García Conde Angoso.
Note: The information on the number of voting rights through financial instruments provided in this section refers to the maximum number of shares pending receipt as a result of long-term incentive plans and bonuses from previous years whose settlement is deferred in compliance with applicable regulations. Therefore, the information provided in this column of the table does not refer specifically to financial instruments that give the right to acquire shares, but to shares held by CaixaBank that are intended for settlement of these plans with the relevant adjustments at the time of delivery to the relevant Board members. It is at the time of liquidation of these plans that each beneficiary will notify the market of the acquisition of the shares whose voting rights become their own.

0.03%[1]
→ total voting rights held by the Board

+

49.24%
→ total voting rights of significant shareholders represented on the Board

Significant shareholders represented on the Board

→ "la Caixa" Banking Foundation (criteria Caixa) **31.92%**

→ FROB (BFA HOLDING COMPANY) **17.32%**

49.27%
→ % of total voting rights represented on the Board *(Directors + significant shareholders represented on the Board)*

Real % not calculated, not addition of previous %

[1] *For formatting reasons in the Statistical Annex of the CNMV, the % shareholding of the Board is 0.03% because it does not allow three decimal places (0.028%).*

JOSÉ IGNACIO GOIRIGOLZARRI

Executive Chairman

Education

He holds a degree in Economics and Business Science from the University of Deusto.

He holds a diploma in Finance and Strategic Planning from the University of Leeds (UK).

Career

Lecturer at the Commercial University of Deusto, in the Strategic Planning Area (1977-1979).

He joined Banco de Bilbao and in 1994 became a member of BBV's Management Committee, responsible for Commercial Banking in Spain and Latin American operations. In 2001 he was appointed BBVA Group CEO, a position he held until October 2009.

In May 2012, he was elected Chairman of Bankia and its parent company, BFA, serving as such until March 2021, when Bankia merged with CaixaBank. He is currently appointed Executive Chairman of CaixaBank.

He has been Director and Vice-Chairman of Telefónica and Repsol, as well as Chairman of the Spain-USA Foundation, Director of BBVA Bancomer in Mexico and Director of Citic Bank in China.

Other positions currently held

He is currently Chairman of CaixaBank, Vice-Chairman of CECA, Chairman of FEDEA, Vice-Chairman of COTEC, Vice-Chairman of Fundación FAD, Chairman of Deusto Business School, Chairman of CaixaBank Dualiza and Chairman of Fundación Garum.

TOMÁS MUNIESA

Proprietary Deputy Chairman

Education

He holds a degree in Business Science and a master's in Business Administration from the ESADE Business School.

Career

He joined "la Caixa" in 1976, and was appointed Deputy General Manager in 1992. In 2011, he was appointed General Manager of CaixaBank's Insurance and Asset Management Group, where he remained until November 2018. He was Deputy Chairman and CEO of VidaCaixa (1997-2018). Previously, he served as the Chairman of MEFF, Deputy Chairman of BME, Second Deputy Chairman of UNESPA, Director and Chairman of the Audit Commission of the Insurance Compensation Consortium, Director of Vithas Sanidad and Substitute Board Member of Inbursa.

Other positions currently held

Deputy Chairman of VidaCaixa and SegurCaixa Adeslas, as well as member of the Board of Trustees of ESADE Foundation and Board Member of Allianz Portugal.

GONZALO GORTÁZAR

CEO

Education

He holds a degree in Law and Business from Universidad Pontificia de Comillas (ICADE) and an MBA from the INSEAD Business School.

Career

Prior to his appointment as CEO in 2014, he was the Chief Financial Officer at CaixaBank and CEO of Criteria CaixaCorp (2009-2011). He previously held various positions in the investment banking division of Morgan Stanley, as well as a number roles in corporate and investment banking in Bank of America. He was also Chairman of VidaCaixa, First Vice-Chairman at Repsol, Board Member of Inbursa, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Other positions currently held

Chairman of CaixaBank Payments & Consumer and Director of Banco BPI.

EDUARDO JAVIER SANCHIZ

Lead Independent Director

Education

He holds a degree in Economics and Business Science from the University of Deusto and a master's in Business Administration from the IE.

Career

Former CEO of Almirall (July 2011-September 2017). He was previously Executive Director of Corporate Development and Finance and CFO. He has been a member of the Board of Directors since 2005 and of the Dermatology Committee since 2015.

He also worked in various positions at Eli Lilly & Co, the American pharmaceutical company. Some of his significant positions include General Manager in Belgium, General Manager in Mexico and Executive Officer in the Business Division covering central, northern and eastern European countries.

He was a member of the American Chamber of Commerce in Mexico and of the Association of Pharmaceutical Industries in a number of countries in Europe and Latin America.

Other positions currently held

He is a member of the Board of Directors of the French pharmaceutical company Pierre Fabre, S.A. and a member of its Strategy Committee and its Audit Committee. He is also a member of the Board of Sabadell-Asabys Health Innovation Investments 2B S.C.R., S.A.

JOAQUÍN AYUSO

Independent Director

Education

A graduate in Civil Engineering from the Polytechnic University of Madrid.

Career

He is currently Chairman of Adriano Care Socimi, S.A.

He was previously a member of the Board of Directors of Bankia.

He has pursued his professional career in Ferrovial, S.A., where he was CEO and Vice-Chairman of its Board of Directors. He has been a Director of National Express Group, PLC. and of Hispania Activos Inmobiliarios and Chairman of Autopista del Sol Concesionaria Española.

Other positions currently held

He is a member of the Advisory Board of the Benjamin Franklin Institute of the University of Alcalá de Henares and the Advisory Board of Kearney. He is also Chairman of the Board of Directors of the Real Sociedad Hípica Española Club de Campo.

FRANCISCO JAVIER CAMPO

Independent Director

Education

He has a degree in Industrial Engineering from the Polytechnic University of Madrid.

Career

He is currently a member of the Board of Directors of Meliá Hotels International, S.A., and Chairman of AECOC.

He began his career at Arthur Andersen and served as global chairman of the Dia Group, member of the Global Executive Committee of the Carrefour Group, and Chairman of the Zena Group and the Cortefiel Group. He was previously a member of the Board of Directors of Bankia.

Other positions currently held

He is a member of the Advisory Board (senior advisor) of AT Kearney, of Grupo de Alimentación Palacios, of IPA Capital, S.L. (Pastas Gallo) and of Importaco, S.A.

He is a Director of the Spanish Association for the Advancement of Leadership (APD) and Trustee of the CaixaBank Dualiza Foundation, the F. Campo Foundation and the Iter Foundation. He is a member of merit of the Carlos III Foundation.

He was awarded the National Order of Merit of the French Republic in 2007.

EVA CASTILLO

Independent Director

Education

She holds a degree in Law and Business from Comillas Pontifical University (E-3) in Madrid.

Career

She was a member of the Board of Directors of Bankia, S.A.

She was an independent director of Zardoya Otis, S.A. She was also a director of Telefónica, S.A. and Chairman of the Supervisory Board of Telefónica Deutschland, AG, as well as a member of the Board of Trustees of Fundación Telefónica. Previously, she was an Independent Director of Visa Europe Limited and Director of old Mutual, PLC.

She was the Chairwoman and CEO of Telefónica Europe.

and of Merrill Lynch Capital Markets España, Chairwoman and CEO of Merrill Lynch Wealth Management for EMEA, and a member of the Executive Committee of Merrill Lynch International for EMEA.

Other positions currently held

She is currently an independent director of International Consolidated Airlines Group, S.A. (IAG), and a member of the Audit and Compliance Committee and of the Remuneration Committee.

She is also a member of the Board of Trustees of the Comillas-ICAI Foundation and the Board of Trustees of the Entreculturas Foundation. Recently, she has become a member of the Council for the Economy of the Holy See and a member of the A.I.E Advantere School of Management.

FERNANDO MARÍA ULRICH

Other External Director

Education

He studied Economics and Business at the School of Economics and Management of the University of Lisbon.

Career

He has been the Non-Executive Chairman of Banco BPI, S.A. since 2017.

He has also been the Non-Executive Chairman of BFA (Angola) (2005-2017); a Member of the APB (Portuguese Association of Banks) Board of Directors (2004-2019); Chairman of the General and Supervisory Board of the University of Algarve, Faro (Portugal) (2009-2013); Non-Executive Director of SEMAPA, (2006-2008); Non-Executive Director of Portugal Telecom (1998-2005); Non-Executive Director of Allianz Portugal (1999-2004); Non-Executive Director of PT Multimedia (2002-2004); Member of the Advisory Board of CIP, Portuguese industrial confederation (2002-2004); Non-Executive Director of IMPRESA, and of SIC, a Portuguese media conglomerate (2000-2003); Vice-Chairman of the Board of Directors of BPI SGPS, S.A. (1995-1999); Vice-Chairman of Banco de Fomento & Exterior, S.A. and Banco Borges & Irmão (1996-1998); a Member of the Advisory Board for the Treasury Reform (1990/1992); a Member of the National Board of the Portuguese Securities Market Committee (1992-1995); Executive Director of Banco Fonsecas & Burnay (1991-1996); Vice-Chairman of the Banco Portugués de Investimento (1989-2007); Executive Director of the Banco Portugués de Investimento (1985-1989); Assistant Manager of the Sociedade Portuguesa de Investimentos (SPI) (1983-1985); Chief of Cabinet of the Ministry of Finance of the Government of Portugal (1981-1983); Member of the

Secretariat for Economic Cooperation of the Portuguese Ministry of Foreign Affairs (1979-1980), and Member of the Portuguese delegation to the OECD (1975-1979). Responsible for the financial markets section of the newspaper Expresso (1973-1974).

Other positions currently held

Non-executive Chairman of Banco BPI, a subsidiary of the CaixaBank Group.

MARÍA VERÓNICA FISAS

Independent Director

Education

She holds a degree in Law and a master's degree in Business Administration from EAE Business School.

Career

In 2001, as the CEO of the United States subsidiary of Natura Bissé, she was responsible for the expansion and consolidation of the business, and obtained outstanding results in product distribution and brand positioning.

In 2009, she joined the Board of Directors of Stanpa, Asociación Nacional de Perfumería y Cosmética, becoming Chair of Stanpa in 2019 and, also Chair of Fundación Stanpa.

Other positions currently held

She has been the CEO of Natura Bissé and General Director of the Natura Bissé Group since 2007. Since 2008, she is also a trustee of the Fundación Ricardo Fisas Natura Bissé.

CRISTINA GARMENDIA

Independent Director

Education

She holds a degree in Biological Sciences, specialising in Genetics, a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid, and an MBA from the IESE Business School of the University of Navarra.

Career

She has been Executive Deputy Chair and Financial Director of the Amasua Group. Member of the governing bodies of, among others, Genetrix, S.L. (Executive Chairwoman), Sygnis AG (Chairwoman of the Supervisory Board), Satlantis Microsats (Chairwoman), Science & Innovation Link Office, S.L. (Director), and Independent Director of NTT DATA (previously EVERIS), Naturgy Energy Group, S.A., Corporación Financiera Alba, Pelayo Mutua de Seguros.

She was Minister of Science and Innovation of the Spanish Government during the IX Legislature from April 2008 to December 2011 and Chairwoman of the Association of Biotechnology Companies (ASEBIO) and member of the Board of Directors of the Spanish Confederation of Business Organisations (CEOE).

Other positions currently held

She is a director of the board of Ysios Capital and an independent director of Compañía de Distribución Integral Logista Holdings, S.A. and Mediaset.

She is Chairwoman of the COTEC Foundation and as such is a member of the Board of Trustees of the Pelayo, España Constitucional, SEPI Foundations and a member of the Advisory Board of the Spanish Association Against Cancer, Women for Africa Foundation, UNICEF, Spanish Committee, as well as a member of the Advisory Board of Integrated Service Solutions, S.L. and S2 Grupo de Innovación en Procesos Organizativos, S.L.U., among others.

PETER LÖSCHER

Independent Director

Education

He studied Economics and Finance at the University of Vienna and Business Administration at the Chinese University of Hong Kong. He obtained a Master's in Business Administration and Management from the University of Vienna, and completed the Advanced Administration Program at Harvard Business School.

Career

He previously held the post of Chairman of the Board of Directors of Sulzer AG (Switzerland) and Chairman of the Supervisory Board of OMV AG (Austria). He was CEO of Renova Management AG (2014-2016) and Chairman and CEO of Siemens AG (2007-2013). He was also Chairman of Global Human Health and a member of the Executive Board of Merck & Co., Inc. (USA), Chairman and CEO of GE Healthcare BioSciences, and member of the General Electric Executive Board (USA), Operations Director and member of the Amersham Plc Board (United Kingdom). He held leading positions in Aventis (Japan) and Hoechst (Germany and the United Kingdom).

He served as Chairman of the Board of Directors of the Siemens Foundation and is an emeritus member of the Advisory Board of the Singapore Economic Development Board; He is also a member of the International Advisory Board of Bocconi University. He is Honorary Professor at Tongji University (Shanghai), holds an Honorary Doctorate in Engineering from Michigan State University, and an Honorary Doctorate from the Slovak Engineering University in Bratislava. He holds the Grand Gold Decoration of Honour of the Republic of Austria and is a Knight Commander of the Order of Civil Merit of Spain.

Other positions currently held

He is currently an independent non-executive Director of Telefonica, S.A. (Spain) and Chairman of the Supervisory Board of Telefónica Deutschland Holding AG (Germany); Member of the Supervisory Board of Royal Philips (Netherlands), non-executive Director of Thyssen-Bornemisza Group AG (Switzerland), and non-executive member of the Board of Directors of Doha Venture Capital LLC (Qatar).

MARÍA AMPARO MORALEDA

Independent Director

Education

Industrial Engineering from the ICAI and MBA from the IESE Business School.

Career

Between 2012 and 2017, she was a member of the Board of Directors of Faurecia, S.A. and member of the Advisory Board of KPMG España (since 2012), and between 2013 and 2021, she was on the Board of Directors of Solvay, S.A.

Between January 2009 and February 2012, she was Chief Operating Officer of Iberdrola SA's International Division with responsibility for the United Kingdom and the United States. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011.

She was Executive Chairman of IBM Spain and Portugal between July 2001 and January 2009, responsible for Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001, she was assistant executive to the President of IBM Corporation. From 1998 to 2000, she was General Manager at INSA (a subsidiary of IBM Global Services). From 1995 to 1997, she was Head of HR for EMEA at IBM Global Services and from 1988 to 1995 she held various offices and management positions at IBM España.

Other positions currently held

She is an independent director at several companies: Airbus Group, S.E. (since 2015) Vodafone Group (since 2017) and A.P. Møller-Mærsk A/S A.P. (since 2021).

She is also a member of the Advisory Board of the following companies: SAP Ibérica (since 2013), Spencer Stuart (since 2017), Kearney (since 2022) and ISS España.

She is also a member of various boards and trusts of different institutions and bodies, including the Royal Academy of Economic and Financial Sciences, the Academy of Social and Environmental Sciences of Andalusia, the Board of Trustees of MD Anderson International Spain, the Vodafone Foundation, the Airbus Foundation and the Curarte Foundation.

TERESA SANTERO

Proprietary Director

Education

She holds a degree in Business Administration from the University of Zaragoza and a doctorate in Economics from the University of Illinois Chicago (USA).

Career

Previously, she held positions of responsibility in both the central government administration and the autonomous government. She previously worked for 10 years as an economist at the Economics Department of the OECD in Paris. She has been a visiting lecturer at the Economics Department of the Complutense University in Madrid and associate professor and research aide at the University of Illinois Chicago (USA).

She has been a member of several Boards of Directors, independent member of the General Council of the Instituto de Crédito Oficial, ICO (2018-2020), and of Navantia (2010-2011), a member of the Executive Committee and of the Board of the Consorcio de la Zona Franca de Barcelona (2008-2011), Director of the Instituto Tecnológico de Aragón (2004-2007), and a member of the Board of the Sociedad Estatal de Participaciones Industriales (SEPI) in the period 2008-2011. She has also been a Trust member of various foundations: the Zaragoza Logistics Center, ZLC Foundation (2005-2007), the Foundation for the Development of Hydrogen Technologies (2005-2007), and the Observatory of Prospective Industrial Technology Foresight Foundation (2008-2011).

Other positions currently held

She is a lecturer at the IE Business School in Madrid.

JOSÉ SERNA

Proprietary Director

Education

He holds a degree in Law from Complutense University of Madrid.

State Lawyer (on leave) and Notary (until 2013).

Career

In 1971, he joined the State Lawyer Corps until his leave of absence in 1983. Legal counsel to the Madrid Stock Exchange (1983-1987). Forex and Stock Market Broker in Barcelona (1987). Chairman of the Promoter of the new Barcelona Stock Exchange (1988) and Chairman of the Barcelona Stock Exchange (1989-1993).

Chairman of the Spanish Stock Market Body (1991-1992) and Deputy Chairman of MEFF (Spanish Financial Futures Market). He was also Deputy Chairman of Fundación Barcelona Centro Financiero and of Sociedad de Valores y Bolsa Interdealers, S.A.

In 1994, he became a Forex and Stock Market Broker in Barcelona.

Notary Public in Barcelona (2002-2013). He was also a member of the Board of Endesa (2000-2007) and its Group companies.

KORO USARRAGA

Independent Director

Education

She has a degree in Business Administration and a Master's in Business Management from ESADE, took the PADE (Senior Management Programme) at IESE and is a qualified chartered accountant.

Career

She worked at Arthur Andersen for 20 years, and she was appointed partner of the Audit Division in 1993.

In 2001, she assumed responsibility for the General Corporate Management of Occidental Hotels & Resorts.

She was Managing Director of Renta Corporación and member of the Board of Directors of NH Hotel Group (2015-2017).

Other positions currently held

Director of Vocento and Administrator of Vehicle Testing Equipment and 2005 KP Inversiones.

The positions held by directors in group companies and other (listed or unlisted) companies are as follows:

> POSITIONS OF DIRECTORS IN OTHER COMPANIES IN THE GROUP (C.1.10)

Name of Director	Corporate name of the company	Listed	Position
Tomás Muniesa	VIDA-CAIXA, S.A. DE SEGUROS Y REASEGUROS	NO	Deputy Chairman
Gonzalo Gortázar	BANCO BPI, S.A.	NO	Director
	CAIXABANK PAYMENTS & CONSUMER E.F.C, E.P, S.A.U	NO	Chairman
Fernando María Ulrich	BANCO BPI, S.A.	NO	Chairman

The information on Directors and positions at other companies refers to year-end.

The Company is not aware of any relationships between significant shareholders (or shareholders represented on the Board) and Board members that are relevant to either party. (A.6)

The company has imposed rules on the maximum number of company boards on which its own directors may sit. In accordance with article 32.4 of the Regulations of the Board of Directors, CaixaBank directors must observe the limitations on membership of boards of directors set out in the current regulations on the organisation, supervision and solvency of credit institutions. (C.1.12)

> POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES (C.1.11)

Name of Director	Corporate name of the company	Listed	Position	Paid or not
José Ignacio Goirigolzarri	A.I.E. ADVANTERE SCHOOL OF MANAGEMENT	NO	Director	NO
	ASOCIACIÓN MADRID FUTURO	NO	Member (CaixaBank Representative)	NO
	ASOCIACIÓN VALENCIANA DE EMPRESARIOS	NO	Member (CaixaBank Representative)	NO
	SPANISH CHAMBER OF COMMERCE	NO	Member (CaixaBank Representative)	NO
	CÍRCULO DE EMPRESARIOS	NO	Member (CaixaBank Representative)	NO
	BASQUE BUSINESS ASSOCIATION	NO	Member	NO
	CONFEDERACIÓN ESPAÑOLA DE CAJAS DE AHORROS (CECA)	NO	Vice-Chairman (CaixaBank Representative)	YES
	CONFEDERACIÓN ESPAÑOLA DE DIRECTIVOS Y EJECUTIVOS (CEDE)	NO	Trustee (CaixaBank Representative)	NO
	CONFEDERACIÓN ESPAÑOLA DE ORGANIZACIONES EMPRESARIALES (CEOE)	NO	Member of the Advisory Board (CaixaBank Representative)	NO
	SPANISH BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT	NO	Director (CaixaBank Representative)	NO
	DEUSTO BUSINESS SCHOOL	NO	Chairman	NO
	FOMENT DEL TREBALL NACIONAL	NO	Member (CaixaBank Representative)	NO
	FUNDACIÓN ASPEN INSTITUTE	NO	Trustee (CaixaBank Representative)	NO
	FUNDACIÓN CAIXABANK DUALIZA	NO	Chairman (CaixaBank Representative)	NO
	FUNDACIÓN CONSEJO ESPAÑA - EE.UU.	NO	Honorary Trustee (CaixaBank Representative)	NO
	FUNDACIÓN COTEC PARA LA INNOVACIÓN	NO	Vice-Chairman (CaixaBank Representative)	NO
	FUNDACIÓN DE AYUDA CONTRA LA DROGADICCIÓN (FAD)	NO	Deputy Chairman	NO
	FUNDACIÓN DE ESTUDIOS DE ECONOMÍA APLICADA (FEDEA)	NO	Chairman (CaixaBank Representative)	NO
	FUNDACIÓN INSTITUTO HERMES	NO	Member of the Advisory Board (CaixaBank Representative)	NO
	FUNDACIÓN LAB MEDITERRÁNEO	NO	Trustee (CaixaBank Representative)	NO
	FUNDACIÓN MOBILE WORLD CAPITAL BARCELONA	NO	Trustee (CaixaBank Representative)	NO
	FUNDACIÓN PRO REAL ACADEMIA ESPAÑOLA	NO	Trustee	NO
	FUNDACIÓN REAL INSTITUTO ELCANO	NO	Trustee (CaixaBank Representative)	NO
	FUNDACIÓN SAN TELMO	NO	Member of the International Corporate Policy Advisory Board (Representative of CaixaBank)	NO
	GARUM FUNDATIO FUNDAZIOA	NO	Chairman	NO
	INSTITUTE OF INTERNATIONAL FINANCE	NO	Member (CaixaBank Representative)	NO
	INSTITUTO BENJAMIN FRANKLIN - UAH	NO	Member	NO

> POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES (C.1.11)

Name of Director	Corporate name of the company	Listed	Position	Paid or not
Tomás Muniesa	COMPANHIA DE SEGUROS ALLIANZ PORTUGAL S.A.	NO	Director (CaixaBank Representative)	NO
	FUNDACIÓN ESADE	NO	Trustee	NO
	SEGURCAIXA ADESLAS, S.A. DE SEGUROS Y REASEGUROS	NO	Vice-Chairman (CaixaBank Representative)	YES
Gonzalo Gortázar	CÍRCULO DE EMPRESARIOS	NO	Member (CaixaBank Representative)	NO
	EUROFI	NO	Member (CaixaBank Representative)	NO
	FUNDACIÓN CONSEJO ESPAÑA-CHINA	NO	Trustee (CaixaBank Representative)	NO
	INSTITUTE OF INTERNATIONAL FINANCE	NO	Member (CaixaBank Representative)	NO
Eduardo Javier Sanchiz	PIERRE FABRE, S.A.	NO	Director	YES
	SABADELL - ASABYS HEALTH INNOVATION INVESTMENTS 2B, S.C.R, S.A.	NO	Director	YES
Joaquín Ayuso	ADRIANO CARE SOCIMI, S.A.	NO	Chairman	YES
	CLUB DE CAMPO VILLA DE MADRID, S.A.	NO	Director	NO
	INSTITUTO BENJAMIN FRANKLIN - UHA	NO	Member of the Advisory Board	NO
	REAL SOCIEDAD HÍPICA ESPAÑOLA CLUB DE CAMPO	NO	Chairman	NO
Francisco Javier Campo	ASOCIACIÓN ESPAÑOLA DE CODIFICACIÓN COMERCIAL (AECOC)	NO	Chairman (CaixaBank Representative)	NO
	ASOCIACIÓN PARA EL PROGRESO DE LA DIRECCIÓN (APD)	NO	Director	NO
	FUNDACIÓN CAIXABANK DUALIZA	NO	Trustee (CaixaBank Representative)	NO
	FUNDACIÓN F. CAMPO	NO	Trustee	NO
	FUNDACIÓN ITER	NO	Trustee	NO
	MELIÁ HOTELS INTERNATIONALS S.A.	YES	Director	YES

> POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES (C.1.11)

Name of Director	Corporate name of the company	Listed	Position	Paid or not
Eva Castillo	A.I.E. ADVANTERE SCHOOL OF MANAGEMENT	NO	Director	NO
	ECONOMIC COUNCIL OF THE HOLY SEE	NO	Director	NO
	FUNDACIÓN ENTRECULTURAS FÉ Y ALEGRÍA	NO	Trustee	NO
	FUNDACIÓN UNIVERSITARIA COMILLAS-ICAI	NO	Trustee	NO
	INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (IAG)	YES	Director	YES
María Verónica Fisas	ASOCIACIÓN NACIONAL DE PERFUMERIA Y COSMÉTICA (STANPA)	NO	Chairwoman	NO
	FUNDACIÓN RICARDO FISAS NATURA BISSÉ	NO	Trustee	NO
	FUNDACIÓN STANPA	NO	Trustee (Representative of Asociación Nacional de Perfumería y Cosmética - STANPA)	NO
	NATURA BISSÉ INT. DALLAS (USA)	NO	Chairwoman (Representative of Natura Bissé International S.A.)	NO
	NATURA BISSÉ INT. LTD (UK)	NO	Director (Representative of Natura Bissé International S.A.)	NO
	NATURA BISSÉ INT. SA de C.V. (MEXICO)	NO	Chairwoman (Representative of Natura Bissé International S.A.)	NO
	NATURA BISSÉ INTERNATIONAL, S.A.	NO	CEO	YES
	NB SELECTIVE DISTRIBUTION, S.L.	NO	Joint Managing Director (Representative of Natura Bissé International S.A.)	NO
	NATURA BISSÉ INTERNATIONAL TRADING (SHANGAI), CO., LTD	NO	Joint Managing Director (Representative of Natura Bissé International S.A.)	NO
Cristina Garmendia	COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGISTA HOLDINGS, S.A.	Yes	Director	YES
	FUNDACIÓN COTEC PARA LA INNOVACIÓN	NO	Chairwoman (Representative of Sattantis Micromat, S.A.)	NO
	FUNDACIÓN ESPAÑA CONSTITUCIONAL	NO	Trustee	NO
	FUNDACIÓN PELAYO	NO	Trustee	NO
	FUNDACIÓN SEPI FSP	NO	Trustee	NO
	JAIZKIBEL 2007, S.L. (HOLDING COMPANY)	NO	Sole Administrator	YES
	MEDIASET ESPAÑA COMUNICACIÓN, S.A.	YES	Director	YES
	YSIOS ASSET MANAGEMENT, S.L.	NO	Director	NO
	YSIOS CAPITAL PARTNERS CIV I, S.L.	NO	Director	NO
	YSIOS CAPITAL PARTNERS CIV II, S.L.	NO	Director	NO
	YSIOS CAPITAL PARTNERS CIV III, S.L.	NO	Director	NO
	YSIOS CAPITAL PARTNERS SGEIC, S.A.	NO	Director	YES
	ASOCIACIÓN ESPAÑOLA CONTRA EL CANCER (AECC)	NO	Member of the Advisory Board	NO
	FUNDACIÓN MUJERES POR ÁFRICA	NO	Member of the Advisory Board	NO
	UNICEF, COMITÉ ESPAÑOL	NO	Member of the Advisory Board	NO
	FUNDACIÓN REAL ESCUELA ANDALUZA DE ARTE ECUESTRE	NO	Trustee	NO
	FUNDACIÓN MARGARITA SALAS	NO	Trustee	NO

> POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES (C.1.11)

Name of Director	Corporate name of the company	Listed	Position	Paid or not
Peter Löscher	TELEFONICA S.A. ESPAÑA	YES	Director	YES
	TELEFONICA DEUTSCHLAND HOLDING AG	YES	Chairman of the Supervisory Board	YES
	ROYAL PHILIPS	YES	Member of the Supervisory Board	YES
	THYSSEN-BORNEMISZA GROUP	NO	Member of the Board	YES
	DOHA VENTURE CAPITAL LLC	NO	Director	YES
	FUNDING FOUNDATION GUSTAV MAHLER JUGENDORCHESTER	NO	Trustee	NO
María Amparo Moraleda	AIRBUS GROUP, S.E.	YES	Director	YES
	AIRBUS FOUNDATION	NO	Trustee	NO
	FUNDACIÓN CURARTE	NO	Trustee	NO
	FUNDACIÓN MD ANDERSON INTERNATIONAL ESPAÑA	NO	Trustee	NO
	IESE	NO	Board Member	NO
	A.P. Møller-Mærsk A/S A.P	YES	Director	YES
	VODAFONE FOUNDATION	NO	Trustee	NO
	VODAFONE GROUP PLC	YES	Director	YES
José Serna	ASOCIACIÓN ESPAÑOLA DE SENIORS DE GOLF	NO	Deputy Chairman	NO
Koro Usarraga	2005 KP INVERSIONES, S.L.	NO	Solidarity Administrator	NO
	VEHICLE TESTING EQUIPMENT, S.L. (FILIAL 100% DE 2005 KP INVERSIONES, S.L.)	NO	Solidarity Administrator	NO
	VOCENTO, S.A.	YES	Director	YES

CaixaBank

> OTHER PAID ACTIVITIES OTHER THAN THOSE LISTED ABOVE (C.1.11)

Name of Director	Corporate name of the company	Listed	Position
Joaquín Ayuso	AT KEARNEY, S.A.	NO	Member of the Advisory Board
Francisco Javier Campo	AT KEARNEY, S.A.	NO	Member of the Advisory Board
	GRUPO EMPRESARIAL PALACIOS ALIMENTACIÓN, S.A.	NO	Senior Advisor
	IPA CAPITAL, S.L. (Pastas Gallo)	NO	Senior Advisor
	IMPORTACO, S.A.	NO	Senior Advisor
Cristina Garmendia	INTEGRATED SERVICE SOLUTIONS, S.L.	NO	Member of the Advisory Board (Representative of Jaizkibel 2007, S.L.- Equity Company)
	MCKINSEY & COMPANY	NO	Member of the Advisory Board
	S2 GRUPO DE INNOVACIÓN EN PROCESOS ORGANIZATIVOS, S.L.U.	NO	Member of the Advisory Board
	UNIVERSIDAD EUROPEA DE MADRID, S.A.	NO	Member of the Advisory Board
María Amparo Moraleda	AT KEARNEY, S.A.	NO	Member of the Advisory Board
	ISS ESPAÑA	NO	Member of the Advisory Board
	SAP IBÉRICA	NO	Member of the Advisory Board
	SPENCER STUART	NO	Member of the Advisory Board
Teresa Santero	INSTITUTO DE EMPRESA MADRID	NO	Teacher

Diversity of Board of Directors (C.1.5 + C.1.6 + C.1.7)

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.

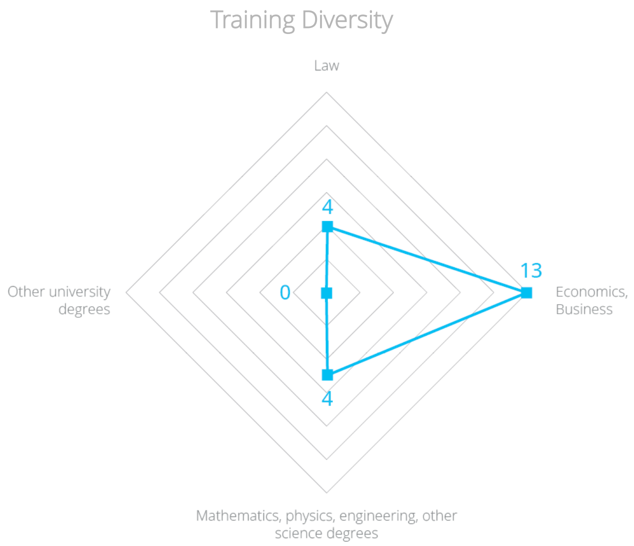
> Annual assessment of the composition and competencies of the Board, considering the diversity aspects discussed previously and, in particular, the percentage of Board members of the less represented gender, taking action when there is a discrepancy.

> 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 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. It is also noted that the functioning and composition of the Board of Directors have been adequate for the exercise and performance of its functions, in particular for the proper management of the entity that the governing body has carried out.

> **DISTRIBUTION OF THE EDUCATION** OF MEMBERS OF THE BOARD OF DIRECTORS



> **DISTRIBUTION OF THE EXPERIENCE** OF MEMBERS OF THE BOARD OF DIRECTORS

Training of Board of Directors (C.1.5 + C.1.6 + C.1.7)

With regard to the **training provided to the members of the Board of Directors**, in 2023 a training plan of 11 sessions was carried out, dedicated to the analysis of various topics such as different business areas, economic and financial information, sustainability, digital currencies and digital euro, relevant aspects of regulation, innovation and cybersecurity, among others.

On a recurring basis over the past three years, the Board has received training sessions in the areas of sustainability, climate, corporate governance and cybersecurity, as well as training in economic and financial matters. These subjects are included every year in the training provided to the Board.

The Risk Committee also included 13 standalone presentations on the agenda of its ordinary meetings, which dealt in detail with risks such as structural interest rate risk, fiduciary risk, self-employed and micro-companies portfolio risk, conduct and compliance risk, external fraud risk, market risk, risk of money laundering prevention in crypto-assets, legal risk, ESG risks and technological and information security risk, among others. Similarly, two training sessions were also held for Committee members on financial-actuarial risks and liquidity risk.

The Audit and Control Committee also included a total of 8 single-topic presentations in the agenda of its meetings, covering matters relating to audit, internal control and cybersecurity.

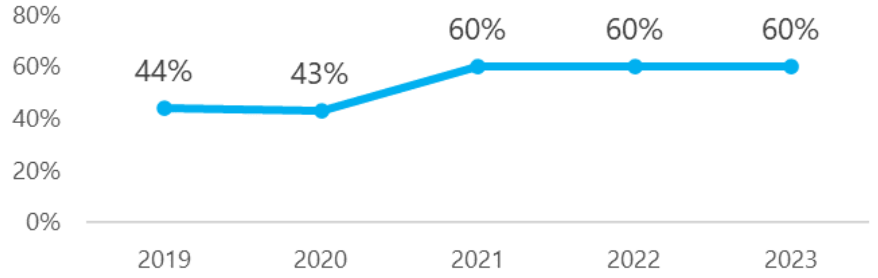
The Appointments and Sustainability Committee also held a training session for Committee members on the analysis of non-financial information.

> CAIXABANK BOARD OF DIRECTORS COMPETENCIES 2023

		José Ignacio Goirigolzarri	Tomás Muniesa	Gonzalo Gortázar	Eduardo Javier Sanchiz	Joaquín Ayuso	Francisco Javier Campo	Eva Castillo	Fernando María Ulrich	María Verónica Fisas	Cristina Garmendia	Mª Amparo Moraleda	Peter Loscher	Teresa Santero	José Serna	Koro Usarraga
Position and category		Executive Chairman	Proprietary Deputy Chairman	CEO	Lead Independent Director	Independent	Independent	Independent	Other external	Independent	Independent	Independent	Independent	Proprietary	Proprietary	Independent
Training	Law			●				●		●					●	
	Business studies	●	●	●	●			●	●	●	●	●	●	●	●	●
	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 and Research Sector	●									●			●		
	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	ES	ES	ES	ES	ES	ES	ES	PT	ES	ES	ES	AT	ES	ES	ES
	Age	69	71	58	67	68	68	61	71	59	61	59	66	64	81	66

In the last few years, the presence of independent directors (see graphic) 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: (C.1.4):

> EVOLUTION OF INDEPENDENCE ↗



(C.1.4)	Number of female directors				% of total Directors in each category			
	Financial year 2023	Financial year 2022	Financial year 2021	Financial year 2020	Financial year 2023	Financial year 2022	Financial year 2021	Financial year 2020
Executive	-	-	-	-	0.00	0.00	0.00	0.00
Proprietary	1	1	1	2	33.33	33.33	33.33	28.57
Independent	5	5	5	4	55.55	55.55	55.55	66.67
Other external	-	-	-	-	0.00	0.00	0.00	0.00
TOTAL	6	6	6	6	40.00	40.00	40.00	42.86

40% Female → on the Board.

43% Female → on the Executive Committee

40% Female → on the Risk Committee

60% Female → on the Remuneration Committee

43% Female → on the Innovation, Technology and Digital Transformation Committee

40% Female → on the Audit and Control Committee

20% Female → on the Appointments and Sustainability Committee

As a result, it can be said that CaixaBank's Board is in line with the IBEX 35 average in terms of the presence of women, according to publicly available information on the composition of the Boards of Directors of IBEX 35 companies at year-end 2023 (average of 40.05%)[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.

Selection, appointment, re-election and cessation of members of the board

Principles of proportionality among board member categories (C.1.16)

1. **External (non-executive) directors** should constitute a majority over executive directors, and the number of the latter should be the minimum necessary.
2. **The external directors will include** holders of stable significant shareholdings in the company (or their representatives) or those shareholders that have been proposed as directors even though their holding is not significant (proprietary directors), and persons of recognised experience who can perform their functions without being influenced by the Company or its Group, its executive team or significant shareholders (independent directors).
3. **Among the external directors**, the ratio of proprietary and independent directors should reflect the existing proportion of the Company’s share capital represented by proprietary directors and the remainder of its capital. At least one third of the Company’s directors will be independent directors (provided that there is one shareholder, or several acting in concert, controlling more than 30% of the share capital).
4. **No shareholder** may be represented on the Board by a number of proprietary directors representing more than 40% of the total number of Board members, without affecting the right to proportional representation provided for by law.

Selection and appointment (C.1.16)

The Selection, Diversity and Suitability Assessment Policy for directors and members of Senior Management and other people in key roles includes the main aspects and undertakings of the Company in relation to the appointment and selection of directors. The purpose is to provide candidates that ensure the effective capability of the Board to take decisions independently in the interest of the Company.

In this context, director appointment proposals put forward by the Board for the consideration of the General Shareholders' Meeting, and the appointment agreements adopted by the Board by virtue of the powers legally attributed to it, must be preceded by the corresponding proposal of the Appointments and Sustainability Committee, when dealing with independent directors, and by a report, in the case of all other directors. Proposals for the appointment and re-election of directors are accompanied by a report from the Board setting out the competencies, experience and merits of the candidate. In the process of selecting new directors, CaixaBank relies on the collaboration of external consultants.

In accordance with the legal provisions, the candidates must meet the suitability requirements for the position and, in particular, they must have recognised business and professional repute, suitable knowledge and experience to understand the Company's activities and main risks, and be in a position to exercise good governance. Furthermore, the conditions established by regulations in force will be taken into account, regarding the overall composition of the Board of Directors. In particular, the overall composition of the Board of Directors must incorporate sufficient knowledge, abilities and experience regarding the governance of credit institutions, to sufficiently understand the Company's activities, including the primary risks, and to ensure the effective capacity of the Board of Directors to take independent and autonomous decisions in the Company's interests.

The Appointments and Sustainability Committee, with the assistance of the General Secretary and the Secretary of the Board, taking into account the balance of knowledge, experience, capacity and diversity required and in place on the Board of Directors, elaborates and constantly updates a competency matrix, which is approved by the Board of Directors.

Where applicable, the results of applying the matrix may be used to identify future training needs or areas to strengthen in future appointments.

The Selection Policy is complemented by a Protocol of procedures for assessing the suitability and appointments of directors and members of senior management and other holders of key functions at CaixaBank (hereinafter, Suitability Protocol) that establishes the procedure for making the selection and the continuous assessment of the suitability of Board members, among other groups, including any unforeseeable circumstances which may affect their suitability for the position.

The Suitability Protocol establishes the Company's units and internal procedures involved in the selection and ongoing assessment of members of the Board of Directors, general managers and other senior executives, the heads of the internal control function and other key posts in CaixaBank, as defined under applicable legislation. Under the “Suitability Protocol”, the Board of Directors, in plenary session, assesses the suitability of proposed candidates, based on a report from the Appointments and Sustainability Committee.

This entire process is subject to the provisions of the internal regulations on the appointment of directors and the applicable regulations of corporate enterprises and credit institutions, which is subject to the suitability assessment of the European Central Bank and culminates in the acceptance of the position after the approval by the banking authority of the proposed appointment, which will be approved by the General Shareholders' Meeting.

Re-election and duration of the post (C.1.16 + C 1.2.23)

Directors shall hold their posts for the term stipulated in the By-Laws (4 years) — for as long as the General Meeting does not resolve to remove them and they do not stand down from office— and may be re-elected one or more times for periods of equal length. However, independent directors will not remain as such for a continuous period of more than 12 years.

Directors designated by co-option shall hold their post until the date of the next AGM or until the legal deadline for holding the AGM that is to decide whether to approve the financial statements for the previous financial year has passed. If the vacancy arises after the AGM is called but before it is held, the appointment of the director by co-option to cover the vacancy will take effect until the next AGM is held.

Cessation or resignation from post (C.1.19+ C.1.36)

Directors shall step down when the period for which they were appointed has elapsed, when so decided by the AGM and when they resign. When a director leaves office prior to the end of their term, they must explain the reasons in a letter sent to all members of the Board of Directors.

In the following circumstances, if the Board of Directors deems it appropriate, directors must tender their resignation from the Board, formalising their intention to resign (article 21.2 of the Regulations of the Board of Directors):

- When they leave the positions, posts or functions with which their appointment as director was associated;
- When they are subject to any of the cases of incompatibility or prohibition provided by law or no longer meet the suitability requirements;
- When they are indicted for an allegedly criminal act or are subject to a disciplinary proceeding for serious or very serious fault instructed by the supervisory authorities;
- When their remaining on the Board may place at risk the Company’s interest, or when the reasons for which they were appointed cease to exist.
- When significant changes occur in their professional situation on in the conditions in which they were appointed Director.
- When due to facts attributable to the Director, his remaining on the Board causes serious damage to the corporate net worth or reputation in the judgement of the Board.

If an individual representing a legal entity director becomes involved in any of the situations described above, that representative must relinquish their position to the legal entity that appointed them. If the latter decides that the representative should remain in their post as a director, the legal entity director must tender its resignation from the Board.

[1] *In the case of proprietary directors, when the shareholder they represent transfers its stake in its entirety or lowers it to a level that requires a reduction in the number of proprietary directors.*

All of the above, notwithstanding the provisions of Royal Decree 84/2015, of 13 February, which implements Act 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions, on the requirements of repute that must be met by directors and the consequences of losses derived therefrom, along with other regulations or guides applicable to the nature of the company.

During fiscal year 2023, the Board of Directors was not informed or did not become aware of any situation involving a director, whether or not related to his or her performance in the company itself, that may be detrimental to the credit and reputation of CaixaBank. (C.1.37)

Other limitations on the position of director

There are no specific requirements, other than those relating to the directors, to be appointed as Chairman of the Board. (C.1.21)

Neither the Articles of Association nor the Regulations of the Board of Directors establish any age limit for serving as a director. (C.1.22)

Neither the Articles of Association nor the Regulations of the Board of Directors establish any limited mandate or additional stricter requirements for independent directors beyond those required by law. (C.1.23)

> OPERATION AND WORKINGS OF THE BOARD (C.1.25 and C.1.26)

14 Number of meetings
→ of the Board
→ Note: In addition, the Board reached an agreement in September, in writing and without a meeting.

12 Number of meetings
→ of the Remuneration Committee.

2 Number of meetings
→ of the Lead Independent Director held without the attendance of the executive directors

14 Number of meetings
→ of the Risk Committee

14 Number of meetings
→ of the Audit and Control Committee

22 Number of meetings
→ of the Executive Committee.

5 Number of meetings
→ of the Innovation, Technology and Digital Transformation Committee

14 Number of meetings
→ attended in person by at least 80% of directors

12 Number of meetings
→ of the Appointments and Sustainability Committee

98.56 % attendance
→ in-person in terms of the total votes during the year

98.56% of votes cast
→ at in situ meetings or with representations made with specific instructions out of all votes cast during the year

11 Number of meetings
→ with in-person attendance, or proxies with specific instructions, of all the directors

Note: During 2023, no Board meetings were held without the Chairman's attendance.

Individual attendance of directors at Board meetings during 2023 (*)

	Attendance/no. of meetings 2023 (*)	% Attendance 2023	Proxy (without voting instructions in all cases in 2023)	Attendance 2023 (Online)
José Ignacio Goirigolzarri	14/14	100	0	1
Tomás Muniesa	14/14	100	0	2
Gonzalo Gortázar	14/14	100	0	0
Eduardo Javier Sanchiz	13/14	93	1	1
Joaquín Ayuso	14/14	100	0	0
Francisco Javier Campo	14/14	100	0	1
Eva Castillo	13/14	93	1	0
Fernando María Ulrich	14/14	100	0	5
María Verónica Fisas	14/14	100	0	2
Cristina Garmendia	14/14	100	0	0
Peter Löscher (*)	8/8 (*)	100	0	0
María Amparo Moraleda	13/14	93	1	0
Teresa Santero	14/14	100	0	1
José Serna	14/14	100	0	2
Koro Usarraga	14/14	100	0	1

** Maximum number of meetings during the financial year from the taking of the position. Peter Löscher took office on 15 May 2023.*

> ATTENDANCE AND DEDICATION AT MEETINGS OF THE BOARD AND ITS COMMITTEES

	Board	Fees and commissions						
		Executive Committee	Audit and Control Committee	Appointments and Sustainability Committee	Remuneration Committee	Risks Committee	Innovation, Technology and Digital Transformation Committee	
Average attendance	**99%**	**95%**	**98%**	**92%**	**100%**	**99%**	**100%**	
Individual attendance								**Average individual attendance**
José Ignacio Goirigolzarri	14/14	22/22					5/5	100%
Tomás Muniesa	14/14	22/22				14/14		100%
Gonzalo Gortázar	14/14	21/22					5/5	98%
Joaquín Ayuso	14/14				12/12	14/14		100%
Francisco Javier Campo(A)	14/14		13/14	10/12			4/4	93%
Eva Castillo(B)	13/14	17/22			7/7		5/5	88%
Fernando Maria Ulrich	14/14			11/12		13/14		95%
María Verónica Fisas(C)	14/14	6/6				14/14		100%
Cristina Garmendia	14/14		14/14		12/12		5/5	100%
John S. Reed(D)	4/4			4/4				100%
Peter Löscher(E)	8/8			6/7			3/3	94%
María Amparo Moraleda(F)	13/14	21/22		11/12	5/5		5/5	95%
Eduardo Javier Sanchiz(G)	13/14	15/16	13/14	12/12		4/4		95%
Teresa Santero	14/14		14/14					100%
José Serna	14/14		14/14		12/12			100%
Koro Usarraga(H)	14/14	22/22	4/4		7/7	14/14		100%

A Francisco Javier Campo was appointed a member of the Innovation, Technology and Digital Transformation Committee on 31/03/2023
B Eva Castillo was appointed member and chair of the Remuneration Committee on 31/03/2023
C María Verónica Fisas was a member of the Executive Committee until 31/03/2023.
D John S. Reed resigned as a member of the Board of Directors effective 31/03/2023
E Peter Löscher was appointed a member of the Board of Directors and a member of the Nomination and Sustainability Committee and the Innovation, Technology and Digital Transformation Committee on 31/03/2023.
F María Amparo Moraleda was a member of the Remuneration Committee until 31/03/2023
G Eduardo Javier Sanchiz was appointed a member of the Executive Committee on 31/03/2023, and was a member of the Risk Committee until 31/03/2023
H Koro Usarraga was a member of the Audit and Control Committee until 31/03/2023 and was appointed member of the Remuneration Committee on 31/03/2023.

Regulation of the Board (C.1.15)

The Board of Directors has an Innovation, Technology and Digital Transformation Committee whose purpose is to advise CaixaBank's Board of Directors on all matters relating to technological innovation, cybersecurity and digital transformation, assisting it in monitoring and analysing trends and innovations in this area that may affect CaixaBank's strategy and business model in the medium and long term.

This Committee was created by resolution of the Board of Directors on 23 May 2019, and its composition and basic rules of operation and powers are set out in article 15.bis of the Regulations of the Board of Directors.

Notwithstanding the foregoing, and given the growing importance that this Committee has been acquiring within the Board and the advisory functions carried out by the same, in line with the increasing relevance of issues related to technology and cybersecurity, taking into account the growing importance of technological advances in all areas, especially in the area of financial digital innovation, as well as the new trends that are constantly emerging and with the aim of adapting to the evolution of customer expectations, it has been considered appropriate to strengthen the composition of the Committee and increase the maximum number of members of the Committee from six (6) to seven (7), in order to adequately address the workload and develop the functions envisaged. This amendment was incorporated into the Regulations of the Board of Directors (specifically, article 15 bis.1) by resolution of the Board adopted on 31 March 2023.

All amendments to the Board Regulations are notified to the CNMV and are made public and entered in the Companies Register, after which the consolidated text is published on the CNMV's website and on the company's own website.

Information (C.1.35)

There is a procedure in place whereby directors may obtain the information needed to prepare for the meetings with the governing bodies with sufficient time. In general, documents for approval by the Board, especially those which cannot be fully analysed and discussed during the meeting due to their length, are sent to Board members prior to the meetings.

Furthermore, pursuant to article 22 of the Regulations of the Board, the board may request information on any aspect of the Company and its Group and examine its books, records, documents and further documentation. Requests must be sent to the executive Chairman who will forward the matters to the appropriate parties and must notify the director, when applicable, of their duty of confidentiality.

Proxy voting (C.1.24)

The Regulations of the Board establish that directors must attend Board meetings in person. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein.

Non-executive directors may only delegate a proxy to a fellow non-executive director. Independent directors may only delegate a proxy to a fellow independent director.

Notwithstanding the above, and so that the proxyholder can vote accordingly based on the outcome of the debate by the Board, proxies are not granted with specific instructions and must always be given in strict accordance with legal requirements. This is in keeping with the law on the powers of the Chairman of Board, who is given, among others, power to stimulate debate and the active involvement of all directors, safeguarding their rights to adopt positions.

Decision-making

No qualified majorities other than those prescribed by law are required for any type of decision. (C.1.20)

At CaixaBank there is no statutory or regulatory provision for the Chairman of the Board of Directors to have a casting vote.

At CaixaBank there is broad participation and debate at Board meetings and the main resolutions are adopted with the favourable vote of a large majority of the directors

The Company has not entered into any material agreements that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects. (C.1.38)

The figure of the Lead Independent Director, appointed from among the independent directors, was introduced in 2017. The current Lead Independent Director was appointed, following a favourable report from the Appointments and Sustainability Committee, by the Board of Directors on 22 December 2022. However, the appointment of Eduardo Javier Sanchiz as the new Lead Director of CaixaBank took effect from the last General Meeting held on 31 March 2023, on the occasion of the expiry of the term of office of John S. Reed, former Lead Independent Director, as he was not proposed for reappointment as a CaixaBank Director.

Relations with the market (C.1.30)

With regard to its relationship with market agents, the Company acts on the principles of transparency and non-discrimination and according to the provisions of the Regulations of the Board of Directors which stipulate that the Board, through communications of material facts to the CNMV and the corporate website, shall inform the public immediately with regard to any relevant information. With regard to the Company's relationship with market agents, the Investor Relations department shall coordinate the Company's relationship with analysts, shareholders and institutional investors, among others, and manage their requests for information in order to ensure they are treated fairly and objectively.

In this regard, and pursuant to Recommendation 4 of the Good Governance Code of Listed Companies, CaixaBank has a Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Shareholders which is available on the Company's website.

As part of this Policy, and pursuant to the authority vested in the Coordinating Director, he/she is required to stay in contact, as appropriate, with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance.

Also, the powers legally delegated to the Board of Directors specifically include the duty of supervising the dissemination of information and communications relating to the Company. Therefore, the Board of Directors is responsible for managing and supervising at the highest level the information distributed to shareholders, institutional investors and the markets in general. Consequently, the Board of Directors, through the corresponding bodies and departments, works to ensure, protect and facilitate the exercising of the rights of the shareholders, institutional investors and the markets in general in the defence of the corporate interest, in compliance with the following principles:

→ Transparency

→ Equal treatment and non-discrimination

→ Immediate access and ongoing communication

→ At the cutting-edge of new technologies

→ In terms of rules and recommendations

These principles are applicable to all information disclosed and the Company's communications with shareholders, institutional investors and relations with markets and other stakeholders such as, inter alia, intermediary financial institutions, management companies and depositories of the Company's shares, financial analysts, regulatory and supervisory bodies, *proxy advisors*, information agencies, credit *rating* agencies, etc.

The Company pays particular heed to the rules governing the processing of inside information and other potentially relevant information contained in the applicable legislation and the Company's regulations on shareholder relations and communications with securities markets, as contained in CaixaBank's Code of Business Conduct and Ethics, and the Internal Code of Conduct on Matters Relating to the Stock Market of CaixaBank, S.A. and the Regulations of the Board of Directors (also available on the Company's website).

Assessment of the Board (C.1.17 + C.1.18)

The Board evaluates its performance and that of its Committees annually, pursuant to article 16 of the Regulations of the Board of Directors.

For the financial year 2023, the Board of Directors has decided to carry out the self-assessment of its performance internally, after having been assisted by an external expert in the previous financial year, thus complying with Recommendation 36 of the Code of Good Governance, which suggests the assistance of an external consultant every 3 years.

The evaluation was conducted in accordance with the provisions of article 529h of the Consolidated Text of the Corporate Enterprises Act and in accordance with the regulations and good corporate governance practices applicable to CaixaBank as a credit institution and listed company. It is a fundamental corporate governance practice to ensure the effectiveness of the governing body and to promote the success of the company in achieving its long-term objectives. At the same time, the assessment allows the company to corroborate compliance with the main standards of good corporate governance.

In line with the Code of Good Governance, the assessment pays special attention to the aspects of diversity and suitability of the members of the Board and of the Board as a whole. Compliance with the Policy on Selection of Directors is also verified, complying with all the aspects that must be assessed annually.

The assessment of the Board produced the necessary data and the required feedback from its members in order to design an efficient improvement plan adapted to the needs of the Company. These data and feedback can be found in the section on "Challenges for the 2024 financial year".

Pursuant to the above, the Appointments and Sustainability Committee submitted, and the Board of Directors of CaixaBank approved, the assessment report of the Board of Directors for the financial year 2023.

The members of the Board were assessed using the following methodology: online questionnaire addressed to directors and analysis of the results with a mechanism for rating and defining positive results in the short term and recommendations in the long term.

These questionnaires address:

> The operation of the Board (preparation, dynamic and culture; evaluation of working tools; and evaluation of the Board's self-assessment process) and,

> The composition and functioning of the committees; – The performance of the Chairman, CEO, Lead Independent Director and the Secretary.

Members of each committee were also sent a detailed self-assessment form on the functioning and operation of their respective committee.

The results and conclusions reached, including the recommendations, are contained in the document analysing the performance assessment of the CaixaBank Board and its committees for 2023, which was revised and approved by the Board of Directors. Broadly speaking, and on the basis of the responses received from directors following questionnaires as well as the activity reports drawn up by each of the commissions, the Board holds a positive view of the quality and efficiency of its operation and that of its committees for 2023, as well as of the performance of the functions of the Chairman, CEO, Lead Independent Director and Secretary of the Board in the year. 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, in accordance with the verification of compliance with the selection policy, and also taking into account the individual suitability re-assessment of each director carried out by the Appointments and Sustainability Committee, which leads to the conclusion that the overall composition of the Board of Directors is suitable.

During the year, the Appointments and Sustainability Committee monitored the improvement actions identified in the previous year. Once again, the objectives were met and solid progress was made on the path to excellence in Corporate Governance, consolidating the strengths of transparent, efficient and coherent governance aligned with the objectives of the Company's Strategic Plan. This is explained in more detail in the section "Advances in Corporate Governance in 2023".

Committees of the Board (C.2.1)

Within the scope of its powers of self-organisation, the Board has a number of specialised committees, with supervisory and advisory powers, as well as an Executive Committee. There are no specific regulations for Board committees, and they are governed in accordance with the law, the By-laws and the Regulations of the Board, amendments to which during the year are noted in the section "The Administration – The Board of Directors – Operation of the Board of Directors – Regulations of the Board". In aspects not specifically laid out for the Executive Committee, the operational rules governing the Board itself will be applied, by virtue of the Regulation of the Board.

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 Committees are available on the Company's corporate website. (C.2.3)

> **NUMBER OF FEMALE DIRECTORS WHO WERE MEMBERS OF BOARD COMMITTEES** AT THE CLOSE OF THE LAST FOUR YEARS (C.2.2)

	Financial year 2023		Financial year 2022		Financial year 2021		Financial year 2020	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	2	40.00	3	50.00	3	50.00	2	50.00
Innovation, Technology and Digital Transformation Committee	3	42.86	3	60.00	3	60.00	2	50.00
Appointments and Sustainability Committee	1	20.00	1	20.00	0	0.00	1	33.33
Remuneration Committee	3	60.00	2	50.00	2	50.00	2	66.67
Risk Committee	2	40.00	2	33.33	2	33.33	3	60.00
Executive Committee	3	42.86	4	57.14	4	57.14	3	50.00

> **PRESENCE OF BOARD MEMBERS** IN THE DIFFERENT COMMITTEES↗

Member	Executive Committee	Appointments and Sustainability C.	Audit and Control C.	Remuneration C.	Risk C.	Innovation, Technology and Digital Transformation Committee
Jose Ignacio Goirigolzarri	Chairman					Chairman
Tomás Muniesa	Member				Member	
Gonzalo Gortázar	Member					Member
Eduardo Javier Sanchiz	Member	Member	Chairman			
Joaquín Ayuso				Member	Member	
Francisco Javier Campo		Member	Member			Member
Eva Castillo	Member			Chairwoman		Member
Fernando María Ulrich		Member			Member	
María Verónica Fisas					Member	
Cristina Garmendia			Member	Member		Member
Peter Löscher		Member				Member
María Amparo Moraleda	Member	Chairwoman				Member
Teresa Santero			Member			
José Serna			Member	Member		
Koro Usarraga	Member			Member	Chairwoman	

Executive Committee

Article 39 of the By-laws and article 13 of the Regulations of the Board describe the organisation and operation of the Executive Committee.

Number of members

The Committee comprises seven members: two executive directors (José Ignacio Goirigolzarri and Gonzalo Gortázar), one proprietary director (Tomás Muniesa) and four independent directors (Eduardo Javier Sanchiz, Eva Castillo, Maria Amparo Moraleda and Koro Usarraga). In accordance with article 13 of the Regulations of the Board, the Chairman and Secretary of the Executive Committee will also be the Chairman and Secretary of the Board of Directors.

Composition

Member	Position	Category
José Ignacio Goirigolzarri	Chairman	Executive
Tomás Muniesa	Member	Proprietary
Gonzalo Gortázar	Member	Executive
Eduardo Javier Sanchiz	Member	Independent
Eva Castillo	Member	Independent
María Amparo Moraleda	Member	Independent
Koro Usarraga	Member	Independent

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.

Distribution of committee members by category
(% of total committee members)

% of executive Directors	28.57
% of proprietary Directors	14.29
% of independent Directors	57.14

Number of sessions (C.1.25)

In 2023 the Committee held 22 sessions, none of which were held exclusively by telematic means.

Average attendance at sessions

The attendance of members, in person or by proxy, at the Committee's meetings during 2023 was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023
José Ignacio Goirigolzarri	22/22	100
Tomás Muniesa	22/22	100
Gonzalo Gortázar	21/22	95.45
Eduardo Javier Sanchiz*	15/16	93.75
Eva Castillo	17/22	77.27
María Amparo Moraleda	21/22	95.45
Koro Usarraga	22/22	100

[1] This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.
** Nominate member of the Committee on 31/03/2023.*
Note: María Verónica Fisas was a member of this Committee until 31/03/2023

Functioning

The Executive Committee has been delegated all the responsibilities and powers available to it both legally and under the Company's By-laws. For internal purposes, the Executive Committee is subject to the limitations set out in article 4 of the Regulations of the Board of Directors. The Board's permanent delegation of powers to this Committee will require a vote in favour from at least two-thirds of the Board members. (C.1.9)

The Committee will meet as often as it is convened by its Chairman or the person who is to replace him in his absence, and it is validly constituted when the majority of its members are in attendance. Its resolutions are carried by the majority of the members attending the meeting, and they are valid and binding with no need for subsequent ratification by the Board sitting in plenary, without prejudice to article 4.5 of the Regulations of the Board.

The Executive Committee reports to the Board on the main matters it addresses and the decisions it makes.

There is no express mention in the Company's By-laws that the Committee must prepare an activities report. However, in December 2023, the Executive Committee formulated its annual activity report, submitting it to the Board of Directors of CaixaBank, S.A. for approval, as well as an assessment of its performance in the corresponding financial year.

Activities during the year

During the financial year 2023, in compliance with its basic functions established in the Articles of Association and in the Regulations of the Board of Directors, the Committee dealt with a series of matters on a recurring basis and others on an ad hoc basis, for the purpose of adopting the relevant resolutions or for information purposes, in the latter case being deemed to have taken note of them.

The Committee carried out extensive monitoring of CaixaBank's results and activity throughout the 2023 financial year. In addition, the Committee was briefed on financial issues related to the budget, liquidity and funding, dividends and dividend policy, as well as on aspects related to the EBA stress test.

The Commission has also monitored product, service and other business aspects.

The Committee also monitored the evolution of non-performing loans by segment and the evolution of defaults, doubtful balances, as well as the situation of foreclosed assets. It has also authorised the sale of credit portfolios.

In addition, the Committee approved certain credit operations and submitted to the Board of Directors the approval of operations with certain characteristics; all of this is based on the competencies assigned to it.

It also entered into agreements relating to wholly owned subsidiaries, exercising its powers as sole shareholder, as well as agreements relating to branches and other entities.

Finally, the Committee was informed of other matters such as the monitoring of the Strategic Plan, the status of certain legal proceedings and relevant administrative proceedings of CaixaBank, on treasury share transactions already carried out, and took other resolutions related, among others, to the granting and revocation of powers of attorney, as well as decisions relating to the formalisation of financing and guarantee agreements with European institutions.

Appointments and Sustainability Committee

The Appointments and Sustainability Committee, its organisation and tasks are basically regulated in Articles 40 of the Articles of Association and 15 of the Regulations of the Board of Directors and in applicable regulations.

Number of members

The Committee is made up of five non-executive directors. Four of its members (María Amparo Moraleda, Eduardo Javier Sanchiz, Francisco Javier Campo and Peter Löscher) are considered independent directors and one (Fernando María Ulrich) is considered an external director.

Composition

The Appointments and Sustainability 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. Members of the Appointments and Sustainability Committee are appointed by the Board at the proposal of the same, and the chair of the Committee will be appointed from among the independent directors who sit on the Committee.

Member	Position	Category
María Amparo Moraleda	Chairwoman	Independent
Eduardo Javier Sanchiz	Member	Independent
Francisco Javier Campo	Member	Independent
Fernando María Ulrich	Member	Other external
Peter Löscher	Member	Independent

Distribution of committee members by category
(% of total committee members)

% of independent Directors	80.00
% of other external Directors	20.00

Number of sessions (C.1.25)

In 2023, the Commission met in 12 sessions, 11 held exclusively online and 1 in person.

Average attendance at sessions

The attendance of members, in person or by proxy, at the Committee's meetings during 2023 was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023 (since taking office)
María Amparo Moraleda	11/12	91.66
Eduardo Javier Sanchiz	12/12	100
Francisco Javier Campo	10/12	83.33
Fernando María Ulrich	11/12	91.66
Peter Löscher*	6/7	85.71

[1] This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.

**Appointed member of the Committee on 31/03/2023 and accepted his appointment on 15 May 2023, after having received the communication from the European Central Bank on his suitability to hold the office of director.*

Functioning

The Appointments and Sustainability Committee is self-governing and it may appoint a Chair and a Secretary. If no Secretary is appointed, the Secretary of the Board or any of the Deputy Secretaries of the Board shall act as Committee Secretary.

It meets as often as considered appropriate for the sound performance of its duties and the meetings are convened by the Chair of the Committee, either on his/her own initiative, or when requested by 2 members of the Committee. The Committee must also meet when the Board or its Chair requests that a report be issued or a resolution carried.

The Committee is validly constituted when a majority of its members are in attendance, and its resolutions are carried by the majority of attending members.

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 CEO 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.

> Report to the Board on gender diversity issues, and set a target for representation of the under-represented sex on the Board and develop guidelines on how this target should be achieved, ensuring in all cases compliance with the diversity policy applied in relation to the Board, which will be reported on in the Annual Corporate Governance Report.

> 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 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.

The Committee draws up an annual report on its operation, highlighting the main incidents occurring, if any, in relation to its duties. This report will serve as a basis, among others, and if applicable, for the evaluation of the Board. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

Activities during the year

During the financial year 2023, in fulfilment of its basic functions as set out in the Articles of Association and the Regulations of the Board of Directors, the Committee discussed, scrutinised and took decisions or issued reports on the following matters: the size and composition of the Board, suitability assessments, appointments of Board and committee members and key personnel in the Company, verification of the character of directors, gender diversity, the policy for selecting directors, senior management and other key posts, policies on Sustainability/Corporate Social Responsibility, diversity and sustainability matters and corporate governance documentation to be submitted for 2023.

During the year, the Succession Plans for the Chairman, CEO, Lead Independent Director and other key positions on the Board, as well as for the members of the Management Committee, Risk Management Function and Compliance were reviewed and updated.

The Committee monitored climate and environmental risks, the commitments made in these areas, and interactions with supervisors. Likewise, the Committee supervised and controlled the sound operation of the Company's corporate governance system. To round off its activities for the year, the Committee focused its attention on the (individual and collective) self-assessment of the Board; the evaluation of the Board's structure, size and composition; the evaluation of the functioning of the Board and its Committees; the evaluation of the issue of gender diversity, as well as on analysing the monitoring of the recommendations in the Good Governance Code of Listed Companies and analysing a director training plan proposal.

Among other specific aspects of the year, the Committee analysed the proposed restructuring of the Management Committee, assessing that all candidates had sufficient knowledge and experience and met the necessary conditions of suitability for the performance of their duties, concluding that the Succession Plan had been taken into account and followed to a large extent.

Risk Committee

Articles 40 and 14 of the Bylaws and Regulations of the Board of Directors describe the organisation and operation of the Risks Committee.

Number of members

The Committee is made up of five directors, all of whom are non-executive directors: Koro Usarraga, Joaquín Ayuso and María Verónica Fisas are independent directors, Tomás Muniesa is a proprietary director and Fernando María Ulrich is an external director.

Composition

Member	Position	Category
Koro Usarraga	Chairwoman	Independent
Tomás Muniesa	Member	Proprietary
Joaquín Ayuso	Member	Independent
Fernando María Ulrich	Member	Other external
María Verónica Fisas	Member	Independent

The Risk Committee comprises exclusively non-executive directors, all possessing the relevant knowledge, expertise and experience to fully understand and control the Company's risk strategy and appetite, in the number determined by the Board, between a minimum of 3 and a maximum of 6 members and with a majority of independent directors.

Distribution of committee members by category

(% of total committee members)

% of proprietary Directors	20.00
% of independent Directors	60.00
% of other external Directors	20.00

Number of sessions (C.1.25)

In 2023, the Committee held a total of 14 sessions. During the said year, no sessions were held exclusively by telematic means.

Average attendance at sessions

The attendance of members, in person or by proxy, at the Committee's meetings during 2023 was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023
Koro Usarraga	14/14	100
Tomás Muniesa	14/14	100
Joaquín Ayuso	14/14	100
Fernando María Ulrich	13/14	92.85
María Verónica Fisas	14/14	100

[1] This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.
Note: Eduardo Javier Sanchiz was a member of this Committee until 31/03/2023

Functioning

It meets as often as considered appropriate for the sound performance of its duties and the meetings are convened by the Chair of the Committee, either on his/her own initiative, or when requested by 2 members of the Committee.

The Committee is validly constituted when a majority of its members are in attendance, and its resolutions are carried by the majority of attending members.

The Company shall ensure that the Risk Committee is able to fully discharge its functions by having unhindered access to the information concerning the Company's risk position and, if necessary, specialist outside expertise, including external auditors and regulators. The Risk Committee may request the attendance of persons from within the organisation whose work is related to its functions, and it may obtain all necessary advice for it to form an opinion on the matters that fall within its remit.

The committee's Chairman reports to the Board on the activities and work performed by the committee, doing so at meetings specifically arranged for that purpose or at the immediately following meeting when the Chairman deems this necessary.

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.

In December 2023, the Committee approved its annual activity report and the assessment of its operation for the corresponding year.

Activities during the year

During the 2023 financial year, in compliance with its basic functions established in the Articles of Association and in the Board of Directors' Regulations and within the risk management framework, the Committee reviewed and continuously monitored the strategic risk processes, consisting of the Risk Assessment, the Corporate Risk Catalogue and the Risk Appetite Framework (RAF). In addition, it received through the Risk Dashboard information with a holistic view of risks, as well as the general monitoring of financial and non-financial risks, economic capital, refinancings and write-offs, loan portfolios, top economic borrower groups, top doubtful groups and the update of IFRS9 provisioning parameters. It also received information on the credit risk models in place and on the non-financial risks specifically monitored by the committee.

The Committee proposed to the Board the approval of the Group's risk policies by monitoring the planning of the review, the status of general risk management policies and the annual approval of the CaixaBank Group's risk policies. In addition, a number of monographs have been presented with the aim of analysing various risks in detail.

It also supervised the CaixaBank Group's capital adequacy (ICAAP) and liquidity (ILAAP) processes, which are the sum of different integrated processes in risk and capital management, the ORSA of the subsidiary VidaCaixa, as well as the Recovery Plan.

The Committee monitored the compliance function through the Compliance Plan together with the Annual Compliance Report. It regularly followed the requirements of supervisors and regulators, as well as inspection and supervisory actions, and received recurrent information on the Anti-Money Laundering and Terrorist Funding and sanctions system, on market abuse, the consultation channel and the whistle-blowing channel, among others.

Remuneration Committee

Articles 40 and 15 of the By-laws and Regulations of the Board and applicable legislation describe the organisation and operation of the Remuneration Committee.

Number of members

The Committee is composed of five members, four of whom (Eva Castillo, Joaquín Ayuso, Cristina Garmendia and Koro Usarraga) are considered independent directors and one (José Serna) is considered a proprietary director.

Composition

Member	Position	Category
Eva Castillo	Chairwoman	Independent
Joaquín Ayuso	Member	Independent
Cristina Garmendia	Member	Independent
José Serna	Member	Proprietary
Koro Usarraga	Member	Independent

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 is appointed from among the independent directors who sit on the Committee.

Distribution of committee members by category
(% of total committee members)

% of proprietary Directors	20.00
% of independent Directors	80.00

Number of sessions (C.1.25)

In 2023, the Committee met in 12 sessions, 10 of which were held exclusively by telematic means except for 2 in-person session.

Average attendance at sessions

The attendance of members during 2023 was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023
Eva Castillo*	7/7	100
Joaquín Ayuso	12/12	100
Cristina Garmendia	12/12	100
José Serna	12/12	100
Koro Usarraga**	7/7	100

[1] This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.
** Nominated member and chairwoman of the Committee on 31/03/2023.*
** Nominated member of the Committee on 31/03/2023.*

Functioning

The Remuneration Committee regulates its own functioning and it may appoint its Chair and a Secretary. If no Secretary is appointed, the Secretary of the Board or any of the Deputy Secretaries of the Board shall act as Committee Secretary.

It meets as often as considered appropriate for the sound performance of its duties and the meetings are convened by the Chair of the Committee, either on his/her own initiative, or when requested by 2 members of the Committee. The Committee must also meet when the Board or its Chair requests that a report be issued or a resolution carried.

The Committee is validly constituted when a majority of its members are in attendance, and its resolutions are carried by the majority of attending members.

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 lay before the General Shareholders' 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.

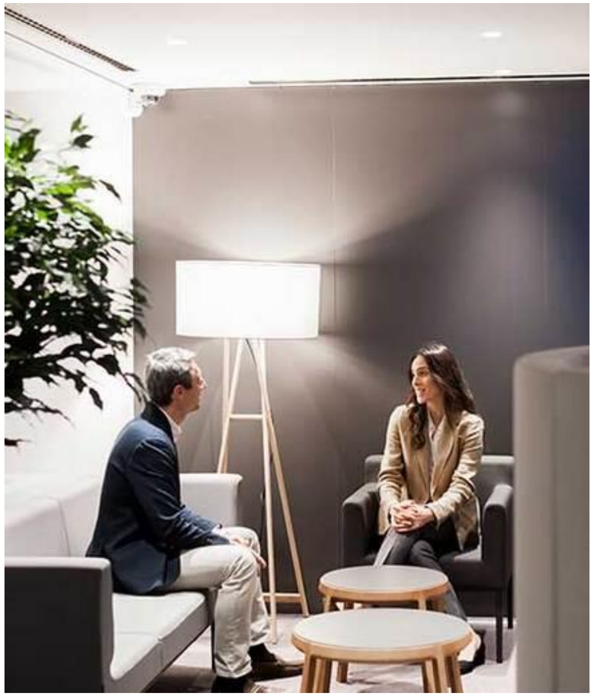
The Committee draws up an annual report on its operation, highlighting the main incidents occurring, if any, in relation to its duties. This report will serve as a basis, among others, and if applicable, for the evaluation of the Board. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

Activities during the year

During the financial year 2023, in compliance with its basic duties established in the Articles of Association and in the Board of Directors' Regulations, the Committee recurrently analysed matters such as annual remuneration, salary policy, remuneration systems and corporate governance. The Committee also discussed, scrutinised and took decisions or issued reports on the following matters, which fall within its core remit:

1. Remuneration of directors, senior management and key function holders. System and amount of annual remuneration.
2. General Remuneration Policy and the Remuneration Policy for the Identified Staff.
3. Analysing, drawing up and reviewing the remuneration programmes.
4. Proposals to the Board on Remuneration Reports and Policies to be submitted to the General Shareholders' Meeting. Reporting to the Board on proposals to the General Shareholders' Meeting.

Among other specific aspects of the year, the Committee analysed the remuneration conditions and contracts of new members of senior management, following the proposed restructuring of the Management Committee. In addition, the Committee was informed of the labour agreement signed at the beginning of the year with the workers' representatives, in which a wage compensation for inflation was set, explaining the general terms of the agreement and the negotiations.



Innovation, Technology and Digital Transformation Committee

Article 15 bis of the Regulations of the Board and the applicable regulations describe the organisation and operation of the Innovation, Technology and Digital Transformation Committee.

Number of members

The Committee is composed of seven members, five of whom (Francisco Javier Campo, Eva Castillo, Cristina Garmendia, Peter Löscher and María Amparo Moraleda) are considered independent directors and two of whom (José Ignacio Goirigolzarri and Gonzalo Gortázar) are considered executive directors.

Composition

Member	Position	Category
José Ignacio Goirigolzarri	Chairman	Executive
Gonzalo Gortázar	Member	Executive
Francisco Javier Campo	Member	Independent
Eva Castillo	Member	Independent
Cristina Garmendia	Member	Independent
Peter Löscher	Member	Independent
María Amparo Moraleda	Member	Independent

The Innovation, Technology and Digital Transformation Committee will be formed of a minimum of 3 and a maximum of 7 members. The Chairman of the Board and the CEO will always 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.

The Chairman of the Board also chairs the Innovation, Technology and Digital Transformation Committee.

Distribution of committee members by category
(% of total committee members)

% of executive Directors	28.57
% of independent Directors	71.43

Number of sessions (C.1.25)

In 2023, the Committee held a total of 5 meetings.

Average attendance at sessions

The attendance of members, in person or by proxy, at the Committee's meetings during the year was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023
José Ignacio Goirigolzarri	5/5	100
Gonzalo Gortázar	5/5	100
Francisco Javier Campo*	4/4	100
Eva Castillo	5/5	100
Cristina Garmendia	5/5	100
Peter Löscher**	3/3	100
María Amparo Moraleda	5/5	100

[1] This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.
** Nominate member of the Committee on 31/03/2023.*
***Appointed member of the Committee on 31/03/2023 and accepted his appointment on 15 May 2023, after having received the communication from the European Central Bank on his suitability to hold the office of director.*

Functioning

It meets as often as considered appropriate for the sound performance of its duties and the meetings are convened by the Chair of the Committee, either on his/her own initiative, or when requested by 2 members of the Committee. The Committee must also meet when the Board or its Chair requests that a report be issued or a resolution carried.

The Committee is validly constituted when a majority of its members are in attendance, and its resolutions are carried by the majority of attending members.

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.

Activities during the year

During the 2023 financial year, in compliance with its basic duties set out in the Articles of Association and the Board of Directors' Regulations, the Committee monitored the 2023 Technology Plan and the 2023 Innovation Plan. In particular, the Commission was briefed on developments in Artificial Intelligence (AI), the European Central Bank's Digital Euro Project, the integration of new methodologies in credit risk modelling, and technological trends in the sector.

In addition, as a body promoting reflection and debate on the ethical and social implications of the application of new technologies in the banking and insurance business, the Commission reviewed progress made in the governance of the ethical use of data, control and transparency in the use of AI systems. In this line, the Commission was informed in detail of the actions implemented to adapt the PIAS methodologies applied to Artificial Intelligence tools to comply with the General Data Protection Regulation (GDPR).

Finally, the Committee assessed the general threat environment, the main trends in cybercrime, and the lines of work to continue strengthening CaixaBank's resilience and security controls. The Committee monitored CaixaBank's cybersecurity strategy and the action plans defined in accordance with supervisory expectations.

Audit and Control Committee

Articles 40 and 14 of the By-laws and Regulations of the Board of Directors and applicable legislation describe the organisation and operation of the Audit and Control Committee.

Number of members

The Committee is composed of five members, elected and appointed on the basis of their knowledge, skills and experience in accounting, auditing, financial and non-financial risk management and such other areas as may be appropriate for the overall performance of its duties.

Composition

Member	Position	Category
Eduardo Javier Sanchiz	Chairman	Independent
Francisco Javier Campo	Member	Independent
Cristina Garmendia	Member	Independent
Teresa Santero	Member	Proprietary
José Serna	Member	Proprietary

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.

Distribution of committee members by category

(% of total committee members)

% of proprietary Directors	**40.00**
% of independent Directors	**60.00**

Number of sessions (C.1.25)

In 2023, the Committee held a total of 14 sessions. During the said year, no sessions were held exclusively by telematic means.

Average attendance at sessions

The attendance of members during 2023 was as follows:

Member	No. of meetings in 2023[1]	% Attendance 2023
Eduardo Javier Sanchiz	13/14	93
Francisco Javier Campo	13/14	93
Cristina Garmendia	14/14	100
Teresa Santero	14/14	100
José Serna	14/14	100

(1) This column only shows in-person and remote attendance by telematic means. Regarding the number of meetings, when the director has been appointed as a member of the committee during the fiscal year, only the meetings from the date of appointment are calculated.

Functioning

The Committee meets quarterly, as a general rule, but also whenever considered appropriate for the sound performance of its duties. The meetings are convened by the Chair of the Committee, either on his/her own initiative, or when requested by 2 members of the Committee. In order to carry out its duties, the Committee must have adequate, relevant, relevant and sufficient access to any information or documentation held by the Company, and it may request: (i) the attendance and collaboration of the members of the Company's management team or personnel; (ii) The attendance of the Company's auditors to deal with specific points of the agenda for which they have been convened; and (iii) advice from external experts when it deems it necessary. The Committee has set up an effective communication channel with its spokespersons, which will normally be the Committee Chair with the Company management and, in particular, the finance department; the head of internal audits; and the main auditor responsible for account auditing.

The Committee is validly constituted when a majority of its members are in attendance, and its resolutions are carried by the majority of attending members.

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.

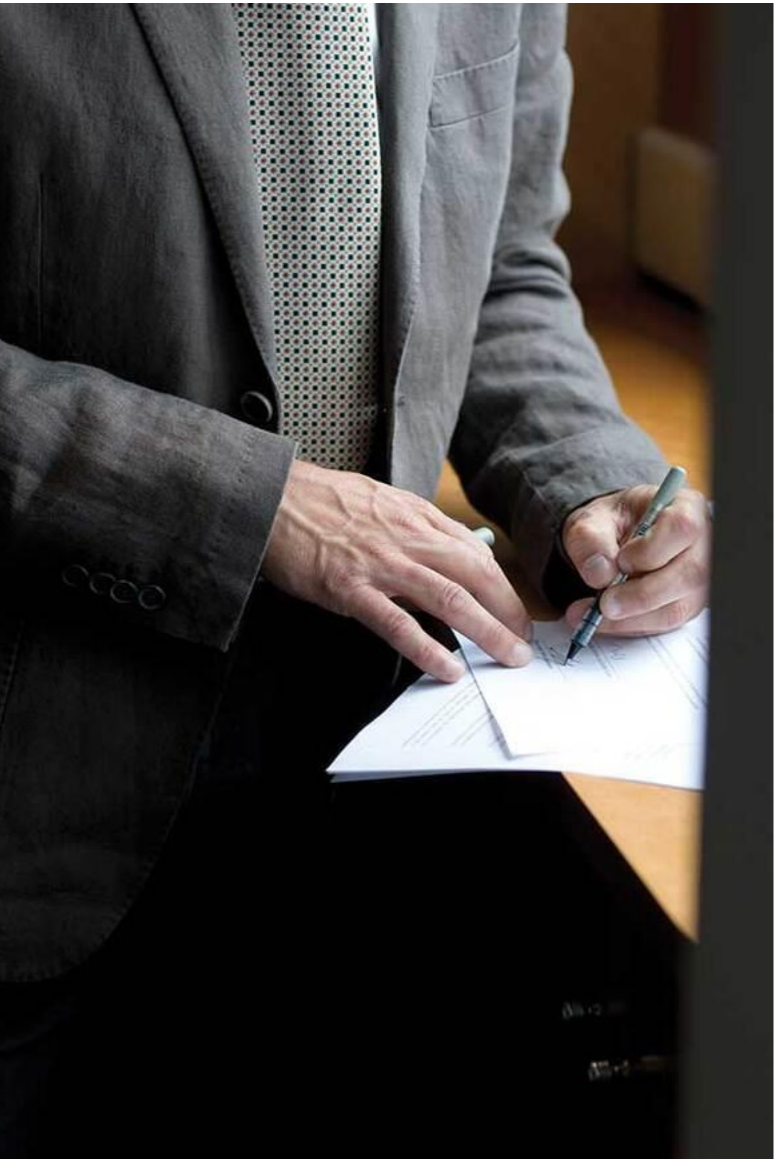
> Overseeing the effectiveness of the internal audit.

> 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.



The Committee draws up an annual report on its operation, highlighting the main incidents occurring, if any, in relation to its duties. This report will serve as a basis, among others, and if applicable, for the evaluation of the Board. In addition, when the relevant Committee deems it appropriate, it will include in that report suggestions for improvement.

Activities during the year

During the 2023 financial year, the Committee, in compliance with its basic functions established in the Articles of Association and in the Regulations of the Board of Directors, supervised the processes of preparation and presentation of the mandatory financial and non-financial information prior to its formulation by the Board of Directors. It also reviewed and approved the accounting principles, measurement bases, judgements, estimates and practices applied by CaixaBank and supervised their compliance with accounting regulations and the criteria established by the competent regulators and supervisors.

The Audit Committee supervised the effectiveness of the Company's internal control and risk management systems, in coordination with the Risk Committee.

The Committee supervised the activities of the company's Regulatory Compliance area, and in particular the implementation of the Internal Reporting System in the company as a consequence of Law 2/2023 of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption.

The Committee also supervised the activities of the Internal Audit function, in particular the monitoring of the Internal Audit Annual Plan 2023, the reviews carried out during the year, the degree of achievement of challenges in the area, the monitoring of its Strategic Plan for 2022-2024, and the declaration of its independence, among other activities. It also maintained a fluid and constant relationship with the external auditor and, among other activities, adequately verified its independence, the follow-up of the annual plan, and the carrying out of the audit work.

During the 2023 financial year, the Committee analysed and reported on related-party transactions carried out by the Company, in compliance with article 529 vicies et seq. of the Capital Companies Act, in addition to verifying compliance with the legally established requirements for this type of transaction delegated by the Board of Directors.

↗ *Further details on the activities relating to certain matters within the Committee's remit are given below:*

a) Oversight of financial information (C.1.28)

The powers delegated to the Board specifically include the duty of overseeing the dissemination of information and communications relating to the Company. Therefore, the Board is responsible for managing and overseeing, at the highest level, the information distributed to shareholders, institutional investors and the markets in genera. Consequently, the Board works to ensure, protect and facilitate the exercising of the rights of the shareholders, institutional investors and the markets in general in the defence of the corporate interest.

The Audit and Control Committee, as a specialised committee of the Board, is responsible for ensuring that the financial information is drawn up correctly. This is a matter to which it dedicates particular attention, alongside the non-financial information. Among other things, its duties involve preventing qualified opinions and reservations in external audit reports.

The people responsible for these matters attended almost all of the meetings held in 2023, enabling the Committee to become suitably familiar with the process of drawing up and presenting the mandatory financial information of the Company and the Group, particularly regarding the following points: (i) compliance with regulatory requirements; (ii) definition of consolidation perimeter; and (iii) application of the accounting principles, in particular with regard to the assessment criteria and the judgments and estimates.

Ordinarily, the Committee meets on a quarterly basis in order to review the mandatory financial information to be submitted to the authorities, as well as the information that the Board must approve and include in its annual public documentation. In such cases, the internal auditor will be present and, if any report is to be issued, the external auditor will be present. At least one meeting a year with the external auditor will take place without the presence of the management team, so that they can discuss specific issues that arise from the reviews conducted. Similarly, during fiscal year 2023, the external auditor held a meeting with the full Board of Directors to report on the work carried out and on the evolution of the Company's situation with regard to its accounts and risks.

The annual individual and consolidated financial statements submitted to the Board for preparation are not previously certified. The above notwithstanding, we note that as part of the ICFR System, the financial statements for the year ended 31 December 2023, which form part of the annual financial statements, are to be certified by the Company's Head of Internal Control and Validation. (C.1.27)

b) Monitoring the independence of the external auditor

In order to ensure compliance with applicable regulations, particularly with regard to the status of the Company as a Public-Interest Entity, and the independence of the audits, the Company has a Policy on Relations with the External Auditor (updated in 2023) which sets out the principles that should govern the selection, hiring, appointment, re-election and removal of the auditor, as well as the framework for relations.

The external auditor will be appointed for an initial period of three years. The External Auditor Relations Policy provides that, once this initial period has elapsed, Auditors may be proposed for re-election for annual periods up to a maximum term of ten years, the reference year for re-election being the calendar year following the calendar year in which the Meeting at which the re-election is agreed upon is held. At the end of the maximum term of ten years, re-election shall only be possible, exceptionally, in the cases provided for in the regulations.

As an additional mechanism to ensure the auditor's independence, the Articles of Association state that the General Shareholders' Meeting may not revoke the auditors until the period for which they were appointed has ended, unless it finds just cause for doing so. (C.1.30)

The Audit and Control Committee is responsible for establishing relationships with the auditor in order to receive information on any matters which may jeopardise its independence, and on any other matters relating to the process of auditing the accounts. In all events, on an annual basis, the Committee must receive from the external auditor a declaration of its independence with regard to the Group, in addition to information on any non-audit services rendered to the Group by the external auditor or persons or entities related to it. Subsequently, prior to the disclosure of the audit report, the Committee will issue a report containing an opinion on the independence of the auditor. This report will include an assessment of such non-audit services that may have been rendered, considered individually and as a whole, and related to the degree of independence or the applicable audit regulations. (C.1.30)

6	6	25%	25%
→ Individual	→ Consolidated	→ Individual	→ Consolidated
→ Number of consecutive years PWC has been Caixabank's statutory auditor (C.1.34)		→ % of years audited by PWC out of total years audited (C.1.34)	

↗ The audit firm carries out other non-audit work for the Company and/or its group:

(C.1.32)	CaixaBank	Subsidiaries	Total group
Amount of non-audit work (€m)	1,316	222	1,538
% Amount of non-audit work / Amount of audit work	45%	6%	24%

Note: The ratio indicated (24%) has been determined for the purpose of preparing the Annual Corporate Governance Report on the basis of the audit fees for the financial year 2023. For its part, the regulatory ratio determined on the basis of the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements for the statutory audit of public interest entities in Article 4 (2) thereof, estimated on the basis of the average audit fees for the previous 3 financial years, amounts to 27% (see Note 37 to the consolidated financial statements).

Within the framework of the Policy on the Relationship with the External Auditor, and taking into consideration the Technical Guide on Audit Committees at Public-Interest Entities by the CNMV, the Audit and Control Committee issues an annual assessment of the quality and independence of the auditor, coordinated by the Director of Accounting, Management Oversight and Capital, with regard to the external audit process. This assessment covers: (i) compliance with requisites in terms of independence, objectivity, professional capacity and quality; and (ii) the suitability of audit fees for the assignment. On this basis, the Committee has proposed to the Board, and the Board has proposed to the AGM, the re-election of PwC Auditores, S.L. as Statutory Auditors of the Company and its consolidated Group for the financial year 2024. (C.1.31)

The auditor's report on the financial statements for the preceding year does not contain a qualified opinion or any reservation. (C.1.33)

c) Monitoring of party-related transactions (D.1)

Unless by law it falls under the purview of the General Shareholders' Meeting, the Board is empowered to approve, subject to a report from the Audit and Control Committee, all transactions that the Company, or companies in its Group, undertake with: (i) Directors; (ii) shareholders who own 10% or more of the voting rights, or represented on the Board; or (iii) with any other person who must be regarded as a related party under International Accounting Standards, adopted in accordance with Regulation (EC) 1606/2002.

For these purposes, those transactions not classified as such in accordance with the law shall not be regarded as related-party transactions, and in particular: (i) transactions carried out between the Company and its directly or indirectly wholly owned subsidiaries; (ii) transactions carried out between the Company and its subsidiaries or investees, provided that no other party related to the Company has a stake in these subsidiaries or investees; (iii) the signing between the Company and any executive director or senior manager of a contract that regulates the terms and conditions of the executive duties that said director/manager is to perform, including the determination of the specific amounts or remuneration to be paid pursuant to said contract, which must be approved in accordance with the provisions herein; (iv) operations carried out on the basis of measures designed to safeguard the stability of the Company and undertaken by the competent authority responsible for its prudential supervision.

In operations that must be approved by the Board of Directors, the Board Members of the Company affected by the Related-Party Transaction, or who represent or are related to the shareholders affected by the Related-Party Transaction, must abstain from participating in the deliberation and voting on the agreement in question, under the terms provided by law.

In accordance with current regulations, the Board of Directors has currently delegated the approval of the following Related-Party Transactions:

a. Transactions between companies that are part of the Group that are carried out over the course of normal operations and on an arm's-length basis;

b. Transactions entered into under contracts whose standardised conditions are applied en masse to a large number of customers, are carried out at prices or rates established generally by the party acting as supplier of the goods or services in question, and whose amount does not exceed 0.5 per cent of the net turnover of the Company, or in the case of transactions with shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the Company, which do not individually exceed the amount of 5,000,000, nor, taken together with all other transactions with the same counterparty in the last twelve months, 0.35% of the Company's net turnover.

A report from the Audit and Control Committee will not be required to approve these transactions, although the Board of Directors shall establish an internal procedure for regular reporting and control, with the involvement of the Audit and Control Committee. CaixaBank has a Protocol on Related-Party Transactions (latest version December 2022) detailing the internal procedure which provides, among other matters, for half-yearly reporting to the Audit and Control Committee of related-party transactions whose approval has been delegated by the Board.

The granting by the Company of lines of credit, loans and other means of financing and guarantees to Directors, or to persons associated with them, shall comply with the regulations of the Board of Directors and with the regulations governing the organisation and discipline of credit institutions and the with supervisory body's guidelines in this matter.

The Company shall publicly announce, no later than the day of their execution, the Related-Party Transactions that the Company or the companies of its Group enter into and whose amount reaches or exceeds 5% of the total asset items, or 2.5% of the annual turnover, under the terms established by law. It shall also report the Related-Party Transactions in the half-yearly financial report, the annual corporate governance report and the consolidated annual accounts in the cases and within the scope provided for by law.

The Company is not aware of any relationship, whether of a commercial, contractual or family nature, among significant shareholders. Potential relations of a commercial or contractual nature with CaixaBank notwithstanding, within the ordinary course of business and on an arm's-length basis. With the aim of regulating the relationship between the "la Caixa" Banking Foundation and CaixaBank and their respective groups and thus avoiding conflicts of interests, the Internal Relations Protocol (amended in October 2021) was signed. The main purpose of this protocol is: (i) to manage related-party transactions; (ii) to establish mechanisms to avoid the emergence of conflicts of interest; (iii) to govern the pre-emptive right over Monte de Piedad; (iv) collaboration on CSR and sustainability matters; and (v) to regulate the flow of information for compliance with the periodic reporting obligations. This Protocol is available on the corporate website and its compliance is monitored on an annual basis by the Committee.

Notwithstanding the above, the Internal Relations Protocol also sets out the general rules for performing transactions or providing services at arm's length, and identifies the services that companies in the FBLC Group provide or may provide to companies in CaixaBank Group and, likewise, those that companies in CaixaBank Group provide or may provide to companies in the FBLC Group. The Protocol establishes the circumstances and terms for approving transactions. In general the Board of Directors is the competent body for approving these transactions. In certain cases stipulated in Clause 3.4 of the Protocol, certain transactions will be subject to approval from the CaixaBank Board of Directors, which must have a report issued in advance by the Auditing Committee, whereby the same applies for all other signatories of the Protocol. (A.5+D.6)

Articles 29 and 30 of the Regulations of the Board regulate the non-compete obligation of Board members and applicable conflicts of interest, respectively: (D.6)

Directors will only be exempt from the non-compete obligation if it does not entail non-recoverable damage to the Company. Any director who has been granted such a non-compete waiver must abide by the terms contained in the waiver resolution and must invariably abstain from taking part in discussions and votes in which they have a conflict of interest.

Directors (directly or indirectly) have the general obligation to avoid situations that could involve a conflict of interest for the Group and, where there is a conflict, they have the duty to report the matter to the Board for disclosure in the financial statements.

Furthermore, key personnel are subject to certain obligations with regard to direct or indirect conflicts of interest under the Internal Code of Conduct in Securities Markets, including the obligation to act with freedom of judgement and loyalty to CaixaBank, its shareholders and its customers, to abstain from intervening in or influencing decisions that may affect people or companies with which there are conflicts of interest, and to inform Regulatory Compliance of such incidents.

Except for what may appear in Note 43 of the consolidated financial statements, during the year 2023 there was no knowledge of the existence of significant transactions due to their amount or relevant due to their subject matter, carried out between the Group and its related parties. (D.2, D.3, D.4, D.5)

Senior Management

The CEO, the Management Committee and the main committees of the Company are responsible for the daily management, implementation and development of the decisions made by the Governing Bodies,

↗ **Management Committee** (C.1.14)

The Management Committee meets on a weekly basis to make decisions related to the Strategic Plan, Annual Operating Plan, and other areas that affect organisational life at CaixaBank.

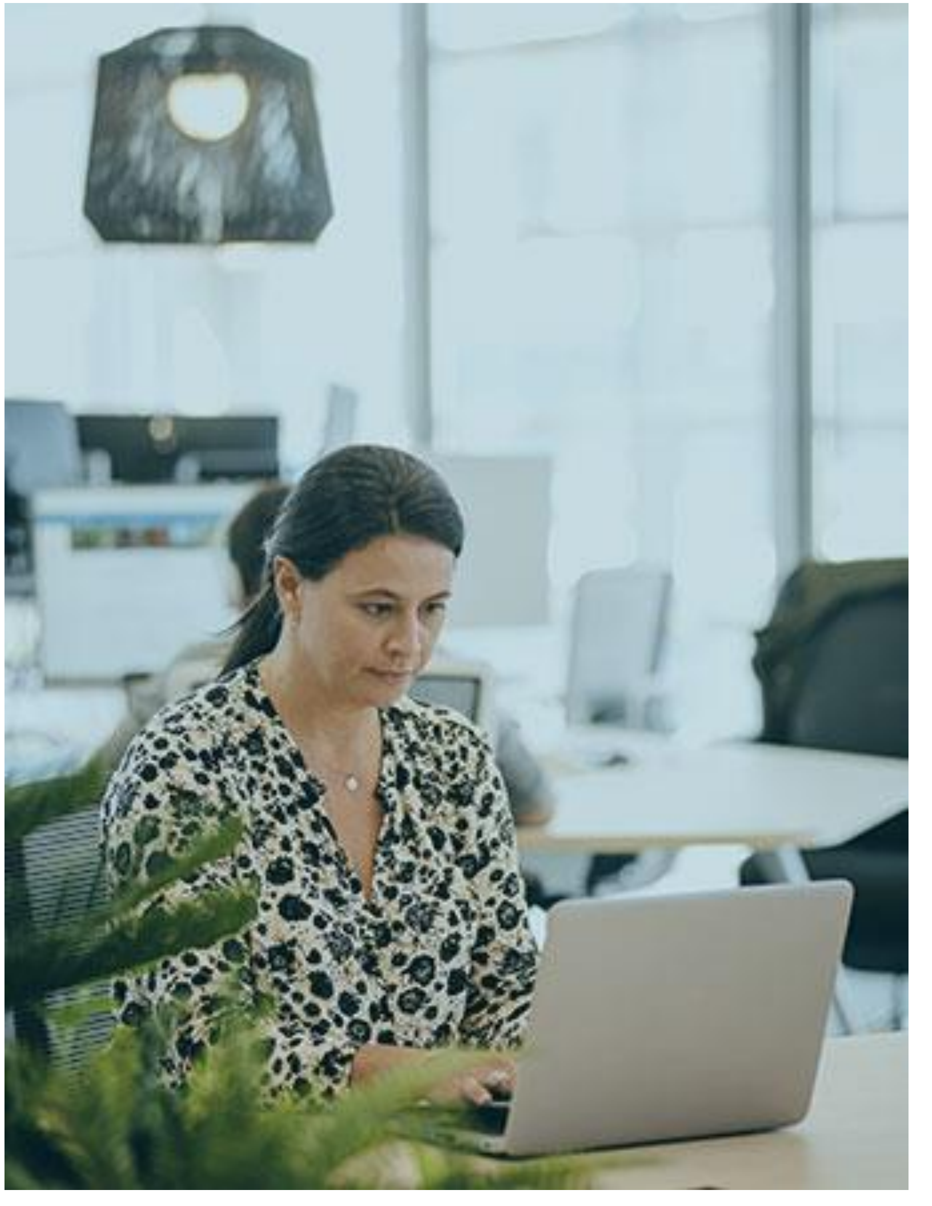
It also approves structural changes, appointments, expense lines and business strategies.

3 → **Presence of women in Senior Management at 31.12.23** (former CEO)

20% of total

0.010 % → **Senior management's share in the company's capital at 31.12.23 (former CEO)**

0.016 % → **The total amount of shares generated by incentive plans that are pending delivery account for 0.016% of the total share capital**



IÑAKI BADIOLA

Corporate & Investment Banking Director

Education

He holds a degree in Economics and Business Science from the Complutense University in Madrid and a master's in Business Administration from the IE.

Career

With a career spanning over 20 years in the world of finance, he has held a number of roles in various companies across different sectors: technology (EDS); distribution (ALCAMPO); public administration (GISA); transport (IFERCAT); and real estate (Harmonia).

He was Executive Director of CIB and Corporate Director of Structured Finance and Institutional Banking.

LUIS JAVIER BLAS

Chief Operating Officer

Education

He holds a degree in Law from Universidad de Alcalá. AMP (Advanced Management Program) by ESE Business School (Universidad de los Andes - Chile), as well as other corporate management development programmes by IESE and INSEAD.

Career

Prior to joining CaixaBank, he spent 20 years in the BBVA Group. He also previously worked at the Accenture Group, Abbey National Bank Spain and Banco Central Hispano, at the start of his career

Other positions currently held

Currently, he is a Director of Caixabank Tech, S.L.U. and Director of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros.

MATTHIAS BULACH

Head of Accounting Mgmt and Capital

Education

He holds a degree in Economics from the University of Sankt Gallen and CEMS Management Master's degree from the Community of European Management Schools.

Career

He joined "la Caixa" in 2006 as Head of the Economic Analysis Office, working on strategic planning, analysis of the banking and regulatory system and support to the Chairman's Office in restructuring the financial sector. Before his appointment as Executive Director in 2016, he was Corporate Manager of Planning and Capital. He was previously Senior Associate at McKinsey & Company, specialising in the financial sector and international projects.

He has been a Member of the Supervisory Board of Erste Group Bank AG and a member of its Audit Committee. He has also been a Director of CaixaBank Asset Management SGIIC S.A. and Chairman of its Audit and Control Committee.

Other positions currently held

Director of CaixaBank Payments & Consumer and Buildingcenter S.A.

ÓSCAR CALDERÓN

General Secretary and Secretary to the Board of Directors

Education

He holds a degree in Law from the University of Barcelona and he is a State Lawyer.

Career

He has served as State Lawyer in Catalonia (1999-2003). Lawyer to the General Secretary's Office of "la Caixa" Caja de Ahorros y Pensiones de Barcelona (2004) and Deputy Secretary to the Board of Directors of Inmobiliaria Colonial, S.A. (2005-2006), in addition to Secretary of the Board of Banco de Valencia (from March to July 2013) and Deputy Secretary of the Board of Directors of "la Caixa" Caja de Ahorros y Pensiones de Barcelona until June 2014. He was also a Trustee and Deputy Secretary of "la Caixa" Foundation until its dissolution in 2014, as well as Secretary to the Board of Trustees of "la Caixa" Banking Foundation until October 2017.

Other positions currently held

Trustee and Secretary to the Board of Trustees of Fundación del Museo de Arte Contemporáneo de Barcelona (MACBA). He is also Secretary of the Foundation of Applied Economics (FEDEA) of the Board of Trustees of the CaixaBank Dualiza Foundation.

MANUEL GALARZA

Head of Control, Compliance and Public Affairs

Education

He holds a degree in Economics and Business Science from the University of Valencia. Extraordinary award for the bachelor's degree. Senior Executive Programme from ESADE. He is a qualified chartered accountant (Registro Oficial de Auditores de Cuentas).

Career

Since January 2011, he has held various senior positions at Bankia and was a member of Bankia's Management Committee from January 2019 until joining CaixaBank.

He has been a director of listed and unlisted companies, including Iberia, Realia, Metrovacesa, NH, Deoleo, Globalvía and Caser.

DAVID LÓPEZ

Chief Human Resources

Education

He holds a degree in Economics and Business Science from the University of Las Palmas de Gran Canaria. He has worked in both local and multinational companies, and his time at Arthur Andersen is particularly noteworthy.

Career

In 2001, he joined Caja de Canarias as Director of Human Resources and Systems. The following year, he was appointed Deputy Director General and Commercial Director of Caja Insular de Ahorros de Canarias. In 2011, once Bankia had absorbed Caja Insular, he was appointed as Deputy Commercial Manager and, subsequently, Commercial Director for the Canary Islands. Between 2012 and 2015, he was Territorial Director of the Canary Islands, and in July 2015 he became Territorial Director of southwest Madrid.

In January 2019, he was appointed Deputy Managing Director for People and Culture at Bankia, as well as a member of its Management Committee.

On 30 March 2021, he was appointed Chief Human Resources at CaixaBank.

Other positions currently held

Since March 2019, he has been Chairman of CECA's Labour Relations Committee.

MARÍA LUISA MARTÍNEZ

Head of Communications and Institutional Relations

Education

She holds a degree in Modern History from the University of Barcelona and in Information Sciences from the Barcelona Autonomous University. She completed the PADE programme at IESE Business School.

Career

She joined "la Caixa" in 2001 to head up media relations. In 2008, she was appointed Head of Communication with responsibility for corporate communication and institutional management with the media. In 2014, she was appointed Director of Communications, Institutional Relations, Brand and CSR at CaixaBank, and since 2016 she has been the Executive Director (as well as member of the Steering Committee since May 2016) in charge of these areas. In April 2021 she was appointed Director of Communications and Institutional Relations.

Until May 2022, she has been Chairwoman of Autocontrol (a reference body in the self-regulation of the advertising industry in Spain).

Other positions currently held

Chairwoman of Dircom Cataluña, Member of Dircom Nacional, Vice-President of Corporate Excellence and Member of the Board of Directors of Foment del Treball.

JAUME MASANA

Business Director

Education

He holds a degree in Business Administration and a Master's in Business Administration from ESADE, and a CEMS, Community of European Management Schools Master's from the Università Commerciale Luigi Bocconi (Milan, Italy). He also completed the International Management Programme at Stern - New York University (Graduate School of Business Administration).

Career

Before joining CaixaBank, he developed his career at Catalunya Caixa (2010-2013), Caixa Catalunya (2008-2010) and Caixa Manresa (1996-2008).

He has also worked in private equity at Granville Holdings PLC and in treasury at JP Morgan. He has taught international finance and investment banking at ESADE Business School in Barcelona.

Joined CaixaBank in 2013 and was Territorial Director for Catalonia from 2013 to 2022.

Other positions currently held

He is a director of CaixaBank Payments & Consumer.

He is also a Director of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, and Director and Chairman of Imaginersgen, S.A.

JORDI MONDÉJAR

Head of Risk

Education

He holds a degree in Economics and Business Management from the University of Barcelona. He is a qualified chartered accountant (Registro Oficial de Auditores de Cuentas).

Career

He worked at Arthur Andersen from 1991 to 2000 in the field of accounts auditing for financial and regulated institutions.

He joined "la Caixa" in 2000 and was Executive Director of Intervention, Management Control and Capital before his appointment as Head of Risk in 2016.

Other positions currently held

Non-Executive Chairman of Buildingcenter, S.A.

JORDI NICOLAU

Head of Payments and Consumer

Education

Graduate in Economics and Business Administration from the University of Barcelona and Master in Business Administration (MBA) from the Universitat Pompeu Fabra. He has also completed the Management Development Programme (PDD) at IESE, the ESADE "Leadership and Commitment" postgraduate course, the Advanced Studies Diploma (DEA) Third Degree at the University of Girona, and the "Leadership Excellence through Awareness and Practice Programme" (LEAP) at INSEAD.

Career

He joined CaixaBank in 1995, occupying different positions in the commercial network. Subsequently he was also Deputy Director and Executive Director of the Catalonia Territory, Director of the Barcelona Territory, and Director of Retail-Customer Experience & Day to Day.

Other positions currently held

CEO of CaixaBank Payments & Consumer.

Mr. Nicolau is also a Director at several entities of the CaixaBank Group: CaixaBank Tech, ImaginersGen and CaixaBank Facilities Management. He is also Chairman of the Board of Telefónica Consumer Finance, Chairman of Telefónica Renting, and Director of Comercia Global Payments.

JAVIER PANO

Chief Financial Officer

Education

He holds a degree in Business Science and an MBA from ESADE Business School.

Career

Since July 2014, he has been CFO of CaixaBank, heading the Markets, ALM and Investor Relations areas, Chairman of the ALCO Committee and responsible for managing liquidity and wholesale funding, having previously held positions of responsibility in the Capital Markets area.

Before joining "la Caixa" in 1993, he held senior positions at various companies.

Other positions currently held

Member of the Board of Directors and member of the Risk Committee, Nomination, Evaluation and Remuneration Committee of BPI, S.A., and Non-Executive Deputy Chairman of the Board of Directors and Member of the Nomination Committee of Cecabank, S.A.

MARISA RETAMOSA

Head of Internal Audit

Education

She holds a degree in Computer Science from the Polytechnic University of Catalonia. CISA (Certified Information System Auditor) and CISM (Certified Information Security Manager) certification accredited by ISACA.

Career

She has been Corporate Manager of Security and Resources Governance, and previously served as Head of Security and Service Control in IT Services. She also served as Head of Operations Audit.

Joined "la Caixa" in 2000. She previously worked in Arthur Andersen (1995-2000), working in roles relating to system and process audits and risk advisory.

EUGENIO SOLLA

Chief Sustainability Officer

Education

Graduate in Business Administration and Management from the University College of Financial Studies (CUNEF), master's degree in Credit Institution management at UNED and Executive MBA at IESE.

Career

In 2004, he joined Caja de Ahorros de Ávila until 2009, when he became Integration Coordinator at Bankia. In 2011, he joined Bankia's Chairman's Office as Director of Strategic Coordination and Market Analysis, and a year later became Director of the Office. Between 2013 and 2015, he was appointed Corporate Director of marketing of the company and, in July 2015, Corporate Director of the Madrid North Territorial Unit.

He was Deputy General Manager of Retail Banking and member of the Management Committee of Bankia from January 2019 until he joined CaixaBank.

Other positions currently held

He is currently Vice-Chairman of the CaixaBank Dualiza Foundation and, since January 2023, Trustee of the Seres, Society and Responsible Business Foundation.

JAVIER VALLE

Head of Insurance

Education

He holds a degree in Business Science and a master's in Business Administration from the ESADE Business School. Community of European Management School (CEMS) at HEC Paris.

Career

He has developed his professional career as General Manager at Bansabadell Vida, Bansabadell Seguros Generales, and Bansabadell Pensiones, and has also been CEO of Zurich Vida. He was CFO of the Zurich Group Spain and Director of Investments for Spain and Latin America.

Other positions currently held

He is a Director and CEO of VidaCaixa. He is vice-Chairman and member of the Executive Committee and Board of Directors of Unespa, as well as Director of ICEA.

He is also a Director of CaixaBank Tech and a Member of the Board of Directors of Esade Alumni.

He is also Vice-President of the Conference of European Bancassurers.

Member of the Insurance Advisory Board of the Directorate General of Insurance and Pension Funds.

MARIONA VICENS

Head of Digital Transformation and Advanced Analytics

Education

She graduated as a Mechanical Engineer from Catalunya Polytechnic University and has an MBA from the Kellogg School of Management, Northwestern University.

Career

She started her career at McKinsey & Co as a Senior Associate, working in the financial and pharmaceutical sectors.

Before joining CaixaBank, she developed his career in the areas of Strategy and Business Development at Novartis, with international experience in China and Switzerland.

She joined CaixaBank in 2012 as Director of Innovation, and since 2018 she has been Director of Innovation and Digital Transformation.

Other positions currently held

Director of CaixaBank Tech, S.L.U., Imaginersgen, S.A. and CaixaBank Payments & Consumer, E.F.C. E.P., S.A.

She is also the Chairwoman of CaixaBank Advanced Business Analytics, S.A.U.

Other Committees

The following is a description of the main committees:

Alco Committee (assets and liabilities)

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 policies of the risk appetite framework and the risk limits approved by the Board.

Periodicity: Monthly.

Dependency: Management Committee. It reports to the Global Risk Committee.

Risks managed: Liquidity and Financing. Market. Interest rate risk in the banking book.

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, periodically assessing the initiatives carried out in this field.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Legal and regulatory. Conduct and compliance.

Information Governance and Data Quality Committee.

It oversees the coherence, consistency and quality of the information reported to the regulator and to the Group's management, providing a comprehensive view at all times.

Periodicity: Bimonthly.

Dependency: Management Committee.

Risks managed: Technological.

Global Risk Committee

It is responsible for the global management, control and monitoring of credit, market, operational, concentration, reputational, legal, regulatory compliance and any other risk included in the CaixaBank Group's Corporate Risk Catalogue, as well as the implications for liquidity, solvency and the consumption of regulatory and economic capital.

Periodicity: Monthly.

Dependency: Risk Committee.

Risks managed: All those in the Group's Corporate Risk Catalogue.

Corporate Criminal Management Committee

This Committee is responsible for managing any observations or reports made through any channel regarding the prevention of and response to criminal conduct. The main functions are: prevention, detection, response, report and monitoring of the model.

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Conduct and compliance.

Permanent Lending Committee

It 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, and its approval level is defined in the Bank's internal regulations.

Periodicity: Weekly.

Dependency: Board of Directors.

Risks managed: Credit.

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 transparency and the understanding thereof by the customers, especially retailers and consumers, and the suitability to their needs.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Legal and regulatory. Conduct and compliance. Reputational.

Diversity committee

Its mission is the creation, promotion, monitoring and presentation of actions to the corresponding bodies to increase diversity with a focus on the representation of women in management positions and to avoid the loss of talent, as well as in the other areas of diversity that are a priority for the Bank such as functional, generational and cultural diversity.

Periodicity: Quarterly.

Dependency: Management Committee.

Risks managed: Legal and regulatory. Reputational.

Recovery and Resolution Plan Committee

Periodically develop a recovery package to enable the entity to recover in a situation of financial stress. Along with additional information, it will ensure compliance with the ECB's requirements on the drafting of the Recovery Plan. On the other hand, the RRPC will ensure compliance with the recommendations of the SRB, and to ensure a level of resolvability with the expectations of the SRB.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Business returns. Own funds: Solvency. Liquidity and Financing. Legal and regulatory. Reputational.

Privacy Committee

It acts as the senior and decision-making body for all aspects relating to privacy and personal data protection within CaixaBank Group.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Legal and regulatory. Conduct and compliance.

Efficiency committee

The mission of this committee 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 to be presented to the Management Committee for approval.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Business returns. Own funds: Solvency.

Sustainability Committee

It is responsible for approving CaixaBank's strategy and practices and overseeing them, as well as propose and presenting (for their approval by the corresponding Governing Bodies) 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.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Sustainability.

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.

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Reputational.

Information Security Committee

It is the highest executive and decision-making body for all aspects related to Information Security at a corporate level.

Its purpose is to ensure the security of information in CaixaBank Group by applying the Corporate Information Security Policy and the mitigation of any identified risks or weaknesses.

Periodicity: Quarterly.

Dependency: Management Committee.

Risks managed: Conduct and Compliance and Technology.

Internal Code of Conduct Regulations Committee (ICCR)

It is responsible for adapting the actions of CaixaBank, its boards of directors, employees and representative to the standards of conduct that, in their activities related to the Securities Markets, they must respect and are contained in the Law on Securities Market and its implementing regulations.

Periodicity: Quarterly.

Dependency: Management Committee.

Risks managed: Conduct and compliance.

Global Recovery and Default Committee

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

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Credit.

Credit Risk Policy Committee

It approves, or where applicable, takes note of, and monitors the policies and criteria related to the granting and management of credit risk.

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Credit.

Operational Risk Committee

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

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Other operational risks.

Operational Resilience Committee

It is the body responsible for managing the Group's Operational Continuity function, as well as for designing, implementing and monitoring the Operational Continuity Management System.

Periodicity: Weekly (in normal conditions).

Dependency: Management Committee.

Risks managed: Technological.

CaixaBank

Capital Committee

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.

Periodicity: Monthly.

Dependency: Management Committee.

Risks managed: Eligible own funds/Solvency.

Internal Compliance Committee (ICC)

Responsible for promoting the development and implementation of AML/TF policies and procedures at the Group level. A collegiate body with decision-making functions.

Periodicity: Quarterly.

Dependency: Management Committee.

Risks managed: Conduct and compliance.

Impairment Committee

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.

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Credit.

Models Committee

It is responsible for the review and formal approval, as well as for managing, controlling and monitoring credit risk, market risk, operational risk, reputational risk, structural balance sheet risk, planning and projection of macroeconomic variables. It is also responsible for any methodology derived from the control function it holds, including the calculation of economic capital, regulatory capital and expected loss, and the estimation of risk metrics (risk-adjusted return on assets - RAR), in addition to reviewing risks to adapt them to the Regulations (Credit, Market, Other Operational, Liquidity, Reputational and Structural Balance Sheet).

Periodicity: Monthly.

Dependency: Global Risk Committee.

Risks managed: Credit; Market; Oper. R.; Liquidity R.; Reputational R.; Structural Balance Sheet R.

Incidents Committee

The Incidents Committee holds, by delegation of the Management Committee, the disciplinary power that, in accordance with art. 20 of the revised text of the Workers' Statute Law, the Entity has in relation to its employees. This power is exercised through the opening, analysis, discussion and resolution of all possible disciplinary proceedings that may arise

Periodicity: Weekly.

Dependency: Management Committee.

Risks managed: Conduct and compliance.

Interest Rate Reference Indexes Technical Contribution Committee

Ensure the adequacy of the Contribution Process to the applicable regulations and supervise its correct functioning, being responsible for defining and approving the contribution procedure.

Periodicity: Bimonthly.

Dependence: Management Committee.

Risks managed: Conduct and compliance.

The Product Committee

The main function attributed to the Product Committee is the approval of New Products. It also has other functions: To establish the criteria for determining what a New Product is; To validate whether a product should be considered a New Product or not; To supervise the Technical Office to ensure its proper functioning.

Periodicity: Every two weeks.

Dependence: Transparency Committee.

Risks managed: Legal and regulatory. Conduct and compliance. Reputational.

PIA Committee (Privacy Impact Assessment)

The main function attributed to the PIA Committee, as delegated by the Privacy Committee, is the analysis and, if necessary, the approval of new data processing. The purpose of the PIA committee is to assess, on a recurring basis, the risks, both from a legal and information security point of view, to the fundamental right to data protection of the data processing that we carry out.

Periodicity: Every two weeks.

Dependence: Privacy Committee.

Risks managed: Legal and regulatory. Conduct and compliance.

Delegated Committee for the Prevention of Money Laundering

Its function is to make the OCI more agile. With executive character and powers of prior discussion and establishment of action guidelines for the improvement of all operational aspects in AML/CFT (approval of client terminations, etc.).

Periodicity: Every two weeks.

Dependence: Internal Control Committee - ICC

Risks managed: Conduct and compliance.

Large auctions committee

It analyses, studies and determines the strategy in the field of large auctions for the CaixaBank Group. Study and, if necessary, authorisation of the awarding of real estate assets whose capital exceeds 600,000 euros.

Periodicity: Monthly.

Dependence: Permanent Lending Committee.

Risks managed: Credit.

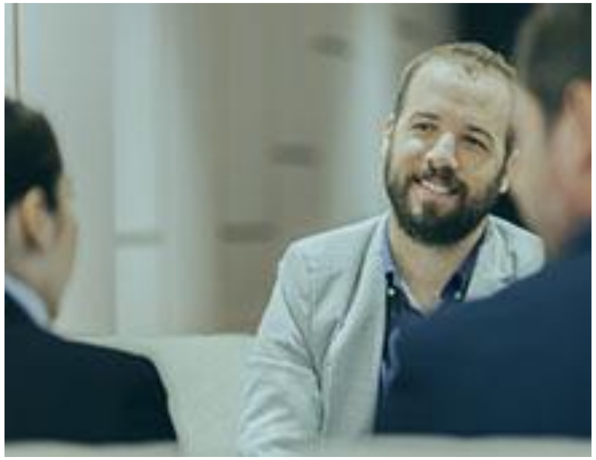
Real Estate Asset Acquisition and Appraisal Committee (CVAAI)

It is responsible for the valuation and acquisition of real estate assets of the CaixaBank Group and for the definition of management actions for such assets accordingly and in accordance with its duties.

Periodicity: Every two weeks.

Dependence: Permanent Lending Committee.

Risks managed: Credit.



Remuneration

CaixaBank establishes the Remuneration Policy for its Directors on the basis of general remuneration policies, committed to a market position that allows it to attract and retain the talent needed to encourage behaviour that ensures long-term value generation and sustainability over time.

Market practices are analysed periodically with wage surveys and specific studies conducted as and when needed by top tier companies, with the samples of reference being those of entities in the European financial sector and IBEX 35 companies comparable to CaixaBank. External experts are also consulted on certain issues.

The Amendment to the Board Remuneration Policy applied to Directors' remuneration submitted by the Board to the binding vote of the General Meeting of 31 March 2023 received 76.03% of votes in favour. The consultative vote on the Annual Remuneration Report for the previous year obtained 76.63% of votes in favour. Both results were conditioned by a significant shareholder with a 17.32% stake, who abstained.

The nature of the remuneration received by the members of the Company's Board is described below:

(C.1.13)

9,573 → **remuneration of the Board of Directors accrued in 2023**[1] (thousands of €)

4,151 → **amount of funds of current directors in long-term savings schemes with vested economic rights** (thousands of €)

3,763 → **amount of funds of current directors in long-term savings schemes with non-vested economic rights** (thousands of €)

0 → **amount of funds of former directors in long-term savings schemes** (thousands of €)

No information is provided on consolidated pension rights for former directors, since the Company has no type of commitment (contribution or benefit) with former executive directors under the pensions system. (C.1.13).

[1] The remuneration of Directors in 2023 as reported in this section takes the following changes in the composition of the Board and its Committees during the year:

During the 2023 financial year, a new director was appointed and re-election was held for three directors. Specifically, the Annual General Meeting approved the re-election of Gonzalo Gortázar (executive director), María Amparo Moraleda (independent director), and Cristina Garmendia (independent director) as members of the Board, as well as the appointment of Peter Löscher (independent director) as a new member. In addition, Eduardo Javier Sanchiz was appointed as Lead Independent Director, following the resignation of John S. Reed. As a result of the above re-election and appointment resolutions, the Board of Directors agreed on the same date to reorganise the composition of the different Board Committees, as explained in greater detail in the previous section of this Report: "Changes in the composition of the Board and its Committees in financial year 2023". At year-end 2023, the Board of Directors is composed of 15 members, with the Chairman and the Chief Executive Officer as the only members with executive functions.

Director remuneration has been prepared in accordance with the instructions of CNMV Circular 4/2013. As a result, there are differences with the note on remuneration in the Annual Accounts which have been determined on an accruals basis. In contrast to the information detailed here, the remuneration of directors in the annual accounts includes: (i) contributions to the long-term savings system (although such contributions are not consolidated); (ii) remuneration received for membership of Boards representing the Company outside the consolidated group (€26,000); and variable remuneration accrued in the year regardless of its deferral.

> DIRECTORS

The system provided for in the By-laws establishes that the remuneration of CaixaBank directorships should consist of a fixed annual amount to be determined by the Annual General Meeting, which remains in force until the Annual General Meeting agrees to modify it. In this regard, the remuneration of the members of the Board, in their capacity as such, consists solely of fixed components.

Non-executive Directors (those that do not perform executive functions) have a purely organic relationship with CaixaBank and, consequently, they do not hold contracts with the Bank to perform their duties, nor are they entitled to any form of payment should they be dismissed from their position as Director.

> **EXECUTIVE POSITION** (APPLICABLE TO THE CHAIRMAN AND THE CEO)

In relation to members of the Board with executive duties, the By-laws recognise remuneration for their executive functions, in addition to the directorship itself.

Therefore, the remuneration components of these functions are structured in due consideration of the economic context and results, and include the following:

- Fixed remuneration according to the employee's level of responsibility and professional career, constituting a significant part of the total compensation.
- Variable remuneration tied to the achievement of previously-established annual and long-term targets and prudent risk management.
- Pension scheme and other social benefits.

The nature of the components accrued in 2023 by the Executive Directors is described below:

Fixed component

Fixed remuneration for Executive Directors is largely based on the level of responsibility and the professional career of each Director, combined with a market approach taking account of salary surveys and specific ad hoc studies. The salary surveys and specific ad hoc studies used by CaixaBank are performed by top-tier companies, with the comparable sample being that of entities in the European financial sector and IBEX 35 companies comparable to CaixaBank.

Variable component

Variable remuneration scheme with multi-year metrics

Executive Directors have a recognised risk-adjusted variable remuneration scheme based on performance measurement that is awarded annually based on annual metrics with a long-term adjustment through the establishment of multi-year metrics.

This scheme is based solely on meeting corporate challenges. Annual factors, with quantitative (financial) and qualitative (non-financial) criteria, and multi-annual factors adjusting the payment of the deferred portion subject to multi-annual factors as a reduction mechanism are used to measure performance and assess results.

In line with the objective of a reasonable and prudent balance between fixed and variable remuneration components, the amounts of fixed remuneration of executive directors are sufficient and the percentage of variable remuneration with multi-year metrics over annual fixed remuneration, taking into account that it groups together both short and long-term variable remuneration, does not exceed 100%.

In line with our responsible management model, 30% of the annual and long-term variable remuneration granted to the Chairman and CEO is linked to ESG factors, such as Quality, Conduct and Compliance challenges and the mobilisation of sustainable finance. Likewise, in the adjustment with multi-year metrics of this variable compensation, 25% is linked to the challenge of Mobilising long-term sustainable finances. These factors are also included in the determination and adjustment of the variable compensation of the members of the Management Committee and the rest of the Identified Staff. As of 2024, these ESG factors have been included in the determination of the variable remuneration of the entire CaixaBank workforce.

> ANNUAL FACTOR METRICS

The corporate challenges, with a weighting of 100%, are set annually by the Board on the recommendation of the Remuneration Committee, subject to a degree of achievement [80%-120%], which is determined on the basis of the following concepts aligned with the strategic objectives:

Target Item	RW	Strategic Line
ROTE (Return on Tangible Equity)	20%	Business growth, developing the best value proposition for our clients
CER (Core Efficiency Ratio)	20%	Business growth, developing the best value proposition for our clients
Variation in problematic assets	10%	Business growth, developing the best value proposition for our clients
RAF (Risk Appetite Framework)	20%	Business growth, developing the best value proposition for our clients
Quality	10%	Operate in an efficient customer service model, adapted as much as possible to customer preferences.
Compliance	10%	Operate in an efficient customer service model, adapted as much as possible to customer preferences.
Sustainability (mobilisation of sustainable finance)	10%	Sustainability - leaders in Europe

> MULTI-YEAR FACTOR METRICS

The aforementioned multi-year metrics will have associated compliance scales so that if the targets established for each are not met within the three-year measurement period, the deferred portion of the variable remuneration pending payment can be reduced but never increased.

Target Item	RW	Strategic Line
CET1	25%	Business growth, developing the best value proposition for our clients
TSR (EUROSTOXX Banks Index Average - Gross Return)	25%	Business growth, developing the best value proposition for our clients
Multi-year ROTE	25%	Business growth, developing the best value proposition for our clients
Sustainability (mobilisation of sustainable finance)	25%	Sustainability - leaders in Europe

Contributions to long-term savings schemes

Furthermore, the Chairman and CEO have agreed in their contracts to make pre-fixed contributions to pension and savings schemes.

15% of the contributions paid to complementary pension schemes will be considered an on-target amount (while the remaining 85% is treated as a fixed component). This amount is determined in accordance with the same principles established for variable remuneration in the form of a bonus, based exclusively on annual measurement parameters, and is contributed to a Discretionary Pension Benefit Policy.

14,081 → **Total remuneration of senior management** (Former executive directors) in 2023[1] (thousands of €) (C.1.14)

[1] *This amount includes the fixed remuneration, remuneration in kind, social security insurance premiums and discretionary pension benefits, along with other long-term benefits assigned to members of the Senior Management. This amount does not include the remuneration received for representing the Company on the boards of listed and other companies, both within and outside the consolidated group (1,299 thousand euros).*

With regard to any agreements made between the company and its directors, executives or employees on severance or golden parachute clauses, see the following table (C.1.39):

C.1.39

Recipient number: 33

Type of beneficiary: Chairman, CEO and 2 members of the Management Committee, 3 Executives // 26 Middle Managers

Description of the agreement:

Chairman and CEO: One year of the fixed components of his remuneration.

Members of the Management Committee: indemnity clause equivalent to one annual payment of the fixed components of their remuneration, or the amount payable by law, whichever is higher. There are currently two members of the committee for whom the indemnity to which they are legally entitled is still less than one year of their salary. Further, the Chairman, CEO and members of the Management Committee are entitled to one annual payment of their fixed remuneration, paid in monthly instalments, as consideration for their non-compete undertaking. This payment would be discontinued were this covenant to be breached. Executives and middle managers: 29 Executives and middle managers between 0.1 and 2 annual payments of fixed remuneration above that provided by law. Executives and middle managers of Group companies are included in the calculation.

These clauses are approved by the Board of Directors and are not notified to the General Shareholders' Meeting.

CaixaBank

Internal Control and Risk Management over Financial Reporting (ICFR) Systems

Contents

Environment for internal control over financial reporting (F.1)

Governance and Decision-making bodies

> GOVERNING BODIES

Board of Directors

Responsible for implementing a risk governance framework commensurate with the Group's level of risk appetite, including an adequate and effective ICFR.

Audit and Control Committee

It monitors the effectiveness of internal control systems by ensuring that internal control policies and systems are effectively implemented, and it also monitors and assesses the effectiveness of financial risk management systems.

Risk Committee

It advises the Board on the Group's overall risk appetite and its strategy in this area, verifying that the Group has the means, systems, structures and resources in line with best practices to implement its strategy for managing any risks that could affect the reliability of financial reporting.

Appointments and Sustainability Committee

Its functions include proposing the Annual Corporate Governance Report to the Board and supervising and controlling the proper functioning of the Entity's corporate governance system.

> COMMITTEES

Management Committee

Acts as the communications channel between the Board of Directors and Senior Management. It is responsible for drafting the consolidated Strategic Plan and Budget, which are approved by the Board of Directors. In CaixaBank's own sphere of action, the Management Committee adopts resolutions affecting the Company's organisational activity. It also approves structural changes, appointments, expense lines and business strategies.

Global Risk Committee

Responsible for the overall management, control and monitoring of, inter alia, all risks with a potential impact on the reliability of information, as well as the implications for liquidity management, solvency and capital consumption. The Committee therefore will analyse the Group's global risk position and establish policies to optimise the management, monitoring and control of the risks within the framework of its strategic objectives.

> FUNCTIONAL AREAS

Financial Reporting Areas

The Executive Directorate of Financial Accounting, Control and Capital is the body that provides most financial reporting and requests the necessary collaboration from the other functional areas of the Company and its Group in order to obtain the level of detail deemed suitable for this information. However, other Directorates are also involved, both in the coordination and the creation of financial reporting.

Reliability of financial reporting

Information Reliability Management, who reports to the Directorate of Internal Control and Validation, is responsible for establishing policies and procedures for the management and control of the reliability of financial reporting. It is also responsible for reviewing the implementation of these policies by the financial reporting areas.

CaixaBank has **two policies** in place that establish the governance framework, management and review of the reliability of financial reporting:

- **Corporate policy on Information Governance and Data Quality (IGDQ),** which establishes the Information Governance and Data Quality framework as a compendium of basic rules related to data integrity risk (one of the level 2 risks in the Group's corporate risk catalogue), including management, aggregation, control and use of data.
- **Corporate policy for the management and control of the reliability of information**, which includes the necessary content for the management and control of the reliability of financial reporting as a whole and whose main objectives are to establish and define:
  - A **reference framework** that allows for adequate management and control to ensure the reliability of the financial reporting produced by the company, homogenising the criteria for control and verification activities.
  - The **scope** of the financial reporting to be produced.

Three specific standards derive from this policy, which further describe the activities undertaken:

(i) Standard for the management and control of the reliability of information (ii) Pillar III disclosure regulation and (iii) Disclosure regulation for financial statements, explanatory notes and the management report.

The purpose of the **Standard** for the management and control of the reliability of information is, among others, to develop in greater detail and depth the methodology applied for the management of the ICFR as well as the coordination with the Group's entities and the activities to be carried out by the Financial Information Reliability Department (hereinafter, the "Department") and other areas involved in the different processes related to the ICFR.

Organisational Structure and Leadership Roles

The review and approval of the organisational structure and the lines of responsibility and authority is carried out by the **CaixaBank Board of Directors**, through the **Management Committee and the Appointments and Sustainability Committee**.

The area of the Organisation designs the organisational structure of CaixaBank and proposes to the bank's governing bodies any suitable changes. Subsequently, the **Human Resources Department** proposes appointments to carry out the defined responsibilities.

Code of Ethics and Principles of Action and other internal policies

CaixaBank has established a series of values, principles and standards inspired by the highest standards of responsibility detailed below:

The Code of Ethics is the basis for guiding the actions of the people comprising the company, that is, the employees, directors and members of the Governing Bodies, and it affects all levels: in their internal professional relationships with the Company and in their external relationships with customers, suppliers and wider society. By means of the Code of Ethics, CaixaBank aligns itself with the highest national and international standards and takes an active stance against any type of unethical practices and any practices that are contrary to the general principles of action set out in its text.

This Code of Ethics is a company-wide document, so it applies throughout CaixaBank Group, serving as a reference for all companies in the Group. These companies' Governing and Management Bodies must make the necessary decisions to integrate its provisions, by either approving their own Code or by adhering to that of CaixaBank, duly adapted where appropriate.

CaixaBank's Board of Directors, as the body responsible for establishing the Company's general policies and strategies, is responsible for approving the Code of Ethics. The Code of Ethics is reviewed biennially or whenever circumstances require it. The latest approved update is dated May 2023.

CaixaBank bases its corporate and social actions on the Code of Ethic's following corporate values:

Quality: understood as the will to serve customers, providing them with excellent service and offering them the products and services that most suit their needs.

Trust: understood as the combination of integrity and professionalism, which is nurtured with empathy, communication, a close relationship and being accessible.

Social commitment: understood as the commitment to not only adding value for customers, shareholders and employees, but also contributing to developing a fairer society with greater equal opportunities. It is CaixaBank's heritage, its founding essence, that which distinguishes it and makes it unique.

Furthermore, its **principles of action**, developed from the corporate values, are as follows:

- Compliance with current laws and standards.
- Respect.
- Integrity.
- Transparency.
- Excellence and Professionalism.
- Confidentiality.
- Social responsibility.

The following content set out in the principles is of note:

> CaixaBank and its employees must act legally, ethically and professionally. CaixaBank's principles of action and reputation cannot be compromised under any circumstances.

> CaixaBank's **mission** is to fully meet the financial needs of its customers through an **appropriate and comprehensive product and service offer and excellent service quality**, while committing to adding value for customers, shareholders, employees and society as a whole. Likewise, to provide customers with adequate explanations of the characteristics of the products and services we market in a precise, clear and truthful manner so that they can freely choose the product or service that best suits their needs and interests, and to ensure that they are aware of and understand the risks associated or inherent to them.

> In all phases of the marketing of products and services, the interests and needs of the customer always prevail over those of CaixaBank, which acts with honesty and transparency in the information provided. It is important to guarantee an adequate level of protection through the implementation of transparency measures, with the support of informative material and the delivery of the necessary pre-contractual and contractual documentation in order to carry out a product commercialisation adjusted to the customer's needs and ensuring a long-lasting relationship of trust.

> CaixaBank promotes clear, sufficient, balanced, objective and non-deceptive advertising, with simple and easy to understand language, without omitting necessary information, without creating false expectations, without misleading about the characteristics of the product or service offered, so that the prospective customer can make an informed decision about the products and services advertised.

> The commitment to transparency extends to the whole of society in general. in particular, to shareholders and institutional investors through **relevant financial and corporate information** and the relationship with suppliers, through objective processes and agreements that guarantee best practices in ethics, social and environmental matters; and also with the media when it can be understood that opinions, statements or information that is disseminated are attributable to CaixaBank.

The values and principles of the Code of Ethics are passed on to CaixaBank Group's suppliers through the Code of Conduct for Suppliers, a mandatory standard that aims to disseminate and promote the values and principles in the suppliers' activities. This is a vital aspect in achieving the services' targets for growth and quality, and its alignment with CaixaBank's position and vocation is essential. Continuing with the processes of alignment to the highest standards, in 2023 the code was revised to incorporate an institutional message signed by the Chairman, and the content referring to Respect was reinforced with the inclusion of the concept of respect for diversity and expansion of the commitment to the environment. The wording on the section on Transparency was adjusted to expand the message and to provide clearer guidelines for employees' actions so that customers are properly informed. The text relating to the Regulatory Compliance function was expanded with the inclusion of a specific section on the Regulatory Compliance function, among others.

Based on the principles and values of the Code of Ethics, CaixaBank has put in place a company-wide **Code of Conduct**, that is, it is applicable to all the companies comprising the CaixaBank Group. The following points of this Code of Conduct are particularly relevant:

_CORPORATE POLICY ON COMPLIANCE WITH CRIMINAL LAW

This Policy establishes a general framework that guides the CaixaBank Group Crime Prevention Model.

Its objective is to ensure that a robust control environment is in place at all times to help prevent and avoid the commission of offences for conduct for which the legal person is criminally liable, including the ancillary offences set out in article 129 of the Criminal Code, as well as those relevant criminal risks at sector level in view of the activities carried out by the CaixaBank Group.

In 2023, a year of great legislative activity in this area, the policy was adapted by introducing offences related to degrading treatment and harassment in the workplace, sexual harassment and animal abuse, strengthening, if possible, the associated control environment.

_CORPORATE ANTI-CORRUPTION POLICY

The Policy is an essential tool to prevent CaixaBank Group companies and their external collaborators, directly or through intermediaries, from engaging in conduct that may be contrary to the law or to CaixaBank's principles of action.
CaixaBank takes an active stance against all types of corruption, adapting this Policy, which complements the Code of Ethics and is an integral part of the CaixaBank Group's Criminal Prevention Model, to the highest international standards. If local laws are stricter than this Policy, those will apply.

In 2023, the policy was reviewed, providing greater clarity, if applicable, to the general principles and incorporating the definition of public authorities and officials.

_CORPORATE POLICY ON CONFLICTS OF INTEREST OF THE CAIXABANK GROUP

It provides a global and harmonised framework of general principles and procedures of action to be taken to manage any real or potential conflicts of interest arising in the course of their respective activities and services.

_CORPORATE POLICY FOR THE PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM (AML/CFT) AND MANAGING SANCTIONS AND INTERNATIONAL COUNTER-MEASURES WITHIN THE CAIXABANK GROUP

It actively promotes the implementation of the highest international standards in this area, in all jurisdictions where the CaixaBank Group operates.

_INTERNAL CODE OF CONDUCT IN THE SECURITIES MARKET (ICC)

This establishes the actions of CaixaBank and CaixaBank Group companies, as well as of their administrative and management bodies, employees and agents, to the rules of conduct on market abuse, with the aim of promoting transparency in markets and preserving the interest of investors, minimising the risks of conflicts of interest and ensuring adequate and timely information for investors and for the benefit of the integrity of the market.

_CORPORATE PRIVACY POLICY AND PERSONAL DATA PROTECTION

It establishes a general framework for the management of privacy and the processing of personal data in accordance with the laws and regulations in force at any given time. It sets out the principles that govern the actions of the Company and the companies of the CaixaBank Group in the processing of personal information, as well as the internal governance framework in matters of privacy.

_TELEMATIC CODE OF CONDUCT

It guarantees the proper use of the resources provided by CaixaBank and raises awareness of the importance of information security among employees. The scope of application extends to all employees and partners with access to the CaixaBank Group IT systems.

_CORPORATE POLICY FOR ACTION IN THE AREA OF COMPETITION LAW

This regulates compliance standards for the CaixaBank Group, its staff, and other interested parties in relation to competition law. CaixaBank believes in free, honest and fair competition. It is therefore essential to comply with these regulations in all activities, both in terms of the prohibition of anti-competitive behaviour and the control of economic concentrations and State aid.

_CODE OF CONDUCT FOR SUPPLIERS

This establishes the values and ethical principles that will govern the activity of CaixaBank's suppliers of goods and services, subcontractors and third-party collaborators. The Code is applicable to the suppliers of CaixaBank and Group companies with which it shares a purchasing management model.

_CORPORATE POLICY ON REGULATORY COMPLIANCE

It establishes and develops the nature of the Regulatory Compliance Function as the component responsible for, inter alia, promoting ethical business principles, reaffirming a corporate culture of respect for the law and ensuring compliance with the law by regularly verifying and assessing the effectiveness of the control environment of the obligations contained therein.

The function ensures the existence of an adequate control environment through the existence of **internal rules and procedures** associated with the main supervised risks, which are as follows:

> CONDUCT AND COMPLIANCE

- Customer protection
- Markets
- Integrity
- Tax Compliance
- Privacy policy and personal data protection
- Criminal Risk
- Anti-Money Laundering and Terrorist Funding (AML/CFT) and International Sanctions

> LEGAL AND REGULATORY

- Legal Advice.
- Management of legislative changes/case law
- Claims management
- Trades management
- Claims management
- Tax management

Common to all these policies, CaixaBank has adapted Law 2/2023, of 20 February, regulating the protection of persons who report breaches of regulations and the fight against corruption, as explained in the section **INTERNAL REPORTING SYSTEM/WHISTLEBLOWING CHANNEL.**

> CORPORATE POLICY OF THE INTERNAL IT SYSTEM

A basic document that sets out the regulatory, operational and management framework of the CaixaBank Group's internal reporting system, the main channel for which is the Whistle-blowing Channel.

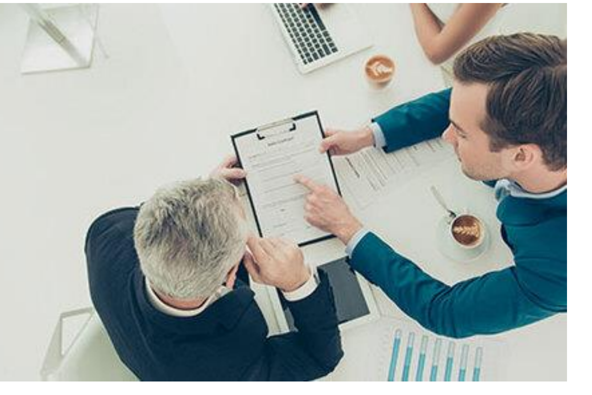
> INFORMATION MANAGEMENT PROCEDURE

This establishes the necessary provisions to ensure that the internal information system and the existing internal information channels comply with the requirements set out in Law 2/2023.

All of this is explained in the following sections.

During the 2023 financial year, CaixaBank successfully passed the follow-up audits for the following certifications:

- UNE/ISO 37301 Compliance Management Systems
- UNE 19601 Criminal Compliance Systems
- UNE/ISO 37001 Anti-Bribery Management Systems
- UNE 19602 on Tax Compliance



[1] *With the exception of the Telematic Code of Conduct and the Competition Law Policy, all the rules are available on the corporate website in their public version (http://www.caixabank.com); and internally, they are all accessible via the corporate intranet.*

> TRAINING AND CIRCULATION

In terms of dissemination of/training on these regulations, it is an essential tool used to raise awareness of the commitment made by CaixaBank and its stakeholders. In this context, the training and awareness-raising plan in place at CaixaBank is detailed below:

Annual regulatory training mandatory for all employees. This training may entail variable remuneration. The training takes place on an internal platform and includes a final test, which makes it possible to ensure the pupil completes the courses successfully. The 2023 regulatory courses at CaixaBank related to Transparency in the Marketing of Insurance and Social Welfare Products; Anti-Money Laundering and Terrorist Funding; Climate change, decarbonisation and reporting; Vulnerable groups and Ethics and Integrity, which includes the following blocks: Code of Ethics, Consultation Channel, Conflicts of Interest, Crime Prevention Model, Anti-corruption Model, and Internal Information System / Whistleblower Channel.

> **Microtraining** aimed at a specific audience or at the entire workforce. These courses are designed as training pills with specific content that are launched when there is a need to focus on a specific aspect. In 2023, the report on physical security in offices and buildings and information security was carried out; Impact of Act 8/21 on the treatment of people with disabilities; FATCA/CRS Regulations and Competition Law and New Model of Knowledge and Experience Test.

> **Training for new employees,** who upon joining the company take a package of compulsory courses that include those on the main standards of conduct. These courses are also adapted for other groups, such as temporary agency staff and agents.

> **Training for new employees within the framework of the CaixaBank Experience programme and other groups** (Private Banking Centres, Business Centres, Business Control and Corporate Investment Banking). Training sessions, inter alia, are held on Compliance, bringing together the main aspects of the risks overseen by Compliance: Integrity, Internal Governance, Conduct/Markets and Prevention of Money Laundering/Sanctions.

> **Circulars and informative notes** aimed at disseminating CaixaBank's values and principles, such as the news on the **"New Internal Information System-Whistleblowing Channel"** of July 2023. In this news item, the aspects considered most relevant for CaixaBank employees with the entry into force of Law 2/2023 were set out.

> **Training for members of the Management Committee**

Throughout 2023, face-to-face training sessions were held for members of the Management Committee on Transparency in Insurance Marketing, AML/CFT, Sustainability and Ethics and Integrity.

As in CaixaBank, all Group entities affected by compliance risk have a training and awareness-raising plan that includes the elements described above, adapted to each of them. The corporate function at CaixaBank provides support in the preparation of these reports.

Additionally, members of the **Group's Compliance area and other areas of the Bank** are taking a **Postgraduate course in CaixaBank Compliance (UPF)**, the aim of which is to enhance their professional development. The sixth edition begins in December 2023.

> **Training for members of the Board of Directors**

In 2023, training was given in the area of PBCFT to members of the Boards of CaixaBank and Group subsidiaries such as MicroBank, CPC, VidaCaixa and CaixaBank Asset Management.

In December 2023, the members of the CaixaBank Board of Directors also received training on the main regulatory developments.

> All new recruits are given a document explaining the aforementioned regulations, which they declare they have read, understood and accepted in all its terms, and a questionnaire on compliance with high ethical standards.

> MONITORING AND CONTROL BODIES

Among the main bodies responsible for monitoring compliance with the regulations, the following stand out:

- **Corporate Criminal Management Committee**, responsible for overseeing the performance of and compliance with the Criminal Prevention Model. It is a Committee with autonomous powers of initiative and control, with the capacity to raise consultations, request information, propose measures, begin investigations or carry out any process required in relation to crime prevention and managing the Crime Prevention Model.

The multidisciplinary committee is chaired by CaixaBank's Chief Compliance Officer and reports to the CaixaBank Global Risk Committee, to which it provides reports at least every six months and, in any event, whenever the Corporate Criminal Management Committee deems it appropriate. It also informs the Management Committee and Governing Bodies through the Board's Risk Committee (notwithstanding the functions of the Audit and Control Committee in overseeing the internal control system and company's Queries Channel and Whistleblower Channel) when the Corporate Criminal Management Committee submits matters to the Board of Directors.

For companies within CaixaBank's Criminal Perimeter, the Delegate of the Corporate Criminal Management Committee is of note. This person is designated by the governing bodies and/or management of each company and assumes this role as the person with maximum responsibility for monitoring and managing the criminal prevention model at their organisation.

- **ICC Committee**, a collegiate body responsible for compliance, risk identification and assessment, and monitoring of activity, in the area of the Internal Code of Conduct in the securities market.

The Committee is chaired by CaixaBank's Chief Compliance Officer and is a multidisciplinary, high-level body with autonomous powers of initiative and control, invested with this status by CaixaBank's Board of Directors, the entity's highest governing body, which approves CaixaBank's Internal Code of Conduct in the securities market. Accordingly, the Committee has sufficient power to consult, request information, propose measures, initiate investigation procedures or take any other necessary action related to the Regulation. All these powers are considered with respect to all the instances and departments of CaixaBank or its Scope.

The ICC reports directly to the Management Committee in all matters concerning its functions, and may autonomously take such decisions as it deems appropriate to promote compliance with the ICN and its implementing rules.

The ICC, through its chairman, submits a half-yearly report on the Compliance Area to the Management Committee and the Board of Directors or its delegated committee.

>INTERNAL COMPLIANCE COMMITTEE

CaixaBank's Inter Compliance Committee (hereinafter the ICC) is a permanent collegiate body, with deliberative and decision-making functions, on which the areas of the entity in Spain and abroad are represented. It was created for the purpose of establishing and proposing policy and procedures to prevent money laundering and terrorist financing, and to comply with international financial sanctions and countermeasures regulations, thereby mitigating the inherent risks in these areas.

The scope of the ICC is not limited to CaixaBank but extends to the Group's subsidiaries subject to AML/CFT risk.

INTERNAL REPORTING SYSTEM/WHISTLEBLOWER CHANNEL

CaixaBank has a Whistle-blowing Channel that complies with regulatory requirements and national and international best practices to facilitate the confidential and swift reporting of irregularities that may be detected in the course of professional activity and which may involve breaches.

This year 2023, this Channel has been adapted to the **new whistleblower protection regulations articulated through Law 2/2023**, which regulates the protection of persons who report regulatory infringements and the fight against corruption.

A new policy and governance framework for the Internal Reporting System/Complaints Channel has been formalised through:

A. A **GOVERNANCE** process consisting of:

1. Approval of the Corporate Policy of the internal information system,
2. Approval of the Information Management Procedure.
3. The creation of a new internal rule published on the corporate intranet in September 2023 and the appointment of a Compliance Officer by the CaixaBank Board of Directors in June 2023, and notification of the relevant authorities.

The creation of an information space on CaixaBank's corporate website in accordance with the provisions of the aforementioned Law 2/2023. To this end, a link has been included in the footer of the home page and a space of its own in the Responsible Culture - Ethics and Integrity Policies section (https://www.caixabank.com/es/sostenibilidad/cultura-responsable/canal-denuncias.html). This section also published the aforementioned Policy and Procedure.

This Law includes the legal regime of the Internal Information System, whose main channel is the Whistleblower Channel. In order to comply with all regulatory requirements, a number of adjustments have been made to this Channel.

Law 2/2023 expands the groups with access. In addition to those who already had access (directors, employees, staff of Temporary Employment Agencies (ETT), agents and suppliers), persons working for or under the supervision of suppliers, shareholders, former employees (whose employment relationship has ended) and job applicants have also been granted access. Therefore, as until the date of entry into force of this Law, in the case of complaints made by customers, they will be referred to the customer service channels that CaixaBank has established for this purpose.

Access to the Whistleblower Channel is maintained 24 hours a day, 365 days a year and from any type of device (corporate or personal), through the corporate platform https://silkpro.servicenow.com/canal_denuncias (also accessible through PeopleNow (Sites/Resources/Compliance) and the following new access routes have been introduced: e-mail (canaldenuncias.grupocaixabank@caixabank.com),

postal mail (Av. Diagonal, 621-629, Z.I. - 08028, Barcelona (FAO. Compliance Department - Regulatory Risk Management and Group) and the possibility of requesting a face-to-face meeting, at the request of the interested party and through one of the above channels.

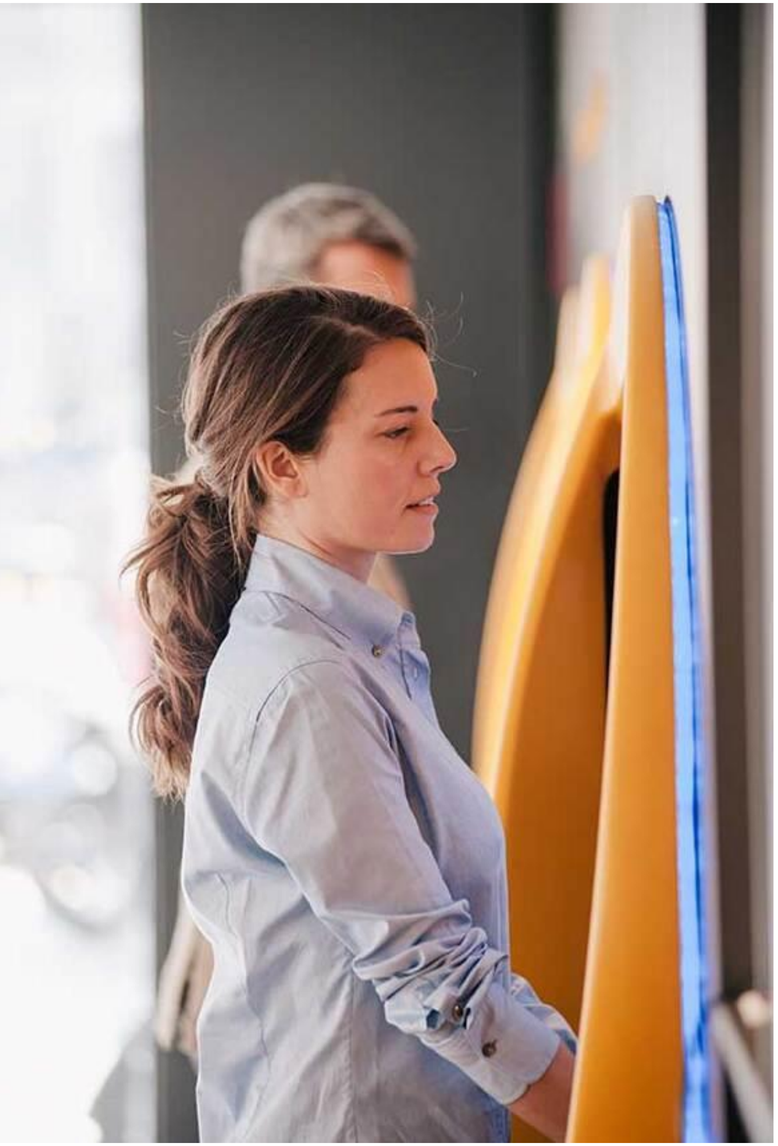
Considering the international presence of the CaixaBank Group, papers may be presented in Spanish, Catalan, English and Portuguese.

Adjustments have been made to the categories of complaints and the following have been incorporated:

a. Workplace and sexual harassment in the professional field
b. Health and safety at work / Occupational risk prevention
c. Tax obligations

The category relating to **irregularities of a financial and accounting nature** in transactions or financial information, understood as financial information that does not reflect the rights and obligations through assets and liabilities in accordance with the applicable regulations, as well as transactions, facts and events that are not in accordance with the applicable regulations, is maintained:

a. Are included in the financial information but which do not exist or which have not been documented at the corresponding time.
b. Have not been fully included in the financial information and in which the Company is the party concerned.
c. Are not recorded or evaluated in accordance with applicable regulations.
d. Are not classified, presented or disclosed in the financial information in accordance with regulations.



The general principles of the Internal Information System are detailed in the Corporate Policy of the Internal Information System, including:

- **Commitment of the Governing Bodies:** CaixaBank's Board of Directors is responsible for implementing the Internal Information System.
- **Independence and Autonomy:** the Group Compliance Officer, head of the Group's compliance function, assumes the role of System Manager.
- **Integration of Channels:** The Internal Information System integrates the various internal information channels of the CaixaBank Group companies, the main channel being the Whistleblower Channel.
- **External information channel:** at any time, any data subject may contact the independent authority for the protection of informants or the competent regional body.
- **Good faith:** communications submitted must always be made in good faith, failing which appropriate legal or disciplinary action may be taken.

With regard to the **guarantees**:

- **Confidentiality** throughout the handling process: prohibition on disclosing any information on the content of the complaints to third parties, whereby only to those persons directly involved in the handling process are aware of the content.
- **Protection measures:** prohibition of any act constituting retaliation and taking such measures as may be necessary for the protection of the whistleblower.
- **Anonymity and non-traceability:** communications may be registered or anonymous. Firm commitment to respect anonymity when this is the option chosen by the informant, in addition to the prohibition of tracking and tracing.
- **Rights of the affected persons:** presumption of innocence and the honour of the persons concerned, as well as the right to be heard.
- **Partial outsourcing of management:** In order to reinforce the independence, objectivity and respect for the guarantees offered by the Whistle-Blowing Channel, the Complaints management process is partially outsourced to an external expert, which reinforces the objectivity and due treatment of all Complaints, which are resolved using a rigorous, transparent and objective procedure, safeguarding in all cases the confidentiality of the interested parties.

In addition to CaixaBank, the Group companies affected by Law 2/2023 are those already included in the corporate Whistleblower Channel.

> QUERIES

The **Queries Channel** is another means of communication that the CaixaBank Group makes available to the groups defined by CaixaBank and to Group companies for the formulation of specific doubts arising from the application or interpretation of the rules of conduct. For CaixaBank, the groups with access are directors, employees, staff of temporary employment agencies, agents and suppliers.

One of the categories/typologies foreseen for the referral of queries is possible **irregularities of a financial and accounting nature** in transactions or financial information, as is the case with the Internal Reporting System.

The main characteristics of the Queries Channel are the following:

Accessibility 24 hours a day, 365 days a year, and from any type of device (corporate or personal), through the following access routes:

- Directors, Employees (includes any type of employment contract and interns), Temporary Staff, Agents and similar
  - Internet: https://silkpro.service-now.com/canal_consultas
  - Corporate intranet or similar platform for each Group company with access to the Channel. For CaixaBank: Compliance portal in PeopleNow (Sites/Resources/Compliance),
  - Financial Terminal (only for CaixaBank).
- **Suppliers:** through the Suppliers' Portal (https://proveedor.caixabank.com), both in the public and private sections, after identifying the supplier:
  - **E-mail:** Queries Channel. grupocaixabank@caixabank.com
  - **Post:** Av. Diagonal, 621, Z.I. - 08028, Barcelona (FAO. Compliance Department).

The concerned party may send the query at any time, through any type of device (corporate or personal) or medium. Considering CaixaBank Group's international presence, the Channel's platform allows parties to submit queries and complaints in **Spanish, Catalan, English and Portuguese.**

The Query Channel also offers a number of safeguards:

- **Confidentiality** throughout the handling process and the express prohibition of disclosing any information on the content of the queries (this information will only be known by the persons who directly handle the query) to third parties.
- **No traceability:** establishment of the appropriate IT means to ensure the automatic deletion of accesses to the Consultation Channel.
- **Confidentiality of the identity of the consultant:** the team responsible for the management of consultations will only provide the name of the consultant to those Areas for which this information is essential to carry out the analysis of the consultation, with the prior consent of the consultant always being necessary. Appropriate disciplinary action will be taken if, in addition to the above, the identity of the enquirer is revealed or if enquiries are made in order to obtain information on enquiries submitted.

From a **governance** standpoint, CaixaBank's Regulatory Compliance, through the Regulatory Risks and Group Division, is responsible for managing the CaixaBank Group's Query Channel, as well as for continuous monitoring and reporting at least every six months to the Management and Governing Bodies on the volume and main traffic indicators, with maximum confidentiality of the content and, in all cases, the identity of the enquirers.

Lastly, it is important to note that **employees can report or enquire about situations** that may involve a conflict of interest using the corporate conflict of interest platform and **obtain the necessary guidelines for action** through mitigating measures.

Such reporting is **voluntary, except in cases where the employee wishes to conduct activities related to the main activities conducted by CaixaBank.** Since 2022, in these cases, **before starting the activity**, the employee must report the activity in question via the aforementioned platform. Once the communication has been completed, Compliance analyses the nature and impact of the activity and tells the employee whether they can start/continue with the second activity and under what terms.

Training

CaixaBank Group ensures the provision of ongoing training plans adapted to the different positions and responsibilities of the staff involved in preparing and reviewing financial reporting, with a focus on accounting, audits, internal control (including ICFR), risk management, regulatory compliance and remaining up to date on legal/ tax matters.

These training programmes are used by members of the Directorate of Financial Accounting, Control and Capital, Directorate of Internal Audit, Compliance and Control, Directorate of Non-performing Loans, Recoveries and Assets, as well as the members of the Company's Senior Management. It is estimated that more than 35,400 hours of training in this area have been provided to 2,786 Group employees.

In particular, in terms of ICFR, an online course is launched each year with the following objectives: promote a culture of internal control in the organisation, based on the principles and best practices recommended by the CNMV; inform about the ICFR implemented in the Company; and promote the establishment of mechanisms that contribute to guaranteeing the reliability of the financial information, as well as the duty to ensure compliance with the applicable regulations. In 2023, this course was extended to cover other aspects related to the reliability of the information as a whole and was taken by 518 CaixaBank employees involved (directly or indirectly) in the process of preparing financial information (Accounting, Management and Capital Control, Internal Control and Validation, Internal Audit, among other groups), and non-financial information, and 42 were certified in 2022 (which only covered financial information).

Furthermore, the Directorate of Financial Accounting, Control and Capital is also active, alongside other areas of the Group, in sector-specific working groups on both the national and international levels. These groups address topics relating to accounting standards and financial matters.

With regard to the training provided to the members of the Board of Directors, in 2023 a training plan of 11 sessions was carried out, dedicated to the analysis of various topics such as different business areas, economic and financial information, sustainability, digital currencies and digital euro, relevant aspects of regulation, innovation and cybersecurity, among others. In addition, Directors receive up-to-date information on economic and financial developments on a recurring basis.

The Risk Committee has also included in the agenda of its regular meetings 13 one-off presentations which dealt in detail with relevant risks such as structural interest rate risk, fiduciary risk, the risk of the self-employed and micro-companies portfolio, conduct and compliance risk, external fraud risk, market risk, the risk of preventing money laundering in crypto-assets, legal risk, ESG risks and technological and information security risk, among others. Similarly, two training sessions were also held for Committee members on financial-actuarial risks and liquidity risk.

The Audit and Control Committee also included a total of 8 single-topic presentations in the agenda of its meetings, covering matters relating to audit, internal control and cybersecurity.

The Appointments and Sustainability Committee also held a training session for Committee members on the analysis of non-financial information.

Risk assessment in financial reporting (F.2)

The Group's Internal Control of Financial Reporting function adheres to the international standards established by the **Committee of Sponsoring Organizations of the Treadway Commission (COSO)** in its COSO II Model published in 2013, which covers the control objectives regarding: the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with applicable laws and the safekeeping of assets.

The Group has its own methodology for identifying risks, which is implemented in the Group's main subsidiaries in a homogeneous manner, with regard to (i) the responsibility and implementation and updating; (ii) criteria to be followed and information sources to be used; and (iii) criteria to identify the significant components with regard to ICFR, as reflected in the following process:

_Identification of scope

which includes the selection of financial information, relevant items and the Group companies that generate it, on the basis of quantitative and qualitative criteria.

_Identification of the relevant group entities

and classifying them to determine the required standard of control for each one of them.

_Identification of the Group's

material processes that directly or indirectly affect the financial information that is generated.

_Identification of potential social risks

that may affect the processes.

_Documentation of existing controls

to mitigate the identified risks.

_Continuous evaluation of the effectiveness

of the internal control system over financial reporting, through bottom-up internal certification processes.

_Creating reports

and reporting to Governing Bodies.

The elements of the system of internal control over financial reporting are coordinated and operate together with the objective of preventing, detecting, offsetting, mitigating, or correcting errors with a material impact, or fraud in financial reporting. An appropriate ICFR therefore ensures that:

> Transactions and events included in the financial information genuinely exist and were documented at the right time (existence and occurrence).

> The information includes all transactions and events in which the Company is the party concerned (completeness).

> Transactions and events are recorded and assessed in accordance with regulations in force (valuation).

> The transactions and events are classified, presented and disclosed in the financial information in accordance with applicable regulations (presentation, disclosure and comparability).

> On the corresponding date, the financial information reflects rights and obligations through the corresponding assets and liabilities, in accordance with applicable regulations (rights and obligations).

The risk identification process takes into account both routine transactions and less frequent transactions which are potentially more complex, as well as the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.). The entity also has an analysis procedure in place implemented by the various business areas involved in corporate transactions and non-recurring or special transactions, with all accounting and financial impacts being studied and duly reported.

The Directorate of Reliability of Financial Reporting reviews control activities designed to mitigate risks associated with the reliability of financial reporting. If, during the course of the year, circumstances arise that could affect the preparation of financial information, the Management must evaluate the need of incorporating new risks to those already identified.

Finally, the Audit and Control Committee is tasked with overseeing the process for preparing the regulated financial reporting process of the Group and ICFR, supported by the work of the Internal Audit function and the conclusions of the external auditor.

Procedures and activities for control over financial reporting (F.3)

*CaixaBank promotes a culture within the Group **that encourages a robust internal control framework** that reaches throughout the organisation and enables fully informed decisions to be taken.*

The internal control framework, in relation to the reliability of information, is structured by clearly defining the responsibilities and roles of all parties involved in the process of generating, reviewing and disclosing information and ensuring strict segregation of duties and the existence of several layers of independent control:

- **The operational areas responsible for generating information** must integrate information reliability management and control into their procedures and processes. To do so, they must apply the policies and procedures governing the reliability of information; proactively implement identification, management and mitigation measures; establish and implement appropriate controls, as well as produce supporting evidence of their control activities, in order to obtain reasonable security in terms of the suitability, quality and reliability of this information. They will also be responsible for analysing the impact on risks and controls of new regulations that could affect the information produced.

In CaixaBank's specific area of activity, the main persons responsible for ensuring the reliability of financial information are, among others:

- Directorate of Accounting, Management Control and Capital.
- Risk Office.
- Financial Directorate.
- Sustainability Directorate.
- General Secretariat.
- Human Resources.
- **The Directorate of Compliance and Control** is responsible for ensuring that management and control policies and procedures are in place to guarantee the reliability of information; it shall monitor its implementation, identify possible weaknesses in the control system, supervise implementation of action plans to make corrections and assess the control environment.
- The **Internal Audit** function is an independent and objective assurance and consulting function designed to add value and improve the Group's operations. It helps the CaixaBank Group to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In particular, Internal Audit shall supervise the actions carried out both by the operational areas and by the Directorate of Compliance and Control in order to provide reasonable assurance to Senior Management and the Governing Bodies.

As the area responsible for compliance functions in the parent company, the Directorate of Compliance and Control assumes strategic orientation, supervision and coordination over the respective internal control functions of the subsidiaries while safeguarding the subsidiaries' own sphere of responsibility.

Review and authorisation procedures for financial reporting

The professional profile of the personnel involved in reviewing and authorising the financial information is of a suitable standard, **with knowledge and experience in accounting, audit and/or risk management.**

The preparation and review of financial information is carried out by the various areas of the **Directorate of Financial Accounting, Control and Capital,** which requests collaboration from the business units and support functions, as well as companies within the Group, in order to obtain the level of detail it deems necessary for this information. Financial reporting is monitored by the various hierarchical levels within this Directorate and other areas within the Company. Finally, the relevant financial information to be disclosed to the market is presented by the Directorate to the responsible Governing Bodies and to the Management Committee, where the information is examined and, if appropriate, approved. The Internal Control and Validation Management presents the conclusions of the ICFR certification to the same responsible Governing Bodies and to the Management Committee for examination and approval.

CaixaBank has in place a **process whereby it constantly revises all documentation concerning the activities** carried out, any risks inherent in reporting the financial information and the controls needed to mitigate said risks:

> OUTLINE OF DOCUMENTATION

01. PROCESSES/SUB-PROCESSES

02. RELATED FINANCIAL RISKS/ASSERTIONS

- → Existence and Occurrence
- → Integrity
- → Quantitative
- → Rights and Obligations
- → Presentation, Disclosure and Comparability

03. CONTROL ACTIVITIES

- → Importance (key/standard)
- → Automation
- → Evidence
- → System (linked computer applications)
- → Purpose (preventive/detective/corrective)
- → Frequency
- → Certification
- → COSO Component
- → Executor
- → Validator

04. REPORTING TO SENIOR MANAGEMENT AND GOVERNING BODIES

- → Certification of the effectiveness of key controls

With respect to the systems used for **ICFR management**, the Company has the **SAP Fiori** tool (GRC tool) in place. This allows for a comprehensive management of the risks and process controls related to the preparation of financial information and relevant documentation and evidence. The tool can be accessed by employees with different levels of responsibility in the assessment and certification process for the Group's internal financial information control system.

During the 2023 financial year, quarterly certification processes have been carried out and no significant weaknesses have been revealed. In addition, for certain financial information to be disclosed to the markets, further certifications were carried out beyond those conducted at the end of the quarter as standard. In this case, also, no material weaknesses were detected.

The preparation of the consolidated financial statements required the Board of Directors to make certain **judgements, estimates and assumptions** in order quantify certain assets, liabilities, revenues, expenses and obligations shown in them. These judgements and estimates mainly refer to:

> The measurement of goodwill and intangible assets.

> The term of the lease agreements used in the assessment of the lease liabilities.

> The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations.

> Impairment losses on financial assets, and of the fair value of guarantees associated thereto, according to their classification in accounts, which entail the need to make judgements regarding: i) the consideration of 'a significant increase in credit risk' (SICR), ii) the definition of default; and iii) the incorporation of forward-looking information and other aspects included in post-model adjustment.

> The measurement of stakes in joint ventures and associates.

> The methodologies and assumptions used in the valuation of insurance and reinsurance contracts, including but not limited to the determination of contract limits, hedging units, risk adjustment for non-financial risks, discount rates and the investment component.

> The classification, useful life and impairment losses on tangible and intangible assets.

> Impairment losses on non-current assets and disposal groups classified as held for sale.

> Actuarial assumptions used to measure post-employment liabilities and commitments.

> The measurement of the provisions required to cover labour, legal and tax contingencies.

> The income tax expense based on the income tax rate expected for the full year and the capitalisation and recoverability of tax assets.

> The fair value of certain financial assets and liabilities.

Procedures for IT systems

The IT systems which give support to processes regarding the preparation of financial information are subject to internal control policies and procedures which guarantee completeness when preparing and publishing financial information. Accordingly, the CaixaBank Group has a Corporate Information Security Policy, approved by the Board of Directors on an annual basis.

A series of documents emanate from it which form part of the CaixaBank Group's information security regulations, detailing all the controls, taking as a framework the requirements defined by international standards of good information security practices (such as the ISO/IEC 27000 family of standards, NIST, CAS, etc.), the directives and regulatory standards in force, the requirements of the control authorities (EBA, ESMA, EIOPA, APD, etc.), business requirements and the requirements of customers. All these controls are continuously monitored and reported to key actors inside and outside the organisation.

It also has certifications in this area, including:

- The CaixaBank Group's corporate cybersecurity activities, based on the establishment, review and management of controls aimed at identifying, protecting, detecting, preventing and neutralising any type of cyber-attack through cyber-incident response and management (CSIRT). Governance, information protection, detection and prevention of cybersecurity and CSIRT processes are included from the Barcelona, Madrid and Porto offices. All of this in accordance with the Declaration of Applicability (certified by **ISO 27001: 2013** (BSI)
- The official CERT accreditation (Computer Emergency Response Team) recognises the Bank's ability to manage information security.

In addition, with regard to **technological contingency**, the Bank has in place a comprehensive **Plan** to guarantee its IT services are not interrupted. Strategies have been developed to recover information as quickly as possible. This IT Contingency Plan has been designed and operates according to **ISO 27000.**

Furthermore, the BSI has certified the CaixaBank's Business Continuity Management Plan is compliant with **ISO 22301:2019**, which certifies:

- The **commitment** of CaixaBank's senior management with respect to Business Continuity and Technological Contingency.
- The implementation of Business Continuity and Technological Contingency management **best practices**.
- A cyclical process based on **continuous improvement**.
- That CaixaBank has deployed and operates **business continuity and technological contingency management systems** which are compliant with international standards.

Which offer:

Trust

→ to our customers, investors, employees and society in general, in the Company's capacity to respond to serious incidents that affect business operations.

Compliance

→ with recommendations of regulators, the Bank of Spain, MiFID and Basel III in these areas.

Benefits

→ to the Company's image and reputation.

Audits

→ internal and external annual audits, which check whether our management systems are updated.

In terms of **IT Governance**, CaixaBank's information and technology (IT) governance model ensures that its IT services are aligned with the Organisation's business strategy and comply with all regulatory, operational and business requirements. IT governance is an essential part of overall governance and encompasses organisational structures and guidelines to ensure that the IT services support and facilitate the fulfilment of strategic objectives.

CaixaBank's IT Governance Regulatory Body is developed in accordance with the European Central Bank's technological risk guide.

CaixaBank's IT services have been designed to meet the business' needs, guaranteeing the following:

- Segregation of duties.
- Change management.
- Incident management.
- IT Quality Management.
- Risk management: operational, reliability of financial reporting, etc.
- Identification, definition and monitoring of indicators (scorecard).
- Existence of governance, management and monitoring committees.
- Periodic reporting to management.
- Internal controls which include annual internal and external audits in addition to a comprehensive Technological Risk control framework.

Procedures for managing outsourced activities and independent experts

CaixaBank Group has a **Cost, Budget Management and Purchasing Policy**, approved by the Management Committee in June 2022, which defines the global reference framework for the companies of the Group, and details the general principles and procedures regarding the definition, management, execution and control of the budget for CaixaBank's operational and investment costs.

This policy is implemented by internal standards of the **Group**, which primarily govern processes relating to:

> **Budget** drafting and approval.

> Budget execution and **demand management.**

> Purchases and contracting **services.**

> Payment of invoices to **suppliers**.

In addition, the CaixaBank Group has a Corporate Procurement Policy, approved by CaixaBank's Board in March 2023, which establishes the principles and premises governing procurement management, providing a global reference framework, as well as a governance framework. The Purchasing and Supplier Management Standard, which regulates the procurement processes, depends on this policy.

To ensure correct management of costs and engagement of suppliers, the CaixaBank Efficiency Committee has delegated duties to two committees:

> **Expenses and Investments Committee (EIC):** reviews and ratifies all expenses and investment proposed by the various areas and subsidiaries in projects. It queries the need and reasonableness for expenditure by means of a profitability and/or efficiency analysis from the standpoint of the Company.

> **Purchasing Panel:** ensures the proper implementation of the purchasing/engagement policies and procedures defined in the regulations, encouraging equal opportunities among suppliers. The Company's Code of Business Conduct and Ethics stipulates that goods must be purchased and services engaged objectively and transparently, avoiding situations that could affect the objectiveness of the people involved. Purchases above a certain threshold must be managed by the specialised team of buyers for the given purchase category: IT, Professional Services and Operations, Marketing and Communication, Facilities and Works and General Services.

The purchasing process is the negotiation and contracting process that allows agreements to be established with suppliers whose proposals represent a competitive advantage, in terms of total costs and suitability of the quality-service relationship, for the CaixaBank Group. CaixaBank manages purchases under the following Procurement Principles: Efficiency, Sustainability, Integrity and Transparency, Compliance, Proximity and Monitoring.

Among others, the Committee's main functions are to:

> Analyse the supplier market
> Identify innovation in the market
> Maintain a transversal vision of needs
> Register and approve suppliers
> Trading
> Manage the awards process
> Collaboration in the formalisation of the contract with the successful supplier

Purchases are managed through a corporate trading tool. When selecting suppliers, criteria of participation, objectivity, professionalism, transparency and equal opportunities are applied. The approval of awards is governed by the matrix of powers in force at any given time. This matrix has been approved by the Efficiency Committee.

CaixaBank Group has a **Corporate Purchasing tool** called SAP Ariba offering a quick and easy communication channel that provides access to the comprehensive purchasing management tool, including the approval of suppliers. Through this channel, suppliers register accepting the Procurement Principles and the Code of Conduct for Suppliers and submit all the necessary documentation and certifications when bidding for contracts and processing their standard-approval for eligibility.

CaixaBank has a **Corporate Outsourcing Risk Management Policy** whose update was approved by the Board of Directors on 27 July 2023. It is mainly based on the Guidelines on Outsourcing EBA/GL/2019/02 of the European Banking Authority (EBA) and Rule 43 of Circular 2/2016 and 3/2022 of the Bank of Spain. The Policy establishes the corporate principles and premises that regulate the outsourcing process from start to finish. In addition, the Policy establishes the scope, governance, management framework and risk control framework of CaixaBank Group, on which the actions to be carried out in the full life cycle of outsourcing must be based.

The Policy, prepared by the Directorate of Non-Financial Risk Control in collaboration with Outsourcing Governance Directorate, ensures:

- The **commitment** of CaixaBank Senior Management with outsourcing governance.
- The existence of outsourcing management initiative **best practices**.
- A cyclical process based on **continuous improvement**. to ensure that it is in line with the relevant standards and best practices of the national and international banking sector.

Formalisation of this Policy means:

- Our customers, investors, employees and other stakeholders **trust** in the decision-making and control process for outsourcing initiatives.
- **Compliance** with the recommendations of regulators, such as the Bank of Spain and the EBA, in these matters.
- **Advantages** in terms of the Company's image and reputation.

CaixaBank continues to increase its control efforts, ensuring that future outsourcing does not represent a loss of supervision, analysis and enforcement capacities of the service or activity in question.

The following procedure is followed when there is a new outsourcing initiative:

Analysis

→ of the applicability of the outsourcing model to the service to be outsourced.

Quantitative

→ of the decision to outsource using criticality, risks and the associated outsourcing model.

Approval

→ of the risk associated with the initiative by an internal collegiate body and communication to the Supervisor for non-objection, where appropriate.

Application

→ of the supplier.

Internal transfer

→ of the service to the external provider.

Follow-up and monitoring

→ and of the activity or service provided.

All outsourced activities are subject to controls, largely based on service **performance indicators and mitigation measures** included in the contract. These help mitigate the risks detected in the outsourcing decision assessment. Each person in charge of an outsourced activity shall request that the supplier report all indicators and keep these up-to-date. These are then reviewed internally on a periodical basis.

In **2023**, the **activities** outsourced to third parties in relation to valuations and calculations of independent experts mainly concerned the following:

- Internal and technological audit services.
- Financial consulting and *business intelligence* services.
- Consulting services linked to risk models and regulatory compliance.
- Marketing and purchasing services.
- Information technology services.
- Financial services.
- Financial, Tax, Legal and Regulatory consulting services.
- Processes related to Human Resources
- Processes relating with Cybersecurity and Information Systems.

Reporting and communication (F.4) ↗

Accounting policies

The exclusive responsibility for defining and communicating the Group's accounting criteria falls to the Directorate of Accounting and Comprehensive Legal Reporting, specifically the **Accounting Policies and Regulation Department**, which is integrated into the Directorate of Accounting, Control Management and Capital.

Its responsibilities include **monitoring and analysing regulations** relating to *financial reporting* applicable to the Group, for their interpretation and subsequent application in financial reporting, uniformly across all companies that comprise the Group; it also **continually updates** accounting criteria applied for any new kind of contract or operation, or any regulatory change.

The monitoring of new regulations in relation of **non-financial** *reporting* is also included among the duties of the Accounting Policies and Regulation Department. In particular, it carries out a **continuous analysis** of the new information requirements and the trends in national, European and international regulations in terms of sustainability and non-financial reporting. Alongside the other relevant areas in CaixaBank Group, it analyses the resulting implications and works to ensure that these implications are managed and incorporated into the Group's working practices.

Furthermore, this Department analyses and studies the **accounting implications of individual transactions**, to anticipate impacts and ensure the correct accounting process is applied in the consolidated financial statements, and resolves any questions or conflicts surroundings accounting matters that are not included in a cost sheet, or where there are any doubts regarding their interpretation.

Ongoing communication is maintained with the rest of the Directorate of Accounting and Comprehensive Legal Reporting, sharing when necessary the accounting queries concluded by the Department and providing an explanation of the technical reasoning behind them or the interpretations made, as well as the issues under analysis.

In the process of **creating new products**, through their participation in the Group's Product Committee, they analyse the **accounting implications** of the products on the basis of their characteristics, whereby this analysis leads to the creation or update of a cost sheet, detailing all the potential events that a contract or transaction may involve. In addition, the main characteristics of the administrative operation, tax regulations, accounting criteria and applicable standards are described. Registrations and modifications in cost sheets are communicated immediately to the Organisation and can mostly be consulted on the Company intranet.

This department also participates in and supports the **Regulation Committee of CaixaBank Group** in terms of regulations on financial and non-financial reporting. In the event of any applicable regulatory change that must be implemented in the Group, the Department communicates this to the Departments or Group subsidiaries affected and participates or leads the implementation projects for such changes where relevant. With regard to the Audit and Control Committee, it coordinates and prepares all the documentation relating to the Directorate of Financial Accounting, Control and Capital, and it is responsible for reporting on a quarterly basis the judgments and estimates made during the period that have impacted the consolidated financial statements.

The Accounting Policies and Regulation Department is also involved in individual projects related to **sustainability** and **non-financial *reporting***, be it in transversal Group projects, internal and external training courses, or through its participation in working groups with *peers* and external stakeholders.

The aforementioned financial reporting activities are materialised in the existence and maintenance of an Accounting Policy Manual which sets out the accounting rules, principles and criteria adopted by the Group. This manual guarantees the comparability and quality of the financial information of all companies of the Group, and is complemented by the queries received by the Department. Communication with operation managers is permanent and fluid.

Additionally, the Policies and Regulation Department is responsible for developing **training activities** on accounting developments and amendments in the organisation's relevant business departments.

Mechanisms for financial reporting

CaixaBank has internal IT tools that ensure completeness and homogeneity in the preparation processes for financial reporting. All the applications have IT contingency mechanisms to ensure the conservation and accessibility of information under any circumstances.

For the purposes of elaborating **consolidated information**, both CaixaBank and the companies that comprise the Group use specialised tools to employ information capturing, analysis and preparation mechanisms with homogeneous formats. The accounts plan, which is incorporated in the consolidation application, has been defined to comply with requirements of the various regulators.

With respect to the systems used for **ICFR management**, as previously mentioned, the Company has the **SAP Fiori** tool in place. This tool works to guarantee completeness and reflect the existing risks and controls.

Oversight of the operation of the system for Internal Control over Financial Reporting (F.5)↗

The **Audit and Control Committee** is entrusted with overseeing the preparation and submission process for regulated financial information and the effectiveness of the internal control and risk management systems in place at the Company. These duties are explained in detail in the section "The Administration — The Board Committees — Audit and Control Committee". In addition, the CAA also oversees the ICFR through the statements signed by its managers and the bottom-up certification carried out by Information Reliability Management.

The **Internal Audit** function, represented in the Management Committee, is governed by the principles contained in the CaixaBank Group Internal Audit Regulations, approved by the CaixaBank Board of Directors. It is an **independent** and objective function that offers a systematic approach to the assessment of risk management processes and controls, as well as corporate governance. Its purpose is to support the Audit and Control Committee in its supervisory role. In order to establish and ensure this independence, Internal Audit reports to the Chair of the Audit and Control Committee, without prejudice to obligation to report to the Chair of the Board of Directors for the proper performance of its duties.

Internal Audit has 232 **auditors working in various teams specialising in certain fields.** These include a group tasked with coordinating the oversight of processes relating to CaixaBank Group's financial reporting, which is attached to the Directorate of Accounting, Solvency and Human Resources Auditing.

The activities of the internal audit function are periodically reported to the Audit and Control Committee, which, in turn, reviews the following within the scope of the financial information reliability risk: (i) internal audit planning and the adequacy of its scope; (ii) the conclusions of the audits carried out and the impact on financial reporting; and (iii) monitoring corrective action.

Internal Audit implements a specific work programme to review the design, effectiveness and adequacy of the Group's ICFR based on the evaluation of the regulatory environment developed by the company, the control implemented in the main subsidiaries, the identification of the material areas affected by ICFR, the monitoring of control certifications, as well as, for certain processes, the review of the risks identified, controls implemented and evidence provided of their execution. Based on this, the Internal Audit function publishes an annual global report which includes an assessment of the performance of ICFR during the year. The 2023 assessment focused on:

> Analysis of compliance and good practices established by the CNMV guide.

> Verification of the application of the Corporate Policy for the Management and Control of Information Reliability and the Standard for the Management and Control of Information Reliability to ensure that the ICFR at corporate level is adequate.

> Assessing the hierarchical attestation of the key controls identified process.
> Evaluation of the descriptive documentation of relevant processes, risks and controls included in the Audit Plan.

Furthermore, in 2023, the Internal Audit carried out a range of reviews of processes that affect the generation, preparation and presentation of financial information, focused on financial and accounting areas, corporate risk management, financial instruments, information systems and the insurance business, among other matters.

The Company also has procedures for regular discussions with its external auditor, which assists the Audit and Control Committee and reports on its audit planning and the conclusions reached before publishing the results, as well as any weaknesses found in the internal control system.

External auditor's report

In accordance with the recommendation concerning the Auditor's Report included in the guidelines on the information relating to Internal Control over Financial Reporting in Listed Companies published by the National Securities Market Commission on its website, the auditor of the financial statements of CaixaBank has reviewed the information on internal control over financial reporting system. The final report concludes that, as a result of the procedures applied regarding information on ICFR, there are no relevant inconsistencies or incidents.

This report is attached as an Appendix to the Annual Corporate Governance Report.

Extent of compliance with corporate governance recommendations (G)

Cross-reference table of compliance with or explanation of the recommendations in terms of Corporate Governance

	RECOMMENDATION 1	RECOMMENDATION 2	RECOMMENDATION 3	RECOMMENDATION 4
DESCRIPTION	The By-laws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.	When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about: **a.** The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries. **b.** The mechanisms in place to resolve possible conflicts of interest.	During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's Corporate Governance, supplementing the written information circulated in the Annual Corporate Governance Report. In particular: **a.** Changes taking place since the previous annual general meeting. **b.** The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.	The company should draw up and implement a policy of communication and contacts with shareholders and institutional investors, in the context of their involvement in the company, as well as proxy advisors, which complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation. Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.
7COMPLIANT	Yes	Not applicable	Yes	Yes
COMMENTS		This Recommendation is not deemed to be applicable as CaixaBank is not a company controlled by another entity, listed or otherwise, in the sense of Article 42 of the Commercial Code.		

RECOMMENDATION 5

DESCRIPTION	The Board of Directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation. When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.
COMPLIANT	Partial compliance
COMMENTS	Law 5/2021 of 12 April, which amended the Capital Companies Act, expressly imposed as a general prohibition for listed companies the possibility that the General Shareholders' Meeting may delegate to the Board of Directors the power to increase the share capital, excluding pre-emptive subscription rights, by an amount exceeding 20% of the share capital at the time of authorisation. Similarly, it limited the delegation of the power to issue convertible bonds with exclusion of pre-emptive subscription rights, so that the maximum number of shares into which the bonds may be converted, added to the number of shares issued by the directors under the delegation to increase capital, does not exceed 20% of the share capital. However, in the case of credit institutions, the Law expressly allows this 20% limit not to be applied to convertible bond issues, provided that these issues comply with the requirements of Regulation (EU) 575/2013 and are therefore considered additional Tier 1 capital instruments of the issuing credit institution. CaixaBank, by its nature as a credit institution, is expressly authorised by law not to apply the 20% limit to convertible bond issues carried out with exclusion of pre-emptive subscription rights, provided that these issues comply with the requirements of Regulation (EU) 575/2013 and are considered additional Tier 1 capital instruments of the issuing credit institution. The General Shareholders's Meeting of 22 May 2020 authorised the Board of Directors to increase the capital on one or more occasions, within a period of five years from that date, by the maximum nominal amount of EUR 2,990,719,015 (50% of the share capital at the time of authorisation), through the issue of new shares, the consideration for the new shares to be issued consisting of cash contributions, with the power to set the terms and conditions of the capital increase. The authorisation of the General Shareholders' Meeting of 22 May 2020, currently in force, provides for the delegation to the Board of the power to exclude, in whole or in part, the pre-emptive subscription right, although in this case, in line with current legislation, the total amount of capital increases will be limited, in general, to a maximum of 1,196,287,606 euros (20% of the share capital at the time of authorisation). As an exception, the resolution of 22 May 2020 provides that this limit shall not apply to the increases in share capital that the Board may approve, with suppression of pre-emptive subscription rights, to cover the conversion of convertible securities that the Board of Directors resolves to issue pursuant to the authorisation of the General Meeting of Shareholders, with the general limit of 2,990,719,015 euros applying to such capital increases. In this regard, the General Shareholders' Meeting held on 14 May 2021 resolved to authorise the Board of Directors to issue convertible securities that enable or are intended to meet regulatory requirements for their computability as additional Tier 1 regulatory capital instruments, complying with the requirements set forth in Regulation (EU) 575/2013, up to a maximum aggregate amount of EUR 3,500,000,000,000 and for a period of three years, with the power to exclude pre-emptive subscription rights in the event that the corporate interest so justifies. Pursuant to the above, capital increases agreed by the Board of Directors to cover the conversion of these securities shall not be subject to the limit of 1,196,287,606 euros. It should be noted that as of 3 May 2021, the Capital Companies Act expressly stipulates that the 20% limit will not apply to convertible bond issues by credit institutions, provided that these issues comply with the requirements set out in Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms in order for the convertible bonds issued to qualify as additional Tier 1 capital instruments of the issuing credit institution, as is the case of the securities authorised for issue by the General Meeting of Shareholders of 14 May 2021, in which case the general limit of 50% for capital increases applies. At the last General Shareholders' Meeting held on 8 April 2022, the reports of the Board of Directors and BDO Auditores S.L.P. were communicated and made available to the shareholders. (independent expert appointed by the Mercantile Registry) for the purposes of the provisions of article 511 of the Capital Companies Act, relating to the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights. This issue was approved by the Board of Directors on 29 July 2021 under the delegation of powers granted in its favour by the Ordinary General Shareholders' Meeting of 14 May 2021, as published in a communication to the CNMV through Other Relevant Information of the same date. In addition, on 16 February 2023, the Board of Directors approved the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights, the definitive terms being fixed on 1 March 2023, as published in a communication from OIR on the same date. On 3 January 2024, CaixaBank reported the approval of an issue of preferential shares, eventually convertible into new issue shares (Additional Tier 1) worth EUR 750 million, with the pre-emptive subscription right disapplied. The preference shares are perpetual, although they may be redeemed under specific circumstances at the option of CaixaBank and, in all cases, are convertible into ordinary newly-issued shares of the entity if CaixaBank or the CaixaBank Group has a Common Equity Tier 1 ratio (CET1), of less than 5.125%, calculated in accordance with European Regulation 575/2013 of 26 June of the European Parliament and Council, on prudential requirements of credit institutions and investment firms. The issuance was aimed exclusively at professional investors and eligible counterparties, and retailers were expressly excluded. Details of the instruments issued under this agreement are presented in Note 23.3 to the Annual Financial Statements.

	RECOMMENDATION 6	RECOMMENDATION 7	RECOMMENDATION 8	RECOMMENDATION 9
DESCRIPTION	Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory: **a.** Report on auditor independence. **b.** Reviews of the operation of the Audit Committee and the Appointments and Remuneration Committee. **c.** Audit Committee report on third-party transactions.	The company should broadcast its general meetings live on the corporate website. The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.	The Audit Committee should strive to ensure that the financial statements that the Board of Directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases where the auditor includes any qualification in its report, the chairman of the Audit Committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board.	The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website. Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 10	RECOMMENDATION 11
DESCRIPTION	When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should: **a.** Immediately circulate the supplementary items and new proposals. **b.** Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors. **c.** Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes. **d.** After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.	In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.
COMPLIANT	Partial compliance	Yes
COMMENTS	With regard to section c), the Board agrees that there are different presumptions about the direction of the vote for proposals submitted by shareholders and those submitted by the Board (as established in the Regulations of the Company's General Meeting), opting for the presumption of a vote in favour of agreements proposed by the Board of Directors (because the shareholders absent for the vote have had the opportunity to record their absence so their vote is not counted and they can also vote early in another direction through the mechanisms established for that purpose) and for the presumption of a vote against agreements proposed by shareholders (since there is a probability that the new proposals will deal with agreements that are contradictory to the proposals submitted by the Board of Directors and it is impossible to attribute opposite directions for their votes to the same shareholder. Additionally, shareholders who were absent have not had the opportunity to assess and vote early on the proposal). Although this practice does not reflect the wording of Recommendation 10, it does better achieve the final objective of Principle 7 of the Good Governance Code which makes express reference to the Corporate Governance Principles of the OECD, which outline that the procedures used in Shareholders' Meetings must ensure the transparency of the count and the adequate registration of votes, especially in situations of voting battles, new items on the agenda and alternative proposals, because it is a measure of transparency and a guarantee of consistency when exercising voting rights.	

	RECOMMENDATION 12	RECOMMENDATION 13	RECOMMENDATION 14
DESCRIPTION	The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value. In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.	The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.	The Board of Directors should approve a policy aimed at promoting an appropriate composition of the board that: **a.** Is concrete and verifiable. **b.** It ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board. **c.** Favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity. The results of the prior analysis of competences required by the board should be written up in the Appointments Committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director. The Appointments Committee should run an annual check on compliance with this policy and set out its findings in the Annual Corporate Governance Report.
COMPLIANT	Yes	Yes	Yes
COMMENTS			

	RECOMMENDATION 15	RECOMMENDATION 16	RECOMMENDATION 17
DESCRIPTION	Proprietary and independent Directors should constitute an ample majority on the Board of Directors, while the number of executive Directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control. The number of female directors should represent at least 40% of the total number of members of the board of directors before the end of 2022 and not being below 30% before that time.	The percentage of proprietary Directors out of all non-executive Directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital. This criterion can be relaxed: **a.** In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings. **b.** In companies with a plurality of shareholders represented on the board but not otherwise related.	Independent Directors should be at least half of all Board members. However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent Directors should occupy, at least, a third of Board places.
COMPLIANT	Yes	Yes	Yes
COMMENTS			

	RECOMMENDATION 18	RECOMMENDATION 19	RECOMMENDATION 20	RECOMMENDATION 21
DESCRIPTION	Companies should post the following Director particulars on their websites, and keep them permanently updated: **a.** Professional experience and background. **b.** Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature. **c.** Statement of the Director class to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with. **d.** Dates of their first appointment as a board member and subsequent re-elections. **e.** Shares held in the company, and any options on the same.	Following verification by the Appointments Committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.	Proprietary Directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Directors, the latter's number should be reduced accordingly.	The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the By-laws, except where they find just cause, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation. The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 22	RECOMMENDATION 23	RECOMMENDATION 24	RECOMMENDATION 25
DESCRIPTION	Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial. When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the Appointments and Remuneration Committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.	Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other Directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation. When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation. The terms of this Recommendation also apply to the Secretary of the Board, even if he or she is not a Director.	Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.	The Appointments Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively. The Board of Directors regulations should lay down the maximum number of company boards on which Directors can serve.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 26	RECOMMENDATION 27
DESCRIPTION	The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.	Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.
COMPLIANT	Yes	Partial compliance
COMMENTS		In the event of unavoidable absences, in order to prevent de facto changes to the balance of the Board of Directors, legislation allows for delegation to another director (non-executives only to other non-executives) - this is established in Principle 14 of the Good Governance Code and also envisaged in By-laws (article 37), as well as the Board's Regulations (article 17), which determine that Directors must personally attend Board meetings. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. Non-executive Directors may only delegate a proxy who is another non-executive Director, while independent Directors may only delegate to another independent Director. It should also be noted that CaixaBank's Corporate Governance Policy states that in relation to the duty of directors to attend Board meetings, if they cannot attend in person for justified reasons, they shall endeavour to grant their proxy in writing, and separately for each meeting, to a fellow Board member. Every effort must be made to ensure that each and every director attends at least 80% of Board meetings. As such, proxies are a comparative rarity at CaixaBank. The Board of Directors considers, as good corporate governance practice, that when directors are unable to attend meetings, proxies are not generally delegated with specific instructions. This does not amend, de facto, the balance of the Board given that delegations may only be made by non-executive directors to other non-executive directors, and independent directors may only delegate to other independent directors, while directors are always required to defend the company's corporate interest regardless of their director status. Moreover, and reflecting the freedom of each director who may also delegate with the appropriate instructions as suggested in the Board's Regulations, the decision to delegate without instructions represents each director's freedom to consider what provides most value to their proxy, and they may finally decide on the grounds that they want to give their proxy freedom to adapt to the result of the Board meeting debate. This, in addition, is in line with the law on the powers of the Chairman of Board, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all directors, safeguarding their right to adopt any position or stance they see fit. Therefore, the freedom to appoint proxies with or without specific instructions, at the discretion of each director, is considered good practice and, specifically, the absence of instructions is seen as facilitating the proxy's ability to adapt to the content of the debate.

	RECOMMENDATION 28	RECOMMENDATION 29	RECOMMENDATION 30	RECOMMENDATION 31
DESCRIPTION	When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.	The company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.	Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.	The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need. For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 32	RECOMMENDATION 33	RECOMMENDATION 34	RECOMMENDATION 35
DESCRIPTION	Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.	The Chairman, as the person responsible for the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's By-laws, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so dictate.	When a coordinating director has been appointed, the By-laws or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Vice-Chairmen; give voice to the concerns of non-executive directors; maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance; and coordinate the Chairman's succession plan.	The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 36	RECOMMENDATION 37	RECOMMENDATION 38	RECOMMENDATION 39
DESCRIPTION	The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in: **a.** The quality and efficiency of the Board's operation. **b.** The performance and membership of its committees. **c.** The diversity of Board membership and competences. **d.** The performance of the Chairman of the Board of Directors and the company's Chief Executive. **e.** The performance and contribution of individual directors, with particular attention to the chairs of Board committees. The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee. Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee. Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report. The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.	When there is an Executive Committee, there should be at least two non-executive members, at least one of whom should be independent; and its secretary should be the secretary of the Board of Directors.	The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the committee's minutes.	All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 40	RECOMMENDATION 41	RECOMMENDATION 42
DESCRIPTION	Listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit Committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-Executive Chairman or the Chairman of the Audit Committee.	The head of the unit handling the internal audit function should present an annual work programme to the Audit Committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.	The Audit Committee should have the following functions over and above those legally assigned: **With respect to internal control and reporting systems:** **a.** Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles. **b.** Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports. **c.** Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party. **d.** In general, ensure that the internal control policies and systems established are applied effectively in practice. **With respect to the external auditor:** **a.** Investigate the issues giving rise to the resignation of the external auditor, should this come about. **b.** Ensure that the remuneration of the external auditor does not compromise its quality or independence. **c.** Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same. **d.** Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the company's risk and accounting positions. **e.** Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.
COMPLIANT	Yes	Yes	Yes
COMMENTS			

	RECOMMENDATION 43	RECOMMENDATION 44	RECOMMENDATION 45	RECOMMENDATION 46
DESCRIPTION	The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.	The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.	The risk control and management policy should identify or establish at least: **a.** The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks. **b.** A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate. **c.** The level of risk that the company considers acceptable. **d.** Measures in place to mitigate the impact of risk events should they occur. **e.** The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.	Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other dedicated Board committee. This function should be expressly charged with the following responsibilities: **a.** Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified. **b.** Participate actively in the preparation of risk strategies and in key decisions about their management. **c.** Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 47	RECOMMENDATION 48	RECOMMENDATION 49	RECOMMENDATION 50
DESCRIPTION	Appointees to the Appointments and Remuneration Committee - or of the Appointments Committee and Remuneration Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent Directors.	Large cap companies should operate separately constituted Appointments and Remuneration Committees.	The Appointments Committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors. When there are vacancies on the Board, any Director may approach the Appointments Committee to propose candidates that it might consider suitable.	The Remuneration Committee should operate independently and have the following functions in addition to those assigned by law: **a.** Propose to the Board the standard conditions for senior officer contracts. **b.** Monitor compliance with the remuneration policy set by the company. **c.** Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company. **d.** Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages. **e.** Verify the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Statement.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

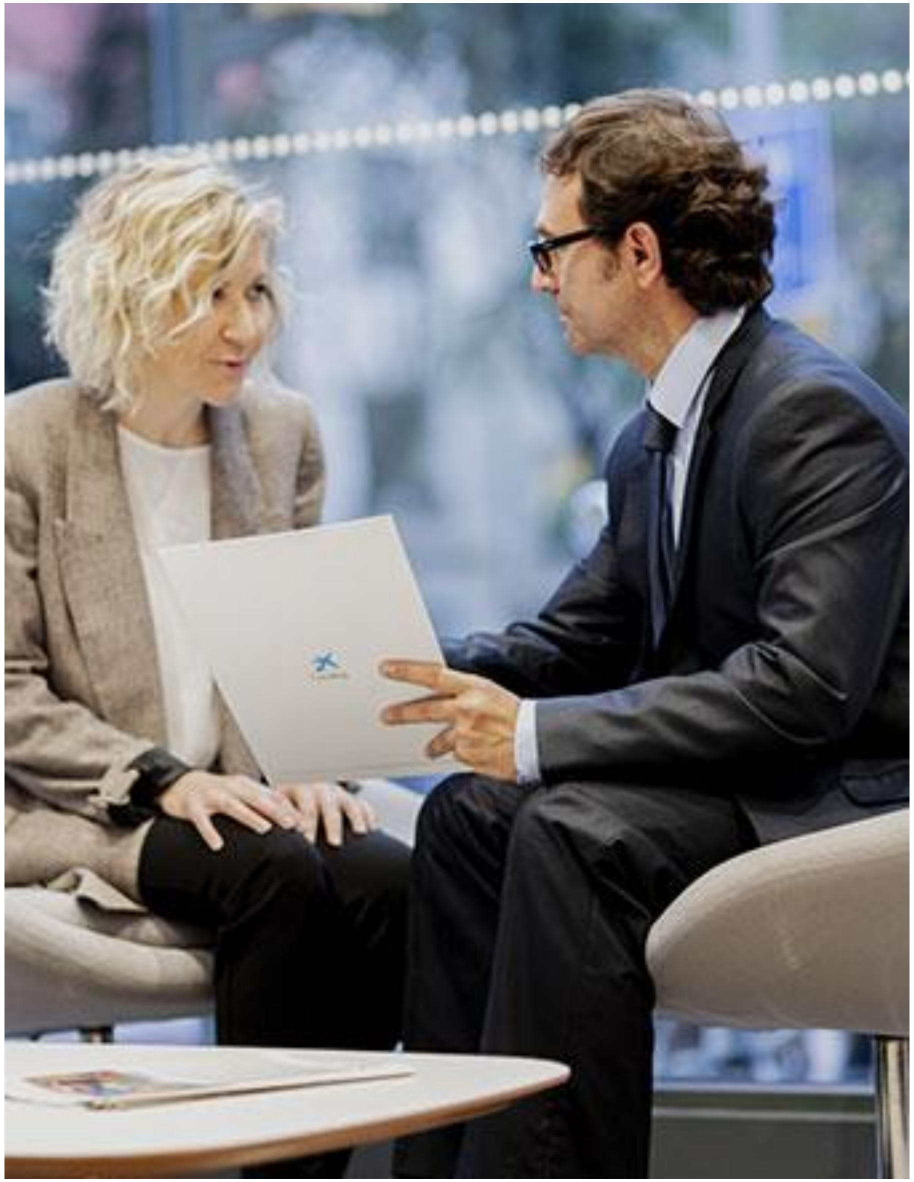
	RECOMMENDATION 51	RECOMMENDATION 52	RECOMMENDATION 53	RECOMMENDATION 54
DESCRIPTION	The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.	The rules of performance and membership of supervision and control committees should be set out in the board of directors' regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include: **a.** Committees should be formed exclusively by non-executive Directors, with a majority of independents. **b.** Committees should be chaired by an independent Director. **c.** The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's missions, discuss their proposal sand reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting. **d.** They may engage external advice, when they feel it necessary for the discharge of their functions. **e.** Meeting proceedings should be minuted and a copy made available to all Board members.	The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the Audit Committee, the Appointments Committee, a committee specialising in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.	The minimum functions referred to in the previous recommendation are as follows: **a.** Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values. **b.** Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored. **c.** Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders. **d.** Ensure the company's environmental and social practices are in accordance with the established strategy and policy. **e.** Monitor and evaluate the company's interaction with its stakeholder groups.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 55	RECOMMENDATION 56	RECOMMENDATION 57	RECOMMENDATION 58
DESCRIPTION	Environmental and social sustainability policies should identify and include at least: **a.** The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts. **b.** The methods or systems for monitoring compliance with policies, associated risks and their management. **c.** The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct. **d.** Channels for stakeholder communication, participation and dialogue. **e.** Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.	Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive Directors.	Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors. The company may consider the share-based remuneration of non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.	In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind. In particular, variable remuneration items should meet the following conditions: **a.** Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome. **b.** Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies. **c.** Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.
COMPLIANT	Yes	Yes	Yes	Yes
COMMENTS				

	RECOMMENDATION 59	RECOMMENDATION 60	RECOMMENDATION 61
DESCRIPTION	The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component. Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.	In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.	A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.
COMPLIANT	Yes	Yes	Yes
COMMENTS			

	RECOMMENDATION 62	RECOMMENDATION 63	RECOMMENDATION 64
DESCRIPTION	Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed. Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments. The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the Appointments and Remuneration Committee, to address an extraordinary situation.	Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.	Termination payments should not exceed a fixed amount equivalent to two years of the Director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria. For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the Director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.
COMPLIANT	Yes	Yes	Partial compliance
COMMENTS			Payments for termination or expiry of the Chairman's and CEO's contracts, including severance pay in the event of termination or expiry of the relationship in certain cases and the post-contractual non-competition agreement, do not exceed the amount equivalent to two years of the total annual remuneration for each of them. In addition, CaixaBank has recognised a social security supplement for the CEO to cover retirement, death and permanent total, absolute or severe disability, and for the Chairman to cover death and permanent total, absolute or severe disability. In the case of the commitment to cover the retirement contingency, this is a system established under a defined contribution plan, for which the annual contributions to be made are fixed in advance. By virtue of this commitment, the CEO is entitled to receive a retirement benefit when he/she reaches the legally established retirement age. This benefit will be the result of the sum of the contributions made by CaixaBank and their corresponding returns up to that date, provided that he/she is not terminated for just cause, and without prejudice to the applicable treatment of discretionary pension benefits in accordance with the remuneration regulations applicable to credit institutions. With the termination of the CEO's contract, the contributions would be consolidated (except in the event of termination for just cause attributable to the CEO) but in no case is there any provision for the possibility of receiving an early retirement benefit, since its accrual and payment would occur only on the occasion and at the time of retirement (or the occurrence of the other contingencies covered) and not on the occasion of the termination of the contract. The nature of these savings systems is not to indemnify or compensate for the loss of rights to the assumption of non-competition obligations, as they are configured as a savings system that is endowed over time with periodic contributions and which form part of the fixed components of the usual remuneration package of the Executive Directors; unlike indemnities or compensations for not competing, it grows over time and is not set in absolute terms. Therefore, the institution would only be in breach of recommendation 64 if the mere consolidation of savings scheme entitlements, without actual accrual or payment at the time of termination, were to be included in the concept of termination payments or termination of contract payments as defined therein.

*This Annual Corporate Governance Report has been approved by the company's Board of Directors on **15 February 2024***



> TABLE RECONCILING THE CONTENTS WITH THE TEMPLATE OF THE CNMV ANNUAL CORPORATE GOVERNANCE REPORT

A. Ownership structure

CNMV template section	Included in the statistical report	Comments
A.1	Yes	CMR Section "Corporate Governance – Corporate Governance - Ownership – Social Capital" CMR Section "Corporate Governance - Corporate Governance – Ownership - Authorisation to increase capital" CMR Section “Corporate Governance - Corporate Governance – Ownership - Evolution of the share” CMR Section “Corporate Governance - Corporate Governance – Ownership - Shareholders'rights”
A.2	Yes	CMR Section "Corporate Governance – Corporate Governance –Ownership – Significant shareholders"
A.3	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Participation of the Board"
A.4	No	CMR Section "Corporate Governance – Corporate Governance – Ownership – Parasocial agreements"
A.5	No	CMR Section "Corporate Governance - Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
A.6	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Directors' Positions in Other Group Entities"
A.7	Yes	CMR Section "Corporate Governance – Corporate Governance – Ownership – Parasocial agreements"
A.8	Yes	Not applicable
A.9	Yes	CMR Section "Corporate Governance - Corporate Governance – Ownership - Treasury Stock"
A.10	No	CMR Section "Corporate Governance - Corporate Governance – Ownership - Treasury Stock"
A.11	Yes	CMR Section "Corporate Governance - Corporate Governance – Ownership - Regulatory Floating Capital" CMR Section "Corporate Governance - Corporate Governance - Ownership - Social Capital"
A.12	No	CMR Section "Corporate Governance – Corporate Governance – Ownership – Shareholder rights"
A.13	No	CMR Section "Corporate Governance – Corporate Governance – Ownership – Shareholder rights"
A.14	Yes	CMR Section "Corporate Governance – Corporate Governance – Ownership – Social Capital"

B. General shareholders' meeting

CNMV template section	Included in the statistical report	Comments
B.1	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting"
B.2	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting"
B.3	No	CMR Section "Corporate Governance – Corporate Governance – Shareholder rights"
B.4	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting - Attendance to the Shareholders' Meetings"
B.5	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting"
B.6	Yes	CMR Section "Corporate Governance – Corporate Governance – Shareholder rights"
B.7	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting"
B.8	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The General Shareholders' Meeting"

3. Company management structure

C.1 Board of Directors

CNMV template section	Included in the statistical report	Comments
C.1.1	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors"
C.1.2	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors"
C.1.3	Yes	CMR Section "Corporate Governance - Corporate Governance - Management and Administration of the Company - Board of Directors" CMR Section "Corporate Governance - Corporate Governance - Management and Administration of the Company - Curriculum of the Directors"
C.1.4	Yes	CMR Section "Corporate Governance - Corporate Governance – The Management and Administration of the Company - Diversity Board of Directors - Training of Directors"
C.1.5	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Diversity" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Training of Directors"
C.1.6	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Diversity" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Training of Directors"
C.1.7	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Diversity" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Training of Directors"
C.1.8	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors"
C.1.9	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Executive Committee - Functioning"
C.1.10	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Directors' Positions in Other Group Companies"
C.1.11	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Directors' Positions in Other Listed and Non-Listed Group Entities" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Other Paid Activities Other Than Those Listed Above"
C.1.12	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors - Directors' Positions in Other Group Entities"
C.1.13	Yes	CMR Section "Corporate Governance - Corporate Governance – Remuneration"
C.1.14	Yes	CMR Section "Corporate Governance - Corporate Governance - Senior Management - Management Committee" CMR Section "Corporate Governance - Corporate Governance – Remuneration"
C.1.15	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Selection and Appointment - Regulations of the Board of Directors"
C.1.16	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Principles of proportionality between categories of Board members" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Selection and Appointment" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Re-election and time in the role"
C.1.17	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Evaluation of the Board"
C.1.18	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Evaluation of the Board"
C.1.19	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Termination"
C.1.20	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Decision-Making"
C.1.21	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Other limitations to the role of directors"
C.1.22	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Other limitations to the role of directors"

C.1.23	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Re-election and time in the role" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Other limitations to the role of directors"
C.1.24	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Selection and Appointment - Proxy Voting"
C.1.25	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Functioning of the Board of Directors" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Executive Committee - Number of sessions" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Appointments and Sustainability Committee - Number of sessions" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Risk Committee - Number of sessions" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Remuneration Committee - Number of sessions" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Innovation, Technology and Digital Transformation Committee - Number of sessions" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Audit and Control Committee - Number of sessions"
C.1.26	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Other limitations to the role of directors - Functioning of the Board of Directors"
C.1.27	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Audit and Control Committee - Actions during the financial year - Supervision of financial information"
C.1.28	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Audit and Control Committee - Actions during the financial year - Supervision of financial information"
C.1.29	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Board of Directors"
C.1.30	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions During the Financial Year - Monitoring the Independence of the External Auditor" CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Relations with the Market"
C.1.31	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions During the Financial Year - Monitoring the Independence of the External Auditor"
C.1.32	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions During the Financial Year - Monitoring the Independence of the External Auditor"
C.1.33	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions During the Financial Year - Monitoring the Independence of the External Auditor"
C.1.34	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions During the Financial Year - Monitoring the Independence of the External Auditor"
C.1.35	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Information"
C.1.36	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Termination"

C.1.37	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Termination"
C.1.38	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Selection, appointment, re-election, evaluation and removal of Board members - Decision-Making"
C.1.39	Yes	CMR Section "Corporate Governance - Corporate Governance - Remuneration - Variable component - Contribution to long-term savings systems"

C.2 Committees of the Board of Directors

CNMV template section	Included in the statistical report	Comments
C.2.1	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Committees"
C.2.2	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Committees - Number of Female Directors who were members of the Board of Directors"
C.2.3	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - Board Committees"

D. Related-party and Intragroup transactions

CNMV template section	Included in the statistical report	Comments
D.1	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.2	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.3	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.4	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.5	Yes	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.6	No	CMR Section "Corporate Governance - Corporate Governance - The Management and Administration of the Company - The Audit and Control Committee - Actions during the financial year - Monitoring of related transactions"
D.7	No	Not applicable

E. Risk Control and Management Systems

CNMV template section	Included in the statistical report	Comments
E.1	No	See section 3.2. Risk governance, management and control in Note 3 to the CAA.
E.2	No	See section 3.2. Risk governance, management and control - 3.2.2. Governance and Organisation in Note 3 to the CAA; section C.2. Committees of the Board of Directors in this document; and the section "Corporate Governance - Ethical and Responsible Behaviour - Fiscal Transparency" in the CMR.
E.3	No	See section 3.2. Risk governance, management and control - 3.2.3. Strategic risk management processes - Corporate Risk Catalogue in Note 3 to the CAA and the sections on Corporate Governance - Ethical and Responsible Conduct - Compliance and Conduct", "Corporate Governance - Ethical and Responsible Conduct - Tax transparency" and "Risk Management" in the CMR.
E.4	No	See section 3.2. Risk governance, management and control - 3.2.3. Strategic risk management processes - Risk Appetite Framework in Note 3 to the CFS.
E.5	No	See section "Risk management - Main milestones in 2023" in the CMR; sections 3.3, 3.4 and 3.5 (description of each risk in the Corporate Risk Catalogue) in Note 3; and section 24.3. Provisions for pending legal issues and tax litigation in Note 24 to the CAA.
E.6	No	See section 3.2. Risk governance, management and control - 3.2.1. Internal Control Framework and sections 3.3, 3.4 and 3.5 (detail of each risk in the Corporate Risk Catalogue) in Note 3 of the CAA and the section Corporate Governance - Ethical and Responsible Behaviour in the CMR.

F. Internal Control over Financial Reporting

CNMV template section	Included in the statistical report	Comments
F.1	No	CMR Annex "Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR) - Control Environment over Financial Reporting"
F.2	No	CMR Annex "Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR) - Risk Assessment of Financial Reporting"
F.3	No	CMR Annex "Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR) - Financial Reporting Control Procedures and Activities"
F.4	No	CMR Annex "Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR) - Information and Communication"
F.5	No	CMR Annex "Internal Control and Risk Management Systems in Relation to the Financial Reporting Process (ICFR) - Oversight of the Functioning of the System of Internal Control over Financial Reporting"
F.6	No	Not applicable
F.7	No	Not applicable

G. Degree of Compliance with Corporate Governance Recommendations

CNMV template section	Included in the statistical report	Comments
G.	Yes	CMR Annex "Extent to which corporate governance recommendations are followed" CMR Section "Corporate Governance - Corporate Governance - Best Governance Practices"

H. Other Information of Interest

CNMV template section	Included in the statistical report	Comments
H.	No	CMR Sections - Our Company - Alliances and Partnerships and Corporate Governance - Fiscal Transparency

CAA - Consolidated Annual Accounts of the Group for 2023
CMR - Consolidated Management Report of the Group for 2023

CaixaBank, S.A.

Auditor’s report
Information regarding the Internal Control System over Financial Reporting (ICSFR)
2023 financial year

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

Auditor's report on "Information regarding the Internal Control System over Financial Reporting (ICSFR)"

To the administrators of CaixaBank, S.A.:

In accordance with the request of the Board of Directors of CaixaBank, S.A. ("the Company") and our engagement letter dated 15 December 2023, we have applied certain procedures in respect of the attached "Information regarding the ICSFR", included in section F of the Annual Corporate Governance Report of CaixaBank, S.A. for the 2023 financial year, which includes a summary of the Company's internal control procedures relating to its annual financial information.

The administrators are responsible for adopting the necessary measures to reasonably ensure the implementation, maintenance and supervision of an appropriate internal control system, and for developing improvements to that system and preparing and establishing the content of the accompanying Information regarding the ICSFR.

In this regard, it should be borne in mind that, regardless of the quality of the design and operating efficiency of the internal control system used by the Company in relation to its annual financial information, only a reasonable, but not absolute, degree of assurance may be obtained in relation to the objectives it seeks to achieve, due to the limitations inherent in any internal control system.

In the course of our audit work on the consolidated annual accounts and in accordance with Spanish Auditing Standards, the sole purpose of our evaluation of the Company's internal control system is to enable us to establish the scope, nature and timing of our audit procedures in respect of the Company's annual accounts. Accordingly, our internal control evaluation, performed for the purposes of our audit, is not sufficient in scope to enable us to issue a specific opinion on the effectiveness of such internal control over the regulated annual financial information.

For the purposes of the present report, we have exclusively applied the specific procedures described below, as indicated in the "*Guidelines concerning the auditor's Report on the Information regarding the Internal Control System over Financial Reporting for listed entities*" published by the National Securities Market Commission (hereinafter NSMC) on its web site, which sets out the work to be performed, the scope of such work and the content of this report. In view of the fact that, in any event, the scope of the work resulting from these procedures is reduced and substantially less than the scope of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, its design or operational efficiency, in relation to the Company's annual financial information for the 2023 financial year described in the accompanying Information regarding the ICSFR. Had we applied additional procedures to those determined by the aforementioned Guidelines, or had we performed an audit or review of the internal control system in relation to the regulated annual financial information, other matters could have come to light in respect of which you would have been informed.

PricewaterhouseCoopers Auditores, S.L., Pº de la Alameda, 35 Bis, 46023 Valencia, España
Tel.: +34 963 036 900 / +34 902 021 111, Fax: +34 963 036 901, www.pwc.es

R. M. Madrid, Hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

In addition, provided that this special work neither constitutes an account audit it is not even submitted to the governing regulations of audit, we do not express an opinion of audit in the terms foreseen in the mentioned regulation.

The Procedures applied were as follows:

1) Reading and understanding the information prepared by the Company in relation to the ICSFR – as disclosed in the Directors' Report – and the evaluation of whether such information includes all the information required as per the minimum content set out in Section F regarding the description of the ICSFR, in the model of the Annual Corporate Governance Report, as established in Circular 5/2013 of the NSMC, dated June 12, 2013, and subsequent amendments, the most recent being Circular 3/2021, of September 28, of the NSMC (from now on the Circulars of NSMC).

2) Making enquiries of personnel in charge of preparing the information mentioned in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that enables us to assess whether the terminology used is in line with the framework of reference; (iii) obtain information as to whether the control procedures described have been implemented and are functioning in the Company.

3) Review of supporting documentation explaining the information described in point 1 above and which mainly comprises the information made directly available to the persons responsible for preparing the information on the ICSFR. Such documentation includes reports prepared by the internal audit function, senior management and other internal and external specialists in support of the functions of the Audit and Control Committee.

4) Comparison of the information described in point 1 above with our knowledge of the Company´s ICSFR, obtained by means of the application of the procedures performed within the framework of the audit engagement on the consolidated annual accounts.

5) Reading the minutes of meetings of the Board of Directors, Audit and Control Committee and other committees of the Company, for the purposes of evaluating the consistency between the matters dealt with therein in relation to the ICSFR and the information described in point 1 above.

6) Obtaining a representation letter concerning the work performed, duly signed by the persons responsible for the preparation and drafting of the information mentioned in point 1 above.

As a result of the procedures applied in relation to the Information regarding the ICSFR, no inconsistencies or incidents have been identified which could affect such information.

This report has been prepared exclusively within the framework of the requirements of article 540 of the revised Spanish Companies Act and by the Circulars of de NSMC, for the purposes of describing the ICSFR in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Raúl Ara Navarro

February 16, 2024

ISSUER IDENTIFICATION

End of financial year: 31/12/2023

Tax code: A08663619

Corporate name:

CAIXABANK, S.A.

Registered office:

CL. PINTOR SOROLLA N.2-4 (VALENCIA)

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Specify if the Company's By-laws contain the provision of shares with double loyalty voting:

[ ] Yes
[√] No

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
13/01/2023	7,502,131,619.00	7,502,131,619	7,502,131,619

Indicate whether different types of shares exist with different associated rights.

[ ] Yes
[√] No

A.2. Details of direct and indirect owners of significant holdings at the end of the financial year, excluding directors with a significant shareholding:

Name or corporate name of the shareholder	% of voting rights attributed to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
FUND FOR ORDERLY BANK RESTRUCTURING	0.00	17.32	0.00	0.00	17.32
LA CAIXA BANKING FOUNDATION	0.00	31.92	0.00	0.00	31.92
BLACKROCK, INC	0.00	4.45	0.00	0.54	4.99

Details of indirect holding:

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	% total voting rights
FUND FOR ORDERLY BANK RESTRUCTURING	BFA TENEDORA DE ACCIONES, S.A.	17.32	0.00	17.32

Name or corporate name of the indirect owner	Name or corporate name of the direct owner	% of voting rights attributed to shares	% of voting rights through financial instruments	% total voting rights
LA CAIXA BANKING FOUNDATION	CRITERIA CAIXA, SAU	31.92	0.00	31.92
BLACKROCK, INC	OTHER CONTROLLED ENTITIES BELONGING TO GRUPO BLACKROCK, INC	4.45	0.54	4.99

A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:

Name or corporate name of the director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% total voting rights	Of the total number of voting rights attributed to the shares, specify, where applicable, the % of additional votes corresponding to shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR TOMÁS MUNIESA ARANTEGUI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR GONZALO GORTAZAR ROTAECHE	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MR EDUARDO JAVIER SANCHIZ IRAZU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR JOAQUIN AYUSO GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR FRANCISCO JAVIER CAMPO GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS EVA CASTILLO SANZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Name or corporate name of Director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% total voting rights	Of the total number of voting rights attributed to the shares, specify, where applicable, the % of additional votes corresponding to shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR FERNANDO MARÍA COSTA DUARTE ULRICH	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS MARÍA VERÓNICA FISAS VERGÉS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS CRISTINA GARMENDIA MENDIZÁBAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR PETER LÖSCHER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR MARÍA AMPARO MORALEDA MARTÍNEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS MARÍA TERESA SANTERO QUINTILLÁ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR JOSÉ SERNA MASIÁ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS KORO USARRAGA UNSAIN							

% of total voting rights held by members of the Board of Directors	0.03

Details of indirect holding:

Name or corporate name of Director	Name or corporate name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% total voting rights	Of the total number of voting rights attributed to the shares, specify, where applicable, the % of additional votes corresponding to the shares with a loyalty vote a loyalty vote
MR JOSÉ SERNA MASIÁ	MS MARÍA SOLEDAD GARCÍA CONDE ANGOSO	0.00	0.00	0.00	0.00

Detail the percentage of total voting rights represented on the Board:

% of total voting rights represented on the Board of Directors	49.27

A.7. State whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("CEA"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

[ ] Yes
[√] No

State whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

[ ] Yes
[√] No

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Spanish Securities Market Act. If so, identify them:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury stock.

At year end:

Number of shares held directly	Number of shares Indirect (*)	& of total share capital
134,499,655	787,203	1.80

(*) Via:

Name or corporate name of direct shareholder	Number of shares held directly
VIDA-CAIXA, S.A. DE SEGUROS Y REASEGUROS	281,192
BANCO BPI, S.A.	425,609
NEW MICRO BANK, S.A.U.	17,822
CAIXABANK PAYMENTS & CONSUMER, E.F.C., E.P., S.A.	28,350
CAIXABANK WEALTH MANAGEMENT LUXEMBOURG, S.A.	29,554
CAIXABANK FACILITIES MANAGEMENT, S.A.	2,050
CAIXABANK OPERATIONAL SERVICES, S.A.U.	2,626
Total	787,203

A.11. Estimated floating capital:

	%
Estimated floating capital	43.94

A.14. State if the company has issued shares that are not traded on a regulated EU market.

[√] Yes
[ ] No

B. GENERAL SHAREHOLDERS' MEETING

B.4. Give details of attendance at General Shareholders' Meetings held during the year referred to in this report and the two previous years:

	Attendance data				
Date of general meeting	% attending in person	% by proxy	% remote voting Electronic means	Other	Total
14/05/2021	46.18	26.94	1.24	1.07	75.43
Of which, free float	0.01	23.96	1.24	1.07	26.28
08/04/2022	46.87	28.62	0.25	0.40	76.14
Of which, free float	0.70	22.51	0.25	0.40	23.86
31/03/2023	49.61	25.22	0.91	0.82	76.56
Of which, free float	0.02	20.82	0.91	0.82	22.57

B.5. State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

[ ] Yes
[√] No

B.6. State whether the Articles of Association contain any restrictions requiring a minimum umber of shares to attend General Shareholders' Meetings, or on distance voting:

[√] Yes
[ ] No

Number of shares required to attend the General Meetings	1,000
Number of shares required for distance voting	1

C. COMPANY ADMINISTRATIVE STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of Directors	22
Minimum number of Directors	12
Number of directors set by the general meeting	15

C.1.2 Complete the following table with Board members' details.

Name or corporate name of Director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS EVA CASTILLO SANZ		Independent	DIRECTOR	03/12/2020	03/12/2020	AGM RESOLUTION
MR JOAQUIN AYUSO GARCÍA		Independent	DIRECTOR	03/12/2020	03/12/2020	AGM RESOLUTION
MR JOSÉ SERNA MASIÁ		Proprietary	DIRECTOR	30/06/2016	14/05/2021	AGM RESOLUTION
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE		Executive	CHAIRMAN	03/12/2020	03/12/2020	AGM RESOLUTION
MS KORO USARRAGA UNSAIN		Independent	DIRECTOR	30/06/2016	14/05/2021	AGM RESOLUTION
MS CRISTINA GARMENDIA MENDIZÁBAL		Independent	DIRECTOR	05/04/2019	31/03/2023	AGM RESOLUTION

Name or corporate name of Director	Representative	Category category	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MR EDUARDO JAVIER SANCHIZ IRAZU		Independent	LEAD INDEPENDENT DIRECTOR	21/09/2017	08/04/2022	AGM RESOLUTION
MR MARÍA TERESA SANTERO QUINTILLÁ		Proprietary	DIRECTOR	03/12/2020	03/12/2020	AGM RESOLUTION
MS MARÍA VERÓNICA FISAS VERGÉS		Independent	DIRECTOR	25/02/2016	22/05/2020	AGM RESOLUTION
MR TOMÁS MUNIESA ARANTEGUI		Proprietary	DEPUTY CHAIRMAN	01/01/2018	08/04/2022	AGM RESOLUTION
MR FRANCISCO JAVIER CAMPO GARCÍA		Independent	DIRECTOR	03/12/2020	03/12/2020	AGM RESOLUTION
MS MARÍA AMPARO MORALEDA MARTÍNEZ		Independent	DIRECTOR	24/04/2014	31/03/2023	AGM RESOLUTION
MR GONZALO GORTAZAR ROTAECHE		Executive	CEO	30/06/2014	31/03/2023	AGM RESOLUTION
MR FERNANDO MARÍA COSTA DUARTE ULRICH		Other External	DIRECTOR	03/12/2020	03/12/2020	AGM RESOLUTION
MR PETER LÖSCHER		Independent	DIRECTOR	31/03/2023	31/03/2023	AGM RESOLUTION

Total number of Directors	15

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or corporate name of Director	Category of the Director at the time of termination	Date of last appointment	Date director left	Specialised committees of which s/he was a member	State whether the director left before the end of the mandate
MR JOHN S. REED	Independent	05/04/2019	31/03/2023	Appointments and Sustainability Committee	NO

C.1.3 Complete the following tables on Board members and their respective categories.

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Position held in the company of society:	Profile
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Executive Chairman	José Ignacio Goirigolzarri, was born in Bilbao in 1954. He has been the Executive Chairman of CaixaBank since 2021. Holds a degree in Economics and Business Studies from the Commercial University of Deusto. Finances and Strategic Planning from the University of Leeds (UK). Lecturer at the Commercial University of Deusto, in the Strategic Planning Area (1977-1979). He joined Banco de Bilbao and in 1994 became a member of BBV's Management Committee, responsible for Commercial Banking in Spain and Latin American operations. In 2001 he was appointed CEO of the BBVA Group, a position he held until October 2009. In May 2012, he was elected Chairman of Bankia and its parent company, BFA, serving as such until March 2021, when Bankia merged with CaixaBank. He is currently appointed Executive Chairman of CaixaBank. He has been Director and Deputy Chairman of Telefónica and Repsol, as well as Chairman of the Spain-USA Foundation, Director of BBVA Bancomer in Mexico and Director of Citic Bank in China. He is currently Chairman of CaixaBank, Deputy Chairman of CECA, Chairman of FEDEA, Deputy Chairman of COTEC, Deputy Chairman of Fundación FAD, Chairman of Deusto Business School, Chairman of CaixaBank Dualiza and Chairman of Fundación Garum.
MR GONZALO GORTAZAR ROTAECHE	CEO	Born in Madrid in 1965, he has been the CEO of CaixaBank since June 2014. Gonzalo Gortazar holds a degree in Law and Business from Universidad Pontificia de Comillas (ICADE) and an MBA with distinction from the INSEAD Business School. He is also currently Chairman of CaixaBank Payments & Consumer and Director of Banco BPI. He was the Chief Financial Officer of CaixaBank until his appointment as CEO in June 2014. He was formerly the CEO of Criteria CaixaCorp from 2009 to June 2011. From 1993 to 2009 he worked at Morgan Stanley

EXECUTIVE DIRECTORS		
Name or corporate name of Director	Position held in the company	Profile
		in London and Madrid, where he held various positions in the investment banking division, heading up the European Financial Institutions Group until mid-2009, when he joined Criteria. Previously, he held various corporate banking and investment banking positions at Bank of America. He was the VidaCaixa Chairman, First Deputy Chairman of Repsol, and Director of Grupo Financiero Inbursa, Erste Bank, SegurCaixa Adeslas, Abertis, Port Aventura and Saba.

Total number of executive Directors	2
% of the Board	13.33

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of Director	Name or corporate name of significant shareholder represented or proposing appointment	Profile
MR TOMÁS MUNIESA ARANTEGUI	LA CAIXA BANKING FOUNDATION	Tomás Muniesa, born in Barcelona in 1952; he has been the Deputy Chairman of CaixaBank since April 2018. He holds a degree in Business Studies and a Master of Business Administration from the ESADE Business School. He joined 'La Caixa' in 1976, and was appointed Deputy General Manager in 1992. In 2011, he was appointed General Manager of Insurance and Asset Management of CaixaBank, where he remained until November 2018. He was the Executive Deputy Chairman and CEO of VidaCaixa from 1997 to November 2018. He currently holds the positions of Deputy Chairman of CaixaBank, VidaCaixa and SegurCaixa Adeslas. He is also a member of the Trust of the ESADE Foundation and Director of Allianz Portugal. Prior to this, he was Chairman of MEFF (Sociedad Rectora de Productos Derivados), Deputy Chairman of BME (Bolsas y Mercados Españoles), Second Deputy Chairman of UNESPA, Director and Chairman of the Audit Commission of the Insurance Compensation Consortium, Board Member of Vithas Sanidad SL and Substitute Board Member of Grupo Financiero Inbursain Mexico.
MS MARÍA TERESA SANTERO QUINTILLÁ	FROB Y BFA TENEDORA DE ACCIONES, S.A.U.	Teresa Santero was born in Camporrells (Huesca) in 1959. She has been a member of the CaixaBank Board of Directors since 2021. She holds a degree in Business Administration from the University of Zaragoza and a PhD in Economics from the University of Illinois Chicago (USA). She has been a lecturer at the UIE Business School in Madrid since 2012. Previously, she held management positions in the Central Administration (General Secretary for Industry in the Ministry of Industry, Trade and Tourism from

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of Director	Name or corporate name of significant shareholder represented or or proposing appointment	Profile
		2008 to 2011), and in Provincial Administration, in the Government of the Autonomous Community of Aragon (Director of Economic Policy in the Department of Economy and the Treasury, from 2003 to 2007, and General Secretary for the Department of Social Services from 2007 to 2008). She previously worked for 10 years as an economist at the Economics Department of the OECD in Paris. She has been a visiting lecturer at the Economics Department of the Complutense University in Madrid and associate professor and research aide at the University of Illinois Chicago (USA). She has been on various Boards of Directors, was an independent member of the General Board of the Spanish Official Credit Institute, ICO (2018-2020), a director of the Spanish Industrial Holding Company, SEPI (2008-2011) and Navantia (2010-2011), Member of the Executive Committee and the Board of the Zona Franca Consortium of Barcelona (2008-2011), and Director of the Instituto Tecnológico de Aragón (2004-2007). She has also been a Trust member of various foundations: the Zaragoza Logistics Center, ZLC Foundation (2005-2007), the Foundation for the Development of Hydrogen Technologies (2005-2007), and the Observatory of Prospective Industrial Technology Foresight Foundation (2008-2011).
MR JOSÉ SERNA MASIÁ	LA CAIXA BANKING FOUNDATION	José Serna Masiá (Albacete, 1942) has been a member of CaixaBank's Board of Directors since July 2016. He graduated in Law at the Complutense University of Madrid in 1964, and began his career in legal counselling with Butano, S.A. (1969/70). In 1971, he became a State Attorney, providing services at the State Attorney's Office for Salamanca and at the Ministries for Education and Science and Finance. He then joined the Adversary Proceedings Department of the State at the Audiencia Territorial de Madrid (now the Tribunal Superior de Justicia - High Court of Justice), before taking leave of absence in 1983. From 1983 to 1987 he was legal counsel to the Madrid Stock Exchange. In 1987, he became a stockbroker at Barcelona Stock Exchange and was appointed secretary of its Governing Body. He took part in the stock market reform of 1988 as Chairman of the company that developed the new Barcelona Stock Exchange and also as a member of the Advisory Committee to the recently created Comisión Nacional del Mercado de Valores, the Spanish securities market regulator. In 1989, he was elected Chairman of the Barcelona Stock Exchange, a role that he held for two consecutive terms until 1993. From 1991 to 1992, he was Chairman of the Spanish Sociedad de Bolsas (Stock Exchange Company), which groups the four Spanish stock exchanges together, and Deputy Chairman of the Spanish Financial Futures Market, in Barcelona. He was also Deputy Chairman of Fundación Barcelona Centro Financiero and of Sociedad de Valores y Bolsa

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of Director	Name or corporate name of significant shareholder represented proposing appointment	Profile
		Interdealers, S.A. In 1994, he became a stockbroker and member of the Association of Chartered Trade Brokers of Barcelona. He was on the Board of Directors of ENDESA from 2000 to 2007. He was also a member of the Control and Auditing Committee, chairing it from 2006 to 2007. He was also a director of the companies ENDESA Diversificación and ENDESA Europa. He worked as a notary in Barcelona from 2002 through to 2013.

Total number of proprietary Directors	3
% of the Board	20.00

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of Director	Profile
MR EDUARDO JAVIER SANCHIZ IRAZU	Eduardo Javier Sanchiz Irazu, born in Vitoria in 1956, and has been a member of the Board of Directors of CaixaBank since September 2017 and the Lead Director since 2023. He holds a degree in economics from the University of Deusto, San Sebastián campus, and a Master's Degree in Business Administration from the Instituto Empresa in Madrid. He was CEO of Almirall from July 2011 until 30 September 2017. During this period, the company underwent a significant strategic transformation with the aim of becoming a global leader in skin treatment. Previously, after jointing Almirall in May 2004, he was executive director of Corporate Development and Finance and Chief Financial Officer. In both positions, Eduardo led the company's international expansion through a number of alliances with other companies, and through licensing of external products, in addition to five acquisitions of companies and product portfolios. He also coordinated the IPO process in 2007. He was a member of the Almirall Board of Directors from January 2005 and member of the Dermatology Committee from its creation in 2015. Prior to joining Almirall, he worked for 22 years (17 outside Spain) at Eli Lilly & Co, an American pharmaceutical company, in finance, marketing, sales and general management positions. He was able to live in six different countries and some of his significant positions include General Manager in Belgium, General Manager in Mexico and, in his last position in the company, Executive Officer for the business area that encompasses countries in the centre, north, east and south of Europe. He was a member of the American Chamber of Commerce in Mexico and of the Association of Pharmaceutical Industries in a number of countries in Europe and Latin America. He is a member of the Board of Directors of the French pharmaceutical company Pierre Fabre, S.A. and a member of its Strategy Committee and its Audit Committee. He is also a member of the Board of Directors of the venture capital company Sabadell Asabys Health Innovation Investments 2B S.C.R., S.A.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of Director	Profile
MR JOAQUIN AYUSO GARCÍA	Joaquín Ayuso was born in Madrid in 1955. He has been a member of the CaixaBank Board of Directors since 2021. He is a graduate in Civil Engineering from the Polytechnic University of Madrid. He is currently the Chairman of Adriano Care Socimi, S.A. and a member of the Advisory Board of the Benjamin Franklin Institute of the University of Alcalá de Henares and the Advisory Board of Kearney. He is also Chairman of the Board of Directors of the Real Sociedad Hípica Española Club de Campo. He was previously on the Board of Directors of Bankia, where he held the roles of Independent Director and Coordinator, a member of the Audit and Compliance Committee and the Remuneration Committee, Chairman and member of the Appointments and Responsible Management Committee, and Chairman and member of the Bankia Risk Advisory Committee. He has pursued his professional career in Ferrovial, S.A., where he was CEO and Deputy Chairman of its Board of Directors. He has been a Director of National Express Group, PLC. and of Hispania Activos Inmobiliarios and Chairman of Autopista del Sol Concesionaria Española. He was awarded the Medal of Honour by the Spanish Association of Civil Engineers in 2006.
MR FRANCISCO JAVIER CAMPO GARCÍA	Francisco Javier Campo was born in Madrid in 1955. He has been a member of the CaixaBank Board of Directors since 2021. He has a degree in Industrial Engineering from the Polytechnic University of Madrid. He is currently a member of the Board of Directors of Meliá Hotels International, S.A., Chairman of its Audit and Compliance Committee and member of its Appointments, Remuneration and Corporate Social Responsibility Committee. He is Chairman of the Asociación Española del Gran Consumo (AECOC), member of the Advisory Board (senior advisor) of AT Kearney, senior advisor of Grupo de Alimentación Palacios, senior advisor of IPA Capital, S.L. (Pastas Gallo) and senior advisor of Importaco, S.A. He is a Director of the Asociación para el Progreso de la Dirección (APD) and Trustee of the CaixaBank Dualiza Foundation, the F. Campo Foundation and the Iter Foundation. He is a member of merit of the Carlos III Foundation. He was previously a member of Bankia's Board of Directors, Chairman of the Audit and Compliance Committee and of the Risk Advisory Committee, and a member of the Appointments and Responsible Management Committee, the Technology and Innovation Committee and the Delegate Risk Committee. He began his career at Arthur Andersen and served as global chairman of the Dia Group, member of the Global Executive Committee of the Carrefour Group, and Chairman of the Zena Group and the Cortefiel Group. He was awarded the National Order of Merit of the French Republic in 2007.
MS EVA CASTILLO SANZ	Eva Castillo was born in Madrid in 1962. He has been a member of the CaixaBank Board of Directors since 2021. She holds a degree in Law and Business from Comillas Pontifical University (E-3) in Madrid. She is currently an independent director of International Consolidated Airlines Group, S.A. (IAG), and a member of the Audit and Compliance Committee and of the Remuneration Committee. She is also a member of the Board of Trustees of the Comillas-ICAI Foundation and the Board of Trustees of the Entreculturas Foundation. Recently, she has become a member of the Council for the Economy of the Holy See and a member of the A.I.E Advantere School of Management. Formerly, she was a member of the Board of Directors of Bankia, S.A., having previously served as Lead Independent Director, Chair of the Appointments and Responsible Management Committee and the Remuneration Committee, and a member of the Technology and Innovation Committee, the Risk Delegate Committee, and the Risk Advisory Committee. She is currently an independent Director of Zardoya Otis, S.A., Chairwoman of the Audit Committee and a member of the Appointments and Remuneration Committee. She formerly served as a Director of Telefónica, S.A. and Chairwoman of the Supervisory Board of Telefónica Deutschland, AG, as well as a member of the Board of Trustees of the Telefónica Foundation. Previously, she was an Independent Director of Visa Europe Limited and Director of old Mutual, PLC. She was the Chairwoman and CEO of Telefónica Europe and of Merrill Lynch Capital Markets España, Chairwoman and CEO of Merrill Lynch Wealth Management for EMEA, and a member of the Executive Committee of Merrill Lynch International for EMEA.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of Director	Profile
MS MARÍA VERÓNICA FISAS VERGÉS	Born in Barcelona in 1964, Verónica Fisas has served on the Board of Directors of CaixaBank since February 2016. She holds a degree in Law and a Master in Business Administration. She joined Natura Bissé very early in her career, thus acquiring extensive knowledge of the company and of all its departments. She has been the Executive Officer of the Board of Directors of Natura Bissé and General Director of the Natura Bissé Group since 2007. Since 2008, she is also a Patron of the Fundación Ricardo Fisas Natura Bissé. In 2001, as the CEO of the United States subsidiary of Natura Bissé, she was responsible for the expansion and consolidation of the business, and obtained outstanding results in product distribution and brand positioning. In 2009, she joined the Board of Directors of Stanpa, Asociación Nacional de Perfumería y Cosmética, becoming Chair of Stanpa in 2019 and, also Chair of Fundación Stanpa. She received the Work-Life Balance Award at the 2nd Edition of the National Awards for Women in Management in 2009, and the IWEC Award (International Women's Entrepreneurial Challenge) for her professional career, in 2014. In November 2017, Emprendedores magazine named Verónica Fisas as 'Executive of the Year'.
MS CRISTINA GARMENDIA MENDIZÁBAL	Cristina Garmendia Mendiazábal, born in San Sebastián in 1962. She has been a member of the CaixaBank Board of Directors since June 2019. She holds a degree in Biological Sciences, specializing in Genetics, a PhD in Molecular Biology from the Severo Ochoa Molecular Biology Centre of the Autonomous University of Madrid. MBA from the IESE Business School at the University of Navarre. She is currently a director of the board of Ysios Capital and an independent director of Compañía de Distribución Integral Logista Holdings, S.A. and Mediaset. She is Chairwoman of the COTEC Foundation and as such is a member of the Board of Trustees of the Pelayo, España Constitucional, SEPI Foundations and a member of the Advisory Board of the Spanish Association Against Cancer, Women for Africa Foundation, UNICEF, Spanish Committee, as well as a member of the Advisory Board of Integrated Service Solutions, S.L. and S2 Grupo de Innovación en Procesos Organizativos, S.L.U., among others. She has been Executive Deputy Chair and Financial Director of the Amasua Group. Member of the governing bodies of, among others, Genetrix, S.L. (Executive Chairwoman), Sygnis AG (Chairwoman of the Supervisory Board), Satlantis Microsats (Chairwoman), Science & Innovation Link Office, S.L. (Director), and Independent Director of NTT DATA (previously EVERIS), Naturgy Energy Group, S.A., Corporación Financiera Alba, Pelayo Mutua de Seguros. She was Minister of Science and Innovation of the Spanish Government during the IX Legislature from April 2008 to December 2011 and Chairwoman of the Association of Biotechnology Companies (ASEBIO) and member of the Board of Directors of the Spanish Confederation of Business Organisations (CEOE).
MR PETER LÖSCHER	Peter Löscher, born in Austria in 1957, has been a member of the CaixaBank Board of Directors from 2023. He studied Economics and Finance at the University of Vienna and Business Administration at the Chinese University of Hong Kong. He obtained a Master's in Business Administration and Management from the University of Vienna, and completed the Advanced Administration Program at Harvard Business School. He is currently an independent non-executive Director of Telefonica, S.A. (Spain) and Chairman of the Supervisory Board of Telefónica Deutschland Holding AG (Germany); Member of the Supervisory Board of Royal Philips (Netherlands), non-executive Director of Thyssen-Bornemisza Group AG (Switzerland), and non-executive member of the Board of Directors of Doha Venture Capital LLC (Qatar). He previously held the post of Chairman of the Board of Directors of Sulzer AG (Switzerland) and Chairman of the Supervisory Board of OMV AG (Austria). From March 2014 to March 2016, he was CEO of Renova Management AG (Switzerland) and Chairman and CEO of Siemens AG (Germany) from 2007 to 2013. He was also Chairman of Global Human Health and a member of the Executive Board of Merck & Co., Inc. (USA), Chairman and CEO of GE Healthcare BioSciences and member

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of Director	Profile
	of the General Electric Executive Board (USA), Operations Director and member of the Amersham Plc Board (United Kingdom). He held leading positions in Aventis (Japan) and Hoechst (Germany and the United Kingdom). He served as Chairman of the Board of Directors of the Siemens Foundation and is an emeritus member of the Advisory Board of the Singapore Economic Development Board; He is also a member of the International Advisory Board of Bocconi University. He is Honorary Professor at Tongji University (Shanghai), holds an Honorary Doctorate in Engineering from Michigan State University, and an Honorary Doctorate from the Slovak Engineering University in Bratislava. He holds the Grand Gold Decoration of Honour of the Republic of Austria and is a Knight Commander of the Order of Civil Merit of Spain.
MS MARÍA AMPARO MORALEDA MARTÍNEZ	María Amparo Moraleda (Madrid, 1964) has been a member of CaixaBank's Board of Directors since 2014. She graduated in Industrial Engineering from the ICAI and holds an MBA from the IESE Business School. She is an independent director at several companies: Airbus Group, S.E. (since 2015) Vodafone Group (since 2017) and A.P. Møller-Mærsk A/S A.P. (since 2021). She is also a member of the Advisory Board of the following companies: SAP Ibérica (since 2013), Spencer Stuart (since 2017), Kearney (since 2022) and ISS España. She was on the Board of Spain's High Council for Scientific Research (CSIC) (from 2011 to 2022). Between 2012 and 2017, she was a member of the board of directors of Faurecia, S.A. and member of the Advisory Board of KPMG España (since 2012). Between 2013 and 2021, she was a member of the Board of Directors of Solvay, S.A., and was Director of Operations for the International area of Iberdrola, with responsibility for the United Kingdom and the United States between January 2009 and February 2012. She also headed Iberdrola Engineering and Construction from January 2009 to January 2011. She was Executive Chairman of IBM Spain and Portugal between July 2001 and January 2009, responsible for Greece, Israel and Turkey from July 2005 to January 2009. Between June 2000 and 2001, she was assistant executive to the President of IBM Corporation. From 1998 to 2000, she was General Manager at INSA (a subsidiary of IBM Global Services). From 1995 to 1997, she was Head of HR for EMEA at IBM Global Services and from 1988 to 1995 she held various offices and management positions at IBM España. She is also a member of various boards and trusts of different institutions and bodies, including the Royal Academy of Economic and Financial Sciences, the Academy of Social and Environmental Sciences of Andalusia, the Board of Trustees of MD Anderson International Spain, the Vodafone Foundation, the Airbus Foundation and the Curarte Foundation. In December 2015, she was named full academic member of Real Academia de Ciencias Económicas y Financieras. In 2005, she was inducted into the Women in Technology International (WITI) Hall of Fame, which recognises the people in the world of business and technology who have made the greatest impact on the inclusion and contribution of women in technology development worldwide. She has also received numerous accolades, such as: the Values Leadership Award (FIGEVA Foundation – 2008), the Javier Benjumea Prize (Engineering Association of the ICAI – 2003) and the Award for Excellence (Spanish Federation of Female Directors, Executives, Professionals and Entrepreneurs – Fedepe – 2002).
MS KORO USARRAGA UNSAIN	Koro Usarraga Unsain (San Sebastián, 1957) has been a member of CaixaBank's Board of Directors since 2016. She has a degree in Business Administration and a Master's in Business Management from ESADE, took the PADE (Senior Management Programme) at IESE and is a qualified chartered accountant. She was an independent Director of NH Hotel Group from 2015 to October 2017. She worked at Arthur Andersen for 20 years and in 1993 was appointed partner of the audit division. In 2001, she assumed responsibility for the General Corporate Management of Occidental Hotels & Resorts, a group with significant international presence and specialising in the holiday sector. She was responsible for the finance, administration and management control departments, as well as IT and human resources. She was General Manager of Renta Corporación, a real estate group specialising in the purchase, refurbishment and sale of properties.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of Director	Profile
	She has been a Director at Vocento, S.A. since 2019, and is currently a shareholder and administrator of the company 2005 KP Inversiones, S.L., which is dedicated to investing in companies and management consultancy. She is also an Administrator of Vehicle Testing Equipment, S.L.

Total number of independent Directors	9
% of the Board	60.00

List any independent Directors who receive from the company or group any amount or payment other than standard Director remuneration or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

If applicable, include a statement from the Board detailing the reasons why the said Director may carry out their duties as an independent Director.

Name or corporate name of Director	Description of the relationship	Reasons
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:			
Name or corporate name of Director	Reason	Company, executive or shareholder with whom the relationship is maintained	Profile
MR FERNANDO MARÍA COSTA DUARTE ULRICH	Fernando Maria Ulrich was classified as another external director, neither proprietary nor independent, in accordance with the provisions of section 2 of article 529 duodecies of the Corporate Enterprises Act and article 19.5 of the Regulations of the Board of Directors. He has been the Non-Executive Chairman of Banco BPI, S.A. since 2017.	BANCO BPI, S.A.	Fernando Maria Costa Duarte Ulrich, born in Lisbon in 1952. She has been a member of the CaixaBank Board of Directors since 2021. He studied Economics and Business at the School of Economics and Management of the University of Lisbon. He has been Non-executive Chairman of Banco BPI, S.A., a CaixaBank Group subsidiary, since 2017, having previously held various high-ranking positions at Banco BPI, S.A. and within its group, various positions of responsibility and was CEO of the company from 2004 to 2017. He has also been the Non-Executive Chairman of BFA (Angola) (2005-2017); a Member of the APB (Portuguese Association of Banks) Board of Directors (2004-2019); Chairman of the General and Supervisory Board of the University of Algarve, Faro (Portugal) (2009-2013); Non-Executive Director of SEMAPA, (2006-2008); Non-Executive Director of Portugal Telecom (1998-2005); Non-Executive Director of Allianz Portugal (1999-2004); Non-Executive Director of PT Multimedia (2002-2004); Member of the Advisory Board of CIP, Portuguese industrial confederation (2002-2004); Non-Executive Director of IMPRESA, and of SIC, a Portuguese media conglomerate (2000-2003); Deputy Chairman of the Board of Directors of BPI SGPS, S.A. (1995-1999); Deputy Chairman of Banco de Fomento & Exterior, S.A. and Banco Borges & Irmão

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:			
Name or corporate name of Director	Reason	Company, executive or shareholder with whom the relationship is maintained	Profile
			(1996-1998); a Member of the Advisory Board for the Treasury Reform (1990/1992); a Member of the National Board of the Portuguese Securities Market Committee (1992-1995); Executive Director of Banco Fonsecas & Burnay (1991-1996); Deputy Chairman of the Banco Portugués de Investimento (1989-2007); Executive Director of the Banco Portugués de Investimento (1985-1989); Assistant Manager of the Sociedade Portuguesa de Investimentos (SPI) (1983-1985); Chief of Cabinet of the Ministry of Finance of the Government of Portugal (1981-1983); Member of the Secretariat for Economic Cooperation of the Portuguese Ministry of Foreign Affairs (1979-1980), and Member of the Portuguese delegation to the OECD (1975-1979). Responsible for the financial markets section of the newspaper Expresso (1973-1974).19

Total number of other external Directors	1
% of the Board	6.67

List any changes in the category of each Director which have occurred during the year:

Name or corporate name of Director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of total Directors of each category			
	2023 Financial year	Financial year 2022	Financial year 2021	Financial year 2020	2023 Financial year	Financial year 2022	Financial year 2021	Financial year 2020
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	2	33.33	33.33	33.33	28.57
Independent	5	5	5	4	55.55	55.55	55.55	66.67
Other external					0.00	0.00	0.00	0.00
Total	6	6	6	6	40.00	40.00	40.00	42.86

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Corporate name of the company, listed or not	Position
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	A.I.E. ADVANTERE SCHOOL OF MANAGEMENT	DIRECTOR
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	ASOCIACIÓN MADRID FUTURO	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	ASOCIACIÓN VALENCIANA DE EMPRESARIOS	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	SPANISH CHAMBER OF COMMERCE	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CÍRCULO DE EMPRESARIOS	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	BASQUE BUSINESS ASSOCIATION	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CONFEDERACIÓN ESPAÑOLA DE CAJAS DE AHORROS (CECA)	DEPUTY CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CONFEDERACIÓN ESPAÑOLA DE DIRECTIVOS Y EJECUTIVOS (CEDE)	BOARD MEMBER

Identification of the director or representative	Corporate name of the company, listed or not	Position
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CONFEDERACIÓN ESPAÑOLA DE ORGANIZACIONES EMPRESARIALES (CEOE)	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CONSEJO EMPRESARIAL ESPAÑOL PARA EL DESARROLLO SOSTENIBLE	DIRECTOR
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	DEUSTO BUSINESS SCHOOL	CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FOMENT DEL TREBALL NACIONAL	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN ASPEN INSTITUTE	BOARD MEMBER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN CAIXABANK DUALIZA	CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN CONSEJO ESPAÑA - EE. US	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN COTEC PARA LA INNOVACIÓN	DEPUTY CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN DE AYUDA CONTRA LA DROGADICCIÓN (FAD)	DEPUTY CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN DE ESTUDIOS DE ECONOMÍA APLICADA (FEDEA)	CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN INSTITUTO HERMES	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN LAB MEDITERRÁNEO	BOARD MEMBER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN MOBILE WORLD CAPITAL BARCELONA	BOARD MEMBER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN PRO REAL ACADEMIA ESPAÑOLA	BOARD MEMBER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN REAL INSTITUTO ELCANO	BOARD MEMBER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	FUNDACIÓN SAN TELMO	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	GARUM FUNDATIO FUNDAZIOA	CHAIRMAN
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	INSTITUTE OF INTERNATIONAL FINANCE	OTHER
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	INSTITUTO BENJAMIN FRANKLIN - UAH	OTHER

Identification of the director or representative	Corporate name of the company, listed or not	Position
MR TOMÁS MUNIESA ARANTEGUI	COMPANHIA DE SEGUROS ALLIANZ PORTUGAL S.A.	DIRECTOR
MR TOMÁS MUNIESA ARANTEGUI	FUNDACIÓN ESADE	BOARD MEMBER
MR TOMÁS MUNIESA ARANTEGUI	SEGURCAIXA ADESLAS, S.A. DE SEGUROS Y REASEGUROS	DEPUTY CHAIRMAN
MR GONZALO GORTAZAR ROTAECHE	CÍRCULO DE EMPRESARIOS	OTHER
MR GONZALO GORTAZAR ROTAECHE	EUROFI	OTHER
MR GONZALO GORTAZAR ROTAECHE	FUNDACIÓN CONSEJO ESPAÑA-CHINA	BOARD MEMBER
MR GONZALO GORTAZAR ROTAECHE	INSTITUTE OF INTERNATIONAL FINANCE	OTHER
MR EDUARDO JAVIER SANCHIZ IRAZU	PIERRE FABRE, S.A.	DIRECTOR
MR EDUARDO JAVIER SANCHIZ IRAZU	SABADELL - ASABYS HEALTH INNOVATION INVESTMENTS, S.C.R, S.A.	DIRECTOR
MR JOAQUIN AYUSO GARCÍA	ADRIANO CARE SOCIMI, S.A.	CHAIRMAN
MR JOAQUIN AYUSO GARCÍA	CLUB DE CAMPO VILLA DE MADRID, S.A.	DIRECTOR
MR JOAQUIN AYUSO GARCÍA	INSTITUTO BENJAMIN FRANKLIN - UHA	OTHER
MR JOAQUIN AYUSO GARCÍA	REAL SOCIEDAD HÍPICA ESPAÑOLA CLUB DE CAMPO	CHAIRMAN
MR FRANCISCO JAVIER CAMPO GARCÍA	ASOCIACIÓN ESPAÑOLA DE CODIFICACIÓN COMERCIAL (AECOC)	CHAIRMAN
MR FRANCISCO JAVIER CAMPO GARCÍA	ASOCIACIÓN PARA EL PROGRESO DE LA DIRECCIÓN (APD)	DIRECTOR
MR FRANCISCO JAVIER CAMPO GARCÍA	FUNDACIÓN CAIXABANK DUALIZA	BOARD MEMBER
MR FRANCISCO JAVIER CAMPO GARCÍA	FUNDACIÓN F. CAMPO	BOARD MEMBER
MR FRANCISCO JAVIER CAMPO GARCÍA	FUNDACIÓN ITER	BOARD MEMBER
MR FRANCISCO JAVIER CAMPO GARCÍA	MELIÁ HOTELS INTERNATIONALS S.A.	DIRECTOR
MS EVA CASTILLO SANZ	A.I.E. ADVANTERE SCHOOL OF MANAGEMENT	DIRECTOR

Identification of the director or representative	Corporate name of the entity, whether listed or not	Position
MS EVA CASTILLO SANZ	CONSEJO PARA LA ECONOMÍA DE LA SANTA SEDE	DIRECTOR
MS EVA CASTILLO SANZ	FUNDACIÓN ENTRECULTURAS FÉ Y ALEGRÍA	BOARD MEMBER
MS EVA CASTILLO SANZ	FUNDACIÓN UNIVERSITARIA COMILLAS-ICAI	BOARD MEMBER
MS EVA CASTILLO SANZ	INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A. (IAG)	DIRECTOR
MS MARÍA VERÓNICA FISAS VERGÉS	ASOCIACIÓN NACIONAL DE PERFUMERIA Y COSMÉTICA (STANPA)	CHAIRMAN
MS MARÍA VERÓNICA FISAS VERGÉS	FUNDACIÓN RICARDO FISAS NATURA BISSÉ	BOARD MEMBER
MS MARÍA VERÓNICA FISAS VERGÉS	FUNDACIÓN STANPA	BOARD MEMBER
MS MARÍA VERÓNICA FISAS VERGÉS	NATURA BISSÉ INT. DALLAS (USA)	CHAIRMAN
MS MARÍA VERÓNICA FISAS VERGÉS	NATURA BISSÉ INT. LTD (UK)	DIRECTOR
MS MARÍA VERÓNICA FISAS VERGÉS	NATURA BISSÉ INT. SA de C.V. (MEXICO)	CHAIRMAN
MS MARÍA VERÓNICA FISAS VERGÉS	NATURA BISSÉ INTERNATIONAL, S.A.	CEO
MS MARÍA VERÓNICA FISAS VERGÉS	NB SELECTIVE DISTRIBUTION, S.L.	JOINT ADMINISTRATOR
MS MARÍA VERÓNICA FISAS VERGÉS	NATURA BISSÉ INTERNATIONAL TRADING (SHANGHAI), CO., LTD	JOINT ADMINISTRATOR
MS CRISTINA GARMENDIA MENDIZÁBAL	COMPAÑÍA DE DISTRIBUCIÓN INTEGRAL LOGÍSTA HOLDINGS, S.A.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN COTEC PARA LA INNOVACIÓN	CHAIRMAN
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN ESPAÑA CONSTITUCIONAL	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN PELAYO	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN SEPI FSP	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	JAIZKIBEL 2007, S.L. (HOLDING COMPANY)	SOLE ADMINISTRATOR

Identity of the director or representative	Corporate name of the company, listed or not	Position
MS CRISTINA GARMENDIA MENDIZÁBAL	YSIOS ASSET MANAGEMENT, S.L.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	YSIOS CAPITAL PARTNERS CIV I, S.L.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	YSIOS CAPITAL PARTNERS CIV II, S.L.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	YSIOS CAPITAL PARTNERS CIV III, S.L.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	YSIOS CAPITAL PARTNERS SGEIC, S.A.	DIRECTOR
MS CRISTINA GARMENDIA MENDIZÁBAL	ASOCIACIÓN ESPAÑOLA CONTRA EL CANCER (AECC)	OTHER
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN MUJERES POR ÁFRICA	OTHER
MS CRISTINA GARMENDIA MENDIZÁBAL	UNICEF, COMITÉ ESPAÑOL	OTHER
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN REAL ESCUELA ANDALUZA DE ARTE ECUESTRE	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	FUNDACIÓN MARGARITA SALAS	BOARD MEMBER
MS CRISTINA GARMENDIA MENDIZÁBAL	MEDIASET ESPAÑA COMUNICACIÓN, S.A.	DIRECTOR
MR PETER LÖSCHER	TELEFONICA, S.A., ESPAÑA	DIRECTOR
MR PETER LÖSCHER	TELEFONICA DEUTSCHLAND HOLDING AG	OTHER
MR PETER LÖSCHER	ROYAL PHILIPS	OTHER
MR PETER LÖSCHER	THYSSEN-BORNEMISZA GROUP	OTHER
MR PETER LÖSCHER	DOHA VENTURE CAPITAL LLC	DIRECTOR
MR PETER LÖSCHER	FUNDING FOUNDATION GUSTAV MAHLER JUGENDORCHESTER	BOARD MEMBER
MS MARÍA AMPARO MORALEDA MARTÍNEZ	AIRBUS GROUP, S.E.	DIRECTOR
MS MARÍA AMPARO MORALEDA MARTÍNEZ	AIRBUS FOUNDATION	BOARD MEMBER
MS MARÍA AMPARO MORALEDA MARTÍNEZ	FUNDACIÓN CURARTE	BOARD MEMBER
MS MARÍA AMPARO MORALEDA MARTÍNEZ	FUNDACIÓN MD ANDERSON INTERNATIONAL ESPAÑA	BOARD MEMBER
MS MARÍA AMPARO MORALEDA MARTÍNEZ	IESE	OTHER

Identity of the director or representative	Corporate name of the entity, whether listed or not	Position
MS MARÍA AMPARO MORALEDA MARTÍNEZ	A.P. MOLLER-MAERKS A/S A.P.	DIRECTOR
MS MARÍA AMPARO MORALEDA MARTÍNEZ	VODAFONE FOUNDATION	BOARD MEMBER
MS MARÍA AMPARO MORALEDA MARTÍNEZ	VODAFONE GROUP PLC	DIRECTOR
MR JOSÉ SERNA MASIÁ	ASOCIACIÓN ESPAÑOLA DE SENIORS DE GOLF	DEPUTY CHAIRMAN
MS KORO USARRAGA UNSAIN	2005 KP INVERSIONES, S.L.	JOINT ADMINISTRATOR
MS KORO USARRAGA UNSAIN	VEHICLE TESTING EQUIPMENT, S.L. (WHOLLY OWNED SUBSIDIARY OF 2005 KP INVERSIONES, S.L.)	JOINT ADMINISTRATOR
MS KORO USARRAGA UNSAIN	VEHICLE TESTING EQUIPMENT	DIRECTOR

For information regarding whether they are paid positions or not, see section C.1.11 of the document in free format.

In some cases, the positions do not correspond to their real name due to the limitations of the electronic form. For the exact titles, see the document in free format.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
MR JOAQUIN AYUSO GARCÍA	Member of the Advisory Board of AT KEARNEY, S.A.
MR FRANCISCO JAVIER CAMPO GARCÍA	Member of the Advisory Board of AT KEARNEY, S.A. Senior Advisor of GRUPO EMPRESARIAL PALACIOS ALIMENTACIÓN, S.A. Senior Advisor of IPA CAPITAL, S.L. (Pastas Gallo). Senior Advisor at IMPORTACO, S.A.
MS CRISTINA GARMENDIA MENDIZÁBAL	Member of the Advisory Board of INTEGRATED SERVICE SOLUTIONS, S.L. Member of the Advisory Board of MCKINSEY & COMPANY. Member of the Advisory Board of S2 GRUPO DE INNOVACIÓN EN PROCESOS ORGANIZATIVOS, S.L.U. Member of the Advisory Board of UNIVERSIDAD EUROPEA DE MADRID, S.A.
MS MARÍA AMPARO MORALEDA MARTÍNEZ	Member of the Advisory Board of AT KEARNEY, S.A. Member of the Advisory Board of ISS ESPAÑA. Member of the Advisory Board of SAP IBÉRICA. Member of the Advisory Board of SPENCER STUART.
MS MARÍA TERESA SANTERO QUINTILLÁ	Lecturer at the INSTITUTO DE EMPRESA MADRID.

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

[√] Yes
[ ] No

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousands of €)	9,573
Cumulative amount of funds of current directors in long-term savings schemes with vested economic rights (thousands of €)	4,151
Cumulative amount of funds of current directors in long-term savings schemes with non-vested economic rights (thousands of €)	3,763
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)	

C.1.14 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position(s)
MR DAVID LÓPEZ PUIG	CHIEF HUMAN RESOURCES
MR LUIS JAVIER BLAS AGÜEROS	CHIEF OPERATING OFFICER
MR IGNACIO BADIOLA GÓMEZ	DIRECTOR CORPORATE & INVESTMENT BANKING
MR MANUEL GALARZA PONT	HEAD OF CONTROL, COMPLIANCE AND PUBLIC AFFAIRS
MR JORGE MONDÉJAR LÓPEZ	HEAD OF RISK
MR JAVIER PANO RIERA	CHIEF FINANCIAL OFFICER
MS MARÍA LUISA MARTÍNEZ GISTAU	HEAD OF COMMUNICATIONS AND INSTITUTIONAL RELATIONS
MR EUGENIO SOLLA TOMÉ	CHIEF SUSTAINABILITY OFFICER
MR FRANCISCO JAVIER VALLE T-FIGUERAS	HEAD OF INSURANCE
MR ÓSCAR CALDERÓN DE OYA	BOARD SECRETARY AND GENERAL COUNCIL
MS MARÍA LUISA RETAMOSA FERNÁNDEZ	HEAD OF INTERNAL AUDIT
MR MATTHIAS BULACH	HEAD OF ACCOUNTING, MGMT CONTROL AND CAPITAL.
MR JAUME MASSANA RIBALTA	HEAD OF RETAIL, PRIVATE AND BUSINESS BANKING
MR JORDI NICOLAU AYMAR	HEAD OF PAYMENTS AND CONSUMER
MS MARIONA VICENS CUYÁS	HEAD OF DIGITAL TRANSFORMATION AND ADVANCED ANALYTICS

Number of women in senior management	3
Percentage of total members of senior management	20.00

Total remuneration received by senior management (thousands of euros)	14.081

C.1.15 Indicate whether any changes have been made to the Board Regulations during the year.

[√] Yes
[ ] No

C.1.21 Indicate whether there are any specific requirements other than those relating to the Directors, to be appointed Chairman.

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board regulations establish any term limits for independent directors other than those required by law:

[ ] Yes
[√] No

C.1.25 State the number of board meetings held during the year and, if applicable, how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	14
Number of Board meetings held without the Chairman's attendance	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	2

State the number of meetings of the various Board committees held during the year:

Number of meetings of the EXECUTIVE COMMITTEE	22
Number of meetings of the APPOINTMENTS AND SUSTAINABILITY COMMITTEE	12
Number of meetings of the REMUNERATION COMMITTEE	12
Number of meetings of the INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE	5
Number of meetings of the RISK COMMITTEE	14

Number of meetings of the AUDIT AND CONTROL COMMITTEE	14

C.1.26 State the number of meetings held by the Board of Directors during the year and the information on member attendance:

Number of meetings attended in person by at least 80% of directors	14
% attended in person out of the total votes during the year	98.56
Number of meetings in situ or representations made with specific instructions of all directors	11
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	98.56

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

[ ] Yes
[√] No

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior for their authorisation for issue by the Board:

C.1.29 Is the Secretary of the Board also a Director?

[ ] Yes
[√] No

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
MR ÓSCAR CALDERÓN DE OYA	

C.1.31 State whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor:

[ ] Yes
[√] No

Explain any disagreements with the outgoing auditor and the reasons for the same:

[ ] Yes
[√] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the sum of the fees paid and the percentage this represents of the fees for audit work invoiced to the company and/or its group:

[√] Yes
[ ] No

	Society	Group companies	Total
Amount of non-audit work (thousands of euros)	1,316	222	1,538
Amount invoiced for non-audit services/Amount for audit work (in %)	45.00	6.00	24.00

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to the shareholders at the General Shareholders' Meeting to explain the content and extent of the aforementioned qualified opinion or reservations.

[ ] Yes
[√] No

C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated financial statements of the company. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	6	6

	Individual	Consolidated
Number of fiscal years audited by the current audit firm/number of fiscal years the company has been audited (in %)	25.00	25.00

C.1.35 Indicate whether there are procedures for Directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies.

[√] Yes
[ ] No

Details of procedure
There is a procedure in place whereby directors may obtain the information needed to prepare for the meetings with the governing bodies with sufficient time. In general, documents for approval by the Board, especially those which cannot be fully analysed and discussed during the meeting due to their length, are sent to Board members prior to the meetings. Furthermore, pursuant to article 22 of the Regulations of the Board, the board may request information on any aspect of the Company and its Group and examine its books, records, documents and further documentation. Requests must be sent to the executive directors who will forward the matters to the appropriate parties and they must notify the director, when applicable, of their duty of confidentiality.

C.1.39 Identify individually, for directors, and collectively, in other cases, and provide details of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of operation.

Number of beneficiaries	33
Type of beneficiary	Description of the agreement
Chairman, CEO and 2 members of the Management Committee, 3 Executives // 26 Middle Managers	Chairman and CEO: One year of the fixed components of his remuneration. Members of the Management Committee: indemnity clause equivalent to one annual payment of the fixed components of their remuneration, or the amount payable by law, whichever is higher. There are currently two members of the committee for whom the indemnity to which they are legally entitled is still less than one year of their salary. Further, the Chairman, CEO and members of the Management Committee are entitled to one annual payment of their fixed remuneration, paid in monthly instalments, as consideration for their non-compete undertaking. This payment would be discontinued were this covenant to be breached. Executives and middle managers: 29 Executives and middle managers between 0.1 and 2 annual payments of fixed remuneration above that provided by law. Executives and middle managers of Group companies are included in the calculation.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group, beyond the cases stipulated by regulations. If so, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	√	

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		√

C.2 Board Committees

C.2.1 Give details of all the Board committees, their members and the proportion of proprietary and independent Directors.

EXECUTIVE COMMITTEE		
Name	Position	Category
MS EVA CASTILLO SANZ	MEMBER	Independent
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CHAIRMAN	Executive
MS KORO USARRAGA UNSAIN	MEMBER	Independent

EXECUTIVE COMMITTEE		
Name	Position	Category
MR TOMÁS MUNIESA ARANTEGUI	MEMBER	Proprietary
MS MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
MR GONZALO GORTAZAR ROTAECHE	MEMBER	Executive
MR EDUARDO JAVIER SANCHIZ IRAZU	MEMBER	Independent

% of executive Directors	28.57
% of proprietary Directors	14.29
% of independent Directors	57.14
% of other external Directors	0.00

APPOINTMENTS AND SUSTAINABILITY COMMITTEE		
Name	Position	Category
MR EDUARDO JAVIER SANCHIZ IRAZU	MEMBER	Independent
MR FRANCISCO JAVIER CAMPO GARCÍA	MEMBER	Independent
MS MARÍA AMPARO MORALEDA MARTÍNEZ	CHAIRMAN	Independent
MR FERNANDO MARÍA COSTA DUARTE ULRICH	MEMBER	Other External
MR PETER LÖSCHER	MEMBER	Independent

% of executive Directors	0.00
% of proprietary Directors	0.00
% of independent Directors	80.00
% of other external Directors	20.00

REMUNERATION COMMITTEE		
Name	Position	Category
MR JOAQUIN AYUSO GARCÍA	MEMBER	Independent
MR JOSÉ SERNA MASIÁ	MEMBER	Proprietary
MS CRISTINA GARMENDIA MENDIZÁBAL	MEMBER	Independent
MS EVA CASTILLO SANZ	CHAIRMAN	Independent
MS KORO USARRAGA UNSAIN	MEMBER	Independent

% of executive Directors	0.00
% of proprietary Directors	20.00
% of independent Directors	80.00
% of other external Directors	0.00

INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE		
Name	Position	Category
MS EVA CASTILLO SANZ	MEMBER	Independent
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	CHAIRMAN	Executive
MS CRISTINA GARMENDIA MENDIZÁBAL	MEMBER	Independent
MS MARÍA AMPARO MORALEDA MARTÍNEZ	MEMBER	Independent
MR GONZALO GORTAZAR ROTAECHE	MEMBER	Executive
MR FRANCISCO JAVIER CAMPO GARCÍA	MEMBER	Independent
MR PETER LÖSCHER	MEMBER	Independent

% of executive Directors	28.57
% of proprietary Directors	0.00
% of independent Directors	71.43
% of other external Directors	0.00

RISK COMMITTEE		
Name	Position	Category
MR JOAQUIN AYUSO GARCÍA	MEMBER	Independent
MS KORO USARRAGA UNSAIN	CHAIRMAN	Independent
MS MARÍA VERÓNICA FISAS VERGÉS	MEMBER	Independent
MR TOMÁS MUNIESA ARANTEGUI	MEMBER	Proprietary
MR FERNANDO MARÍA COSTA DUARTE ULRICH	MEMBER	Other External

% of executive Directors	0.00
% of proprietary Directors	20.00
% of independent Directors	60.00
% of other external Directors	20.00

AUDIT AND CONTROL COMMITTEE		
Name	Position	Category
MR JOSÉ SERNA MASIÁ	MEMBER	Proprietary
MS CRISTINA GARMENDIA MENDIZÁBAL	MEMBER	Independent
MR EDUARDO JAVIER SANCHIZ IRAZU	CHAIRMAN	Independent
MS MARÍA TERESA SANTERO QUINTILLÁ	MEMBER	Proprietary
MR FRANCISCO JAVIER CAMPO GARCÍA	MEMBER	Independent

% of executive Directors	0.00

% of proprietary Directors	40.00
% of independent Directors	60.00
% of other external Directors	0.00

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Names of directors with experience	MR JOSÉ SERNA MASIÁ / MS CRISTINA GARMENDIA MENDIZÁBAL / MR EDUARDO JAVIER SANCHIZ IRAZU / MS MARÍA TERESA SANTERO QUINTILLÁ / MR FRANCISCO JAVIER CAMPO GARCÍA
Date of appointment of the chairperson	31/03/2023

C.2.2 Complete the following table with information regarding the number of female directors who were members of board committees at the close of the past four years:

	Number of female directors							
	Financial year 2022		Financial year 2021		Financial year 2020		Financial year 2019	
	Number	%	Number	%	Number	%	Number	%
EXECUTIVE COMMITTEE	3	42.86	4	57.14	4	57.14	3	50.00
APPOINTMENTS AND SUSTAINABILITY COMMITTEE	1	20.00	1	20.00	0	0.00	1	33.33
REMUNERATION COMMITTEE	3	60.00	2	50.00	2	50.00	2	66.67
INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE	3	42.86	3	60.00	3	60.00	2	50.00
RISK COMMITTEE	2	40.00	2	33.33	2	33.33	3	60.00
AUDIT AND CONTROL COMMITTEE	2	40.00	3	50.00	3	50.00	2	50.00

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or corporate name of the shareholder or any of its subsidiaries	% Participation	Name or corporate name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director abstaining from voting	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
No data						

Name or corporate name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of operation and other information required for its evaluation
No data		

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or corporate name of administrators or managers or their controlled or jointly controlled entities	Name or corporate name of the company or entity within its group	Relationship	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director abstaining from voting	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
No data						

Name or corporate name of administrators or managers or their controlled or jointly controlled entities	Type of operation and other information required for its evaluation
No data	

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, unless no other related party of the listed company has an interest in such subsidiaries or the latter are wholly owned, directly or indirectly, by the listed company.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the group company	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Corporate name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The By-laws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

   Compliant [X] Explain [ ]

2. When the listed company is controlled, pursuant to the meaning established in Article 42 of the Commercial Code, by another listed or non-listed entity, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to the activities of any of them, this is reported publicly, with specific information about:

   a) The respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms established to resolve any conflicts of interest that may arise.

   Complies [ ] Partially complies [ ] Explain [ ] Not applicable [X]

This Recommendation is not deemed to be applicable as CaixaBank is not a company controlled by another entity, listed or otherwise, in the sense of Article 42 of the Commercial Code.

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

   a) Changes taking place since the previous annual general meeting.

   b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

   Compliant [X] Partially complies [ ] Explain [ ]

4. The company should draw up and implement a policy of communication and contacts with shareholders and institutional investors, in the context of their involvement in the company, as well as proxy advisors, which complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

   Further, without prejudice to the legal obligations of disclosure of inside information and other regulated information, the company should also have a general policy for the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social media or other channels) that helps maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [X] Partially complies [ ] Explain [ ]

5. The Board of Directors should not make a proposal to the General Meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

   When a Board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies [ ] Partially compliant [X] Explain [ ]

Law 5/2021 of 12 April, which amended the Capital Companies Act, expressly imposed as a general prohibition for listed companies the possibility that the General Shareholders' Meeting may delegate to the Board of Directors the power to increase the share capital, excluding pre-emptive subscription rights, by an amount exceeding 20% of the share capital at the time of authorisation.
Similarly, it limited the delegation of the power to issue convertible bonds with exclusion of pre-emptive subscription rights, so that the maximum number of shares into which the bonds may be converted, added to the number of shares issued by the directors under the delegation to increase capital, does not exceed 20% of the share capital. However, in the case of credit institutions, the Law expressly allows this 20% limit not to be applied to convertible bond issues, provided that these issues comply with the requirements of Regulation (EU) 575/2013 and are therefore considered additional Tier 1 capital instruments of the issuing credit institution.
CaixaBank, by its nature as a credit institution, is expressly authorised by law not to apply the 20% limit to convertible bond issues carried out with exclusion of pre-emptive subscription rights, provided that these issues comply with the requirements of Regulation (EU) 575/2013 and are considered additional Tier 1 capital instruments of the issuing credit institution. The General Shareholders's Meeting of 22 May 2020 authorised the Board of Directors to increase the capital on one or more occasions, within a period of five years from that date, by the maximum nominal amount of EUR 2,990,719,015 (50% of the share capital at the time of authorisation), through the issue of new shares, the consideration for the new shares to be issued consisting of cash contributions, with the power to set the terms and conditions of the capital increase. The authorisation of the General Shareholders' Meeting of 22 May 2020, currently in force, provides for the delegation to the Board of the power to exclude, in whole or in part, the pre-emptive subscription right, although in this case, in line with current legislation, the total amount of capital increases will be limited, in general, to a maximum of 1,196,287,606 euros (20% of the share capital at the time of authorisation). As an exception, the resolution of 22 May 2020 provides that this limit shall not apply to the increases in share capital that the Board may approve, with suppression of pre-emptive subscription rights, to cover the conversion of convertible securities that the Board of Directors resolves to issue pursuant to the authorisation of the General Meeting of Shareholders, with the general limit of 2,990,719,015 euros applying to such capital increases.

In this regard, the General Shareholders' Meeting held on 14 May 2021 resolved to authorise the Board of Directors to issue regulatory capital instruments, complying with the requirements set forth in Regulation (EU) 575/2013, up to a maximum aggregate amount of EUR 3,500,000,000,000 and for a period of three years, with the power to exclude pre-emptive subscription rights in the event that the corporate interest so justifies.

Pursuant to the above, capital increases agreed by the Board of Directors to cover the conversion of these securities shall not be subject to the limit of 1,196,287,606 euros.

It should be noted that as of 3 May 2021, the Capital Companies Act expressly stipulates that the 20% limit will not apply to convertible bond issues by credit institutions, provided that these issues comply with the requirements set out in Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms in order for the convertible bonds issued to qualify as additional Tier 1 capital instruments of the issuing credit institution, as is the case of the securities authorised for issue by the General Meeting of Shareholders of 14 May 2021, in which case the general limit of 50% for capital increases applies.

At the last General Shareholders' Meeting held on 8 April 2022, the reports of the Board of Directors and BDO Auditores S.L.P. were communicated and made available to the shareholders. (independent expert appointed by the Mercantile Registry) for the purposes of the provisions of article 511 of the Capital Companies Act, relating to the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights. This issue was approved by the Board of Directors on 29 July 2021 under the delegation of powers granted in its favour by the Ordinary General Shareholders' Meeting of 14 May 2021, as published in a communication to the CNMV through Other Relevant Information of the same date. In addition, on 16 February 2023, the Board of Directors approved the issue of preference shares convertible into shares for a total nominal amount of 750,000,000 euros and excluding pre-emptive subscription rights, the definitive terms being fixed on 1 March 2023, as published in a communication from OIR on the same date.
On 3 January 2024, CaixaBank reported the approval of an issuance of preferential shares eventually convertible into newly-issue shares (Additional Tier 1), with exclusion of pre-emptive subscription rights, totalling 750 million euros. The detail of the instruments issued pursuant to these agreements are shown in Note 23.3 (Annual Financial Statements).
Details of the instruments issued under this agreement are presented in Note 23.3 (Annual Financial Statements).

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

   a) Report on auditor independence.
   b) Reviews of the operation of the Audit Committee and the Appointments and Remuneration Committee.
   c) Audit Committee report on third-party transactions.

   Compliant [X] Partially complies [ ] Explain [ ]

7. The company should broadcast its general meetings live on the corporate website.

   The company should have mechanisms that allow the delegation and exercise of votes by electronic means and even, in the case of large-cap companies and, to the extent that it is proportionate, attendance and active participation in the general shareholders' meeting.

   Compliant [X] Partially complies [ ] Explain [ ]

8. The Audit Committee should strive to ensure that the financial statements that the Board of Directors presents to the general shareholders' meeting are drawn up in accordance to accounting legislation. And in those cases
   where the auditor includes any qualification in its report, the chairman of the audit committee should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication
   of the notice of the meeting, along with the rest of proposals and reports of the board.

   Compliant [X] Partially complies [ ] Explain [ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

   Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

   Compliant [X] Partially complies [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

    a) Immediately circulate the supplementary items and new proposals.

    b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.

    c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the Board of Directors, with particular regard to presumptions or deductions about the direction of votes.

    d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

    Complies [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

With regard to section c), the Board agrees that there are different presumptions about the direction of the vote for proposals submitted by shareholders and those submitted by the Board (as established in the Regulations of the Company's General Meeting), opting for the presumption of a vote in favour of agreements proposed by the Board of Directors (because the shareholders absent for the vote have had the opportunity to record their absence so their vote is not counted and they can also vote early in another direction through the mechanisms established for that purpose) and for the presumption of a vote against agreements proposed by shareholders (since there is a probability that the new proposals will deal with agreements that are contradictory to the proposals submitted by the Board of Directors and it is impossible to attribute opposite directions for their votes to the same shareholder. Additionally, shareholders who were absent have not had the opportunity to assess and vote early on the proposal).

Although this practice does not reflect the wording of Recommendation 10, it does better achieve the final objective of Principle 7 of the Good Governance Code which makes express reference to the Corporate Governance Principles of the OECD, which outline that the procedures used in Shareholders' Meetings must ensure the transparency of the count and the adequate registration of votes, especially in situations of voting battles, new items on the agenda and alternative proposals, because it is a measure of transparency and a guarantee of consistency when exercising voting rights.

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

    Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially complies [ ] Explain [ ]

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant [X] Explain [ ]

14. The Board of Directors should approve a policy aimed at promoting an appropriate composition of the board that:

a) Is concrete and verifiable.

b) ensures that appointment or re-election proposals are based on a prior analysis of the competences required by the board; and

c) It favours diversity of knowledge, experience, age and gender. Therefore, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The results of the prior analysis of competences required by the board should be written up in the Appointments Committee's explanatory report, to be published when the general shareholders' meeting is convened that will ratify the appointment and re-election of each director.

The nomination committee should run an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially complies [ ] Explain [ ]

15. Proprietary and independent Directors should constitute an ample majority on the Board of Directors, while the number of executive Directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

The number of female directors should represent at least 40% of the total number of members of the board of directors before the end of 2022 and not being below 30% before that time.

Compliant [X] Partially complies [ ] Explain [ ]

16. The percentage of proprietary Directors out of all non-executive Directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant [X] Explain [ ]

17. Independent Directors should be at least half of all Board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent Directors should occupy, at least, a third of Board places.

Compliant [X] Explain [ ]

18. Companies should post the following Director particulars on their websites, and keep them permanently updated:

a) Professional experience and background.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the Director class to which they belong, in the case of proprietary Directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Compliant [X] Partially complies [ ] Explain [ ]

19. Following verification by the nomination committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a Board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

20. Proprietary Directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the By-laws, except where they find just cause, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent Directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Compliant [X] Explain [ ]

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

When the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the Appointments and Remuneration Committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures.

Compliant [X] Partially complies [ ] Explain [ ]

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other Directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation also apply to the Secretary of the Board, even if he or she is not a Director.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

24. Directors who give up their position before their tenure expires, through resignation or resolution of the general meeting, should state the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board.

This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

25. The Appointments Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively.

The Board of Directors regulations should lay down the maximum number of company boards on which Directors can serve.

Compliant [X] Partially complies [ ] Explain [ ]

26. The Board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each Director may propose the addition of initially unscheduled items.

Compliant [X] Partially complies [ ] Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, Directors should delegate their powers of representation with the appropriate instructions.

Complies [ ] Partially compliant [X] Explain [ ]

In the event of unavoidable absences, in order to prevent de facto changes to the balance of the Board of Directors, legislation allows for delegation to another director (non-executives only to other non-executives) - this is established in Principle 14 of the Good Governance Code and also envisaged in By-laws (article 37), as well as the Board's Regulations (article 17), which determine that Directors must personally attend Board meetings. However, when they are unable to do so in person, they shall endeavour to grant their proxy in writing, on a special basis for each meeting, to another Board member, including the appropriate instructions therein. Non-executive Directors may only delegate a proxy who is another non-executive Director, while independent Directors may only delegate to another independent Director.

It should also be noted that CaixaBank's Corporate Governance Policy states that in relation to the duty of directors to attend Board meetings, if they cannot attend in person for justified reasons, they shall endeavour to grant their proxy in writing, and separately for each meeting, to a fellow Board member. Every effort must be made to ensure that each and every director attends at least 80% of Board meetings. As such, proxies are a comparative rarity at CaixaBank.

The Board of Directors considers, as good corporate governance practice, that when directors are unable to attend meetings, proxies are not generally delegated with specific instructions. This does not amend, de facto, the balance of the Board given that delegations may only be made by non-executive directors to other non-executive directors, and independent directors may only delegate to other independent directors, while directors are always required to defend the company's corporate interest regardless of their director status.

Moreover, and reflecting the freedom of each director who may also delegate with the appropriate instructions as suggested in the Board's Regulations, the decision to delegate without instructions represents each director's freedom to consider what provides most value to their proxy, and they may finally decide on the grounds that they want to give their proxy freedom to adapt to the result of the Board meeting
debate. This, in addition, is in line with the law on the powers of the Chairman of Board, who is given, among others, the responsibility of encouraging a good level of debate and the active involvement of all directors, safeguarding their right to adopt any position or stance they see fit.

Therefore, the freedom to appoint proxies with or without specific instructions, at the discretion of each director, is considered good practice and, specifically, the absence of instructions is seen as facilitating the proxy's ability to adapt to the content of the debate.

28. When Directors or the Secretary express concerns about some proposal or, in the case of Directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

29. The company should provide suitable channels for Directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [X] Partially complies [ ] Explain [ ]

30. Regardless of the knowledge Directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [X] Explain [ ] Not applicable [ ]

31. The agendas of Board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the Chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant [X] Partially complies [ ] Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant [X] Partially complies [ ] Explain [ ]

33. The Chairman, as the person responsible for the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the company's By-laws, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so dictate.

Compliant [X] Partially complies [ ] Explain [ ]

34. When a coordinating director has been appointed, the By-laws or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by law: chair the Board of Directors in the absence of the Chairman or Vice-Chairmen; give voice to the concerns of non-executive directors; maintain contact with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the Company's corporate governance; and coordinate the Chairman's succession plan.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

35. The Board Secretary should strive to ensure that the Board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant [X] Explain [ ]

36. The Board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the Board's operation.

b) The performance and membership of its committees.

c) The diversity of Board membership and competences.

d) The performance of the Chairman of the Board of Directors and the company's Chief Executive.

e) The performance and contribution of individual directors, with particular attention to the chairs of Board committees.

The evaluation of Board committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Appointments Committee.

Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Appointments Committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report.

The process followed and areas evaluated should be detailed in the Annual Corporate Governance Report.

Compliant [X] Partially complies [ ] Explain [ ]

37. When there is an Executive Committee, there should be at least two non-executive members, at least one of whom should be independent; and its secretary should be the secretary of the Board of Directors.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

38. The Board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all Board members should receive a copy of the committee's minutes.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

39. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant [X] Partially complies [ ] Explain [ ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit Committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-Executive Chairman or the Chairman of the Audit Committee.

Compliant [X] Partially complies [ ] Explain [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit Committee, for approval by this committee or the board, inform it directly of any incidents or scope limitations arising during its implementation, the results and monitoring of its recommendations, and submit an activities report at the end of each year.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

42. The Audit Committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

    a) Monitor and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group –including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption– reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

    b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

    c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report irregularities of potential significance, including financial and accounting irregularities, or those of any other nature, related to the company, that they notice within the company or its group. This mechanism must guarantee confidentiality and enable communications to be made anonymously, respecting the rights of both the complainant and the accused party.

    d) In general, ensure that the internal control policies and systems established are applied effectively in practice.

2. With respect to the external auditor:

    a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.

    b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

    c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

    d) Ensure that the external auditor has a yearly meeting with the Board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

    e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X] Partially complies [ ] Explain [ ]

43. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant [X] Partially complies [ ] Explain [ ]

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the Board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

45. The risk control and management policy should identify or establish at least:

a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will form part when sector regulations provide or the company deems it appropriate.

c) The level of risk that the company considers acceptable.

d) Measures in place to mitigate the impact of risk events should they occur.

e) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant [X] Partially complies [ ] Explain [ ]

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the Audit Committee or some other dedicated Board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.

Compliant [X] Partially complies [ ] Explain [ ]

47. Appointees to the Appointments and Remuneration Committee - or of the Appointments Committee and Remuneration Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent Directors.

Compliant [X] Partially complies [ ] Explain [ ]

48. Large cap companies should operate separately constituted Appointments and Remuneration Committees.

Compliant [X] Explain [ ] Not applicable [ ]

49. The Appointments Committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the Board, any Director may approach the Appointments Committee to propose candidates that it might consider suitable.

Compliant [X] Partially complies [ ] Explain [ ]

50. The Remuneration Committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the Board the standard conditions for senior officer contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.

e) Verify the information on Director and senior officers' pay contained in corporate documents, including the Annual Directors' Remuneration Statement.

Compliant [X] Partially complies [ ] Explain [ ]

51. The Remuneration Committee should consult with the Chairman and Chief Executive, especially on matters relating to executive Directors and senior officers.

Compliant [X] Partially complies [ ] Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the Board of Directors regulations and aligned with those governing legally mandatory Board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) Committees should be formed exclusively by non-executive Directors, with a majority of independents.

b) Committees should be chaired by an independent Director.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's missions, discuss their proposal sand reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.

d) They may engage external advice, when they feel it necessary for the discharge of their functions.

e) Meeting proceedings should be minuted and a copy made available to all Board members.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

53. The task of supervising compliance with the policies and rules of the company in the environmental, social and corporate governance areas, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. Such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the following minimum functions.

Compliant [X] Partially complies [ ] Explain [ ]

54. The minimum functions referred to in the previous recommendation are as follows:

a) Monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

b) Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

c) Periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

d) Ensure the company's environmental and social practices are in accordance with the established strategy and policy.

e) Monitor and evaluate the company's interaction with its stakeholder groups.

Compliant [X] Partially complies [ ] Explain [ ]

55. Environmental and social sustainability policies should identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conducts

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for supervising non-financial risk, including that related to ethical aspects and business conduct.

d) Channels for stakeholder communication, participation and dialogue.

e) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant [X] Partially complies [ ] Explain [ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive Directors.

Compliant [X] Partially complies [ ] Explain [ ]

57. Variable remuneration linked to the company and the Director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive Directors.

The company may consider the share-based remuneration of non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of to defray costs related to their acquisition.

Compliant [X] Partially complies [ ] Explain [ ]

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.

b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.

c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

59. The payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors' remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component.

Additionally, entities should consider establishing a reduction clause ('malus') based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

61. A major part of executive Directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

62. Following the award of shares, options or financial instruments corresponding to the remuneration schemes, executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

Except for the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to meet the costs related to their acquisition or, upon favourable assessment of the Appointments and Remuneration Committee, to address an extraordinary situation.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Compliant [X] Partially complies [ ] Explain [ ] Not applicable [ ]

64. Termination payments should not exceed a fixed amount equivalent to two years of the Director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the Director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.

Complies [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

Payments for termination or expiry of the Chairman's and CEO's contracts, including severance pay in the event of termination or expiry of the relationship in certain cases and the post-contractual non-competition agreement, do not exceed the amount equivalent to two years of the total annual remuneration for each of them.
In addition, CaixaBank has recognised a social security supplement for the CEO to cover retirement, death and permanent total, absolute or severe disability, and for the Chairman to cover death and permanent total, absolute or severe disability.
In the case of the commitment to cover the retirement contingency, this is a system established under a defined contribution plan, for which the annual contributions to be made are fixed in advance.
By virtue of this commitment, the CEO is entitled to receive a retirement benefit when he/she reaches the legally established retirement age. This benefit will be the result of the sum of the contributions made by the Bank and their corresponding returns up to that date, provided that he/she is not terminated for just cause, and without prejudice to the applicable treatment of discretionary pension benefits in accordance with the remuneration regulations applicable to credit institutions.
With the termination of the CEO's contract, the contributions would be consolidated (except in the event of termination for just cause attributable to the CEO) but in no case is there any provision for the possibility of receiving an early retirement benefit, since its accrual and payment would occur only on the occasion and at the time of retirement (or the occurrence of the other contingencies covered) and not on the occasion of the termination of the contract.
The nature of these savings systems is not to indemnify or compensate for the loss of rights to the assumption of non-competition obligations, as they are configured as a savings system that is endowed over time with periodic contributions and which form part of the fixed components of the usual remuneration package of the Executive Directors; unlike indemnities or compensations for not competing, it grows over time and is not set in absolute terms.
Therefore, the institution would only be in breach of recommendation 64 if the mere consolidation of savings scheme entitlements, without actual accrual or payment at the time of termination, were to be included in the concept of termination payments or termination of contract payments as defined therein.

State whether any Directors voted against or abstained from voting on the approval of this Report.

[ ] Yes
[√] No

I declare that the details included in this statistical annex coincide and are consistent with the descriptions and details included in the Annual Corporate Governance Report published by the company.

CaixaBank

2023

Annual Remuneration Report

Contents

01. Introduction

This Annual Report on Directors' Remuneration for the financial year 2023 (hereinafter, Report or ARR) is ***prepared by the Board of Directors at the proposal the Remuneration Committee of CaixaBank, S.A.*** *(hereinafter, CaixaBank, Company or Entity) in accordance with the provisions of article 541 of the Capital Companies Act (hereinafter, LSC), following the content and instructions established in Circular 3/2021 of the Spanish National Securities Market Commission (hereinafter, CNMV)1.*

In this regard, the Entity has opted to prepare the report in free format, as in previous years, including the content required by regulations, the statistical appendix set out in Circular 3/2021, as well as other relevant information for understanding the remuneration system for the directors of CaixaBank. The purpose of this report is to provide transparency around director remuneration schemes and to facilitate shareholder understanding of the remuneration practices in place at the Bank.

For the financial year 2023, the Directors' Remuneration Policy applicable to the Entity (hereinafter, Remuneration Policy or Policy) was approved by the Annual General Meeting on 8 April 2022, and amended at the General Shareholders' Meeting held on 31 March 2023.

This Remuneration Policy can be consulted on the CaixaBank website through the following link:

https://www.caixabank.com/es/accionistas-inversores/gobierno-corporativo/remuneracion-consejeros.html

Notwithstanding the above, for the 2024 financial year, an amendment to the Directors' Remuneration Policy approved by the CaixaBank General Meeting of 31 March 2023 is expected to be submitted for approval at the next General Shareholders' Meeting.

1 Circular 3/2021, of 28 September, of the National Securities Market Commission, amending Circular 4/2013, of 12 June, which establishes models for annual remuneration reports for directors of listed public limited companies and members of the board of directors and the control committee of savings banks that issue securities admitted to trading on official securities markets; and Circular 5/2013, of 12 June, which establishes the models for the Annual Report on Corporate Governance of listed limited companies, savings banks and other entities that issue securities in official securities markets.

The main reasons justifying the need to approve a modification of the Policy are the following:

1. Updating of remuneration for membership of the Board and its committees for directors in their capacity as such, with an increase of 3%. The new Policy does not represent an increase in the maximum remuneration limit approved by the General Shareholders' Meeting in 2023.
2. Updating of the fixed and target remuneration of the Chairman and the CEO, as well as the contributions to the CEO's pension scheme. The increase is 3% for the total target remuneration for the Chairman and 5.6% for the fixed remuneration and contributions to long-term savings schemes and 24.9% for the target variable remuneration for the CEO.

Thus, section 5 of this Report describes the characteristics of the Policy that, as of the date of preparation of this Report, is expected to be submitted to the Annual General Meeting in 2024.

As stipulated in article 541 of the Corporate Enterprises Act, this report, which was unanimously approved by the Board of Directors at its meeting of 15 February 2024, will be submitted to a consultative vote of the shareholders at the General Shareholders' Meeting in 2024, as a separate item on the agenda.

Remuneration

The following sections make up the Annual Report on the Remuneration of Directors, which the Board of Directors must draw up and lay before the Annual General Meeting for a consultative vote among shareholders.

02. Governing principles and responsibilities when managing Report

CaixaBank establishes its Remuneration Policy on the basis of a number of general remuneration principles, committed to a market position that allows it to attract and retain the talent needed and to encourage behaviour that ensures long-term value generation and the sustainability of results over time.

Moreover, market practices are analysed each year with wage surveys and specific studies conducted as and when needed by top tier companies, with the samples of reference being those of entities in the European financial sector and IBEX 35 companies comparable to CaixaBank.

General principles of the policy		Executive Directors	Non-executive directors
Creating value	Variable remuneration takes into consideration not only the achievement of targets but also the way in which they are achieved, ensuring prudent risk management.	•	
Linking targets and commitment	The targets of staff are defined on the basis of the commitment they establish with their managers.	•	
Professional development	The remuneration policy bases its strategy of attracting and retaining talent on providing professionals with a distinctive corporate business project, the possibility of professionally developing and partaking in competitive overall remuneration, regardless of gender or other aspects that are not intrinsic to the job and guarantee a decent wage.	•	
Competitive positioning of total compensation	Within these conditions of total compensation, the Remuneration Policy is committed to a competitive positioning in terms of the sum of fixed remuneration and social benefits, basing its capacity to attract and retain talent mainly on both remuneration components.	•	
Corporate pension plan	The main element of the benefits offer is the corporate welfare programme offered to professionals, which stands out in comparison with other financial institutions in the Spanish market, constituting a key element in the remuneration offer.	•	
Remuneration mix	The fixed remuneration and benefit components constitute the dominant part of the remuneration package where, in general, the variable remuneration concept tends to be conservative due to its potential role as a risk generator.	•	
Linkage to the General Remuneration Policy	In setting the Remuneration Policy, and in establishing the remuneration conditions for Executive Directors in particular, CaixaBank has taken into account the remuneration policy for the Entity's employees.	•	•
Sustainability	The Policy is consistent with the management of sustainability risks, incorporating metrics linked to this aspect in the variable remuneration component, and taking into account responsibilities and assigned functions.	•	
Non-discrimination	The Policy seeks to ensure non-discrimination and to promote equal pay with regard to gender.	•	•
Professional promotion	The promotion system is based on the assessment of the skills, performance, commitment and professional merits of the professionals on a sustained basis over time.	•	•
Best practices in director remuneration	The remuneration of the members of the CaixaBank Board of Directors, established within the general framework defined in this Remuneration Policy, is approved by the competent board and delegated committees of CaixaBank.	•	•

In the financial year 2023, the amendment of the Directors' Remuneration Policy submitted by the Board to the binding vote of the General Shareholders' Meeting of 31 March 2023 received a percentage of votes in favour of 76.03% of the voting quorum of the proposed agreement. This result is conditioned mainly by the abstention of a single shareholder, who holds 17.32% of the share capital at the time the Annual General Meeting was held, on this agenda item, as well as on the proposed motions corresponding to items 8, 9 and 10 of the agenda, related to remuneration. Moreover, the consultative vote on the Annual Remuneration Report for the previous year obtained 76.63% of votes in favour over the voting quorum for this proposal, with the abstention of a single shareholder who owns 17.32% of the share capital.

Excluding this sole shareholder from the votes, the New Remuneration Policy would have obtained a 99.06% approval. In addition, the rest of the proposals concerning remuneration (agreements 8, 9 and 10), as well as the consultative vote on the Annual Remuneration Report would have been approved with percentages above 99%. Moreover, all of these proposals received support from the main voting advisers of institutional investors.

2.1 Remuneration of Directors

In accordance with the Regulations of the Board of Directors, all decisions on director remuneration made within the framework of the By-laws and the Remuneration Policy are non-delegable and must always be taken by the Board of Directors sitting in plenary session (the "Board").

Directors in their capacity as such

The system provided for in the By-laws establishes that the remuneration of CaixaBank directorships should consist of a fixed annual amount to be determined by the General Shareholders' Meeting, which remains in force until the Meeting agrees to modify it. In this regard, the remuneration of the members of the Board, in their capacity as such, consists solely of fixed components.

Non-executive Directors (those that do not have executive functions) have a purely organic relationship with CaixaBank and, consequently, they do not hold contracts with the Bank to perform their duties, nor are they entitled to any form of payment should they be dismissed from their position as Director.

Remuneration of directors discharging executive functions

In relation to members of the Board with executive duties (hereinafter, Executive Directors), the By-laws recognise remuneration for their executive functions, in addition to the directorship itself.

Therefore, the remuneration components of these functions are structured in due consideration of the economic context and results, and include the following:

- Fixed remuneration based on the subject's responsibility and track record, which constitutes a major portion of the total remuneration.
- Variable remuneration tied to the achievement of previously-established annual and long-term targets and prudent risk management.
- Pension scheme and other social benefits.

CaixaBank, S.A. is subject to Law 10/20142 (hereinafter referred to by its Spanish acronym of "LOSS"), particularly in relation to the remuneration policy of professionals whose activities have a material impact on the Company's risk profile (hereinafter referred to as "Identified Staff"). In line with the objective of achieving a reasonable and prudent balance between fixed and variable remuneration components, the amounts of fixed remuneration paid to Executive Directors are considered sufficient, while the percentage of variable remuneration in the form of a bonus above and beyond their annual fixed remuneration is comparatively low and does not exceed 100% of their fixed remuneration, unless the General Shareholders' Meeting approves a higher level, limited to 200% thereof.

No guaranteed variable remuneration is included in the remuneration package of Executive Directors. However, the Company may offer this guaranteed variable remuneration for new hires in exceptional cases, provided it has a healthy and solid capital base and the remuneration is applied to the first year of their contract only. As a general rule, if such an exceptional application were to be considered, it should not exceed the amount of one year of the fixed components of the remuneration.

2 Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions, as amended by Royal Decree Law 7/2021, of 27 April, transposing certain EU directives, including the CRD V

2.2 Remuneration Committee

Composition

As at 31 December 2023, the Remuneration Committee was composed of four (4) Independent Directors and one (1) Proprietary Director, as well as a non-member secretary and deputy secretary. All members of the Commission have extensive experience, skills and knowledge commensurate with its tasks.

Full name	Position	Category	Date of first appointment
Eva Castillo Sanz	Chairwoman	Independent	31/3/2023
Joaquín Ayuso García	Member	Independent	30/3/2021
Cristina Garmendia Mendizábal	Member	Independent	22/5/2020
José Serna Masiá	Member	Proprietary	30/3/2021
Koro Usarraga Unsain	Member	Independent	31/3/2023
Óscar Calderón de Oya	Secretary (non-director)	--	1/1/2017
Óscar Figueres Fortuna	First Deputy Secretary (non-	--	23/10/2017

Functions

Meanwhile, the Remuneration Committee advises the Board and submits proposals and motions for its scrutiny and approval in relation to those matters that fall within the committee's remit by virtue of article 15 of the Regulations of the Board of Directors, including:

> Preparing decisions regarding remuneration, and in coordination with the Risk Committee, including those with implications for the Company's risk and risk management, to be taken by the Board of Directors. In particular, it shall inform and propose to the Board of Directors the remuneration policy, the system and amount of the annual remuneration of Directors and Senior Executives, and the individual remuneration of executive Directors and Senior Executives and the other conditions of their contracts, especially of a financial nature, and without prejudice to the powers of the Appointments and Sustainability Committee with regard to conditions proposed by the latter and unrelated to remuneration.

> Ensure compliance with the Remuneration policy for directors and senior executives, as well as to report on the basic conditions established in their contracts and the compliance of these contracts.

> Report and prepare the Bank's general remuneration policy and in particular the policies relating to the categories of personnel whose professional activities have a significant impact on the Bank's risk profile and those that are intended to prevent or manage conflicts of interest with the Bank's 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.

In accordance with the above, the preparation, reporting and proposal of decisions regarding the remuneration of Board members is the responsibility of the Remuneration Committee, with the support of the General Secretariat in the case of Non-Executive Directors and of the Human Resources Department in the case of Executive Directors.

The proposals of the Remuneration Committee are elevated to the Board of Directors of CaixaBank for its consideration and, where applicable, approval. If the decisions correspond to the CaixaBank General Shareholders' Meeting, in accordance with its powers, the Board of Directors of CaixaBank approves their inclusion on the agenda and the proposals for the corresponding agreements, accompanied by the necessary reports.

Any services rendered for a significant amount (other than those inherent to the position) or any transactions that may be carried out between CaixaBank and members of the Board of Directors or related parties shall be subject to the regime of communication, exception, individual exemption, and publicity provided for in the regulations applicable to CaixaBank as a listed credit institution.

With respect to other remunerative items such as the granting of advance payments, loans, guarantees or any other remuneration, CaixaBank does not currently envisage the assignment of financial facilities as a means of remunerating its directors.

External advisors

The Remuneration Committee has been advised by Ernst & Young Abogados S.L.P. ("EY") in the preparation of the Policy to be submitted for approval at the 2024 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.

Committee activities during 2023

In 2023, CaixaBank's Remuneration Committee met 12 times and carried out, among other tasks, the following activities relating to remuneration:

Scope	Activities
Remuneration of Directors, Senior Management and Key Function holders. System and Amount of annual remuneration.	Following the proposal to restructure the Management Committee, the Committee reported favourably to the Board on the Senior Management remuneration conditions and contracts for the three appointed Directors (Head of Retail, Private and Business Banking, Head of Digital Transformation and Advanced Analytics and Head of Payments and Consumer). The conditions for the disengagement of the General Business Director were also agreed. For its proposal to the Board, CaixaBank's Remuneration Committee determined the result of the individual and corporate challenges of the 2022 Bonus Scheme for Executive Directors, members of the Management Committee, and Key Functions, as well as the proposed bonus also corresponding to 2022. The financial conditions for 2023 of the Executive Directors, members of the Management Committee and Key Functions were reported favourably. With regard to the challenges for 2023, a favourable report was given on the proposed annual and multi-year corporate metrics applicable to the new variable remuneration scheme for 2023 for Executive Directors, members of the Management Committee and Key Functions. These challenges are aligned with the 2023 Operational Plan, and the corresponding scale of achievement were detailed for each of them. The individual challenges of the members of the Management Committee and Key Functions were also reported favourably. In addition, the Committee reported favourably on the updating of the remuneration of directors in their capacity as such, and of the chairpersons of the Board's specialised committees.
General Remuneration Policy. Remuneration Policy for the Identified Staff.	The Committee reported favourably on the modification of the General Remuneration Policy, introducing a reference to the formal delegation to the Human Resources area of the authorisation of guarantee clauses for employees who are not Directors, Senior Management or responsible for Key Functions. The modification of in the Remuneration Policy of the Identified Staff of the CaixaBank Group was also reported favourably. In addition, in accordance with the regulations on the supervision of credit institutions, the Committee reviewed the request for exclusions from the Identified Staff, as well as Internal Audit's annual report on the process of identifying the identified staff and the exclusions that are managed.
Analysing, drawing up and reviewing the remuneration programmes. Equality.	Following the update of the 2023 Operating Plan budget due to the restatement under IFRS 17, which was approved by the Board of Directors in May, the Committee reported favourably on the proposed adjustment of the 2023 corporate challenges of the ROTE and Efficiency Ratio and their scales of achievement for executive directors, members of the Management Committee and key function holders. The Committee was also informed about the 2022 wage record, which was registered with the Ministry of Equality and shared with the Workers' Legal Representation. Additionally, the new regulations on the wage gap were reported.
Reports and Remuneration Policy to be submitted to the General Shareholders' Meeting	The Committee favourably reported the proposal to be submitted to the General Shareholders' Meeting on the amendment of the Board of Directors' Remuneration Policy, accompanied by the mandatory reasoned report. Among the new features of the Policy, it highlights the elimination of the mechanisms for updating the remuneration of executive directors, the introduction of predefined generic formulas for calculating severance payments and updating certain remuneration concepts relating to directors in their capacity as such and committee chairpersons. The Committee also approved the proposed resolution for the delivery of shares to executive directors as part of the Company's variable remuneration programme. The draft Annual Report on Directors' Remuneration for the year 2022, reviewed by Internal Audit, was also reported favourably. Likewise, it was agreed to report favourably on the draft detailed Recommendation of the Board of Directors on the proposed approval of the maximum level of variable remuneration of employees whose professional activities have a significant impact on the Company's risk profile up to two hundred percent (200%) of the fixed component of their total remuneration.
Other	The Committee was informed of the labour agreement signed at the beginning of the year with the workers' representatives, in which a wage compensation for inflation was set, explaining the general terms of the agreement and the negotiations. In addition, a summary of Internal Audit activities has been presented to the Committee on a half-yearly basis, detailing the reviews carried out in four areas: Identified Staff; Remuneration and Culture; Critical Processes; and, finally, those relating to Remuneration Reporting.

03. Remuneration policy 2023

3.1 Remuneration of directors in their capacity as such

The remuneration accrued by all directors acting in their capacity as such consists of a fixed annual amount set by the General Shareholders' Meeting. This amount will remain in force until shareholders agree to modify it.

The amount established by the General Shareholders' Meeting shall be used to remunerate the Board of Directors and its committees, and shall be distributed among members as the Board sees fit, though based on a recommendation from the Remuneration Committee. In apportioning the remuneration, the Board shall pay due regard to the duties and dedication of each member and any seats they occupy on the various committees. It shall also determine the frequency and method of payment, whether through attendance allowances, bylaw-stipulated remuneration, and so forth. The 2023 General Shareholders' Meeting agreed that the maximum annual amount payable to all Directors would be EUR 3,071,250, without counting remuneration payable for executive functions.

Accordingly, the amounts approved for membership of the Board and its Committees in 2023 and 2022 are as follows:

> REMUNERATION FOR BOARD MEMBERSHIP AND MEMBERSHIP OF BOARD COMMITTEES

(thousands of euros)	Total 2023	Total 2022
Base remuneration of each Board member	94.5	90
Additional remuneration of the Coordinating Director	38	38
Additional remuneration of each member of the Executive Committee	52.5	50
Additional remuneration of the Chairman of the Executive Committee	27.5	10
Additional remuneration of each member of the Risks Committee	52.5	50
Additional remuneration of the Chairman of the Risks Committee	27.5	10
Additional remuneration of each member of the Audit and Control Committee	52.5	50
Additional remuneration of the Chairman of the Audit and Control Committee	27.5	10
Additional remuneration of each member of the Appointments and Sustainability Committee	31.5	30
Additional remuneration of the Chairman of the Appointments and Sustainability Committee	15.75	6
Additional remuneration of each member of the Remuneration Committee	31.5	30
Additional remuneration of the Chairman of the Remuneration Committee	15.75	6
Additional remuneration of each member of the Innovation, Technology and Digital Transformation Committee[1]	31.5	30

[1] The Chairman and the Chief Executive Officer do not receive additional remuneration for their membership of the Innovation, Technology and Digital Transformation Committee, which is included in their overall remuneration as members of the Board.

(thousands of euros)	Total 2023	Total 2022
Remuneration distributed to directors in their capacity as such	2,918	2,736

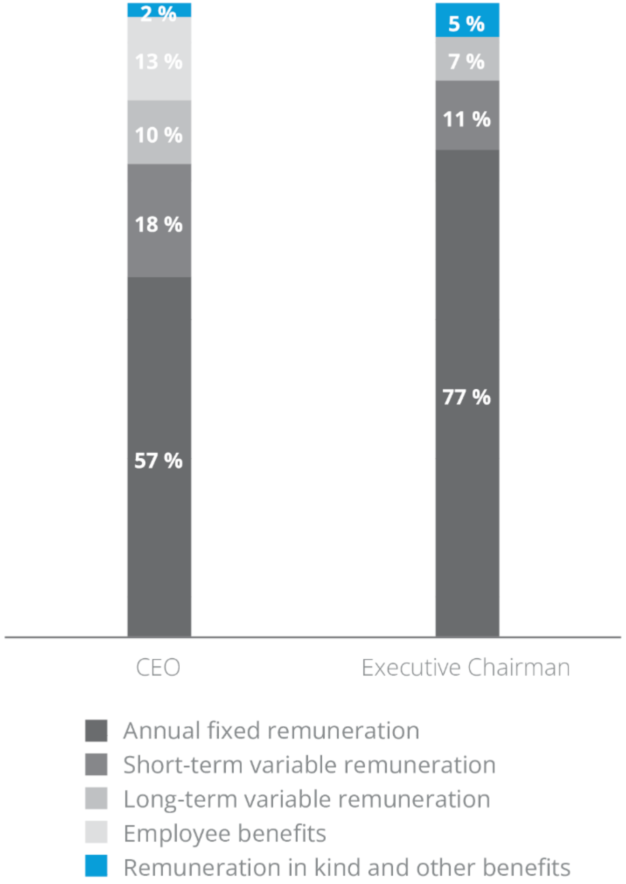
In order to complete the statistical appendix, the remuneration for membership of the Board and its Committees has been rounded so that the total sum is the actual remuneration distributed.

All directors are covered by the terms of a civil liability policy arranged for directors and senior managers to cover any third-party liability they may incur when discharging their duties. The Remuneration Policy does not envisage any long-term savings systems for non-executive directors.

(*) The remuneration distributed in 2021 takes into account the part of the non-executive chairman's additional remuneration accrued up to the date of termination of office.

3.2 Remuneration of directors discharging executive functions

By way of summary, the remuneration mix corresponding to the remuneration envisaged for CaixaBank Executive Directors in 2023 is as follows:



Fixed items of remuneration

Fixed remuneration for Executive Directors is largely based on the level of responsibility and the professional career of each Director, combined with a market approach taking account of salary surveys and specific ad hoc studies. The salary surveys and specific ad hoc studies in which CaixaBank participates are carried out by leading specialist companies, with the sample used for 2023 being a group of European financial institutions comparable to CaixaBank and the IBEX 35 companies as a whole.

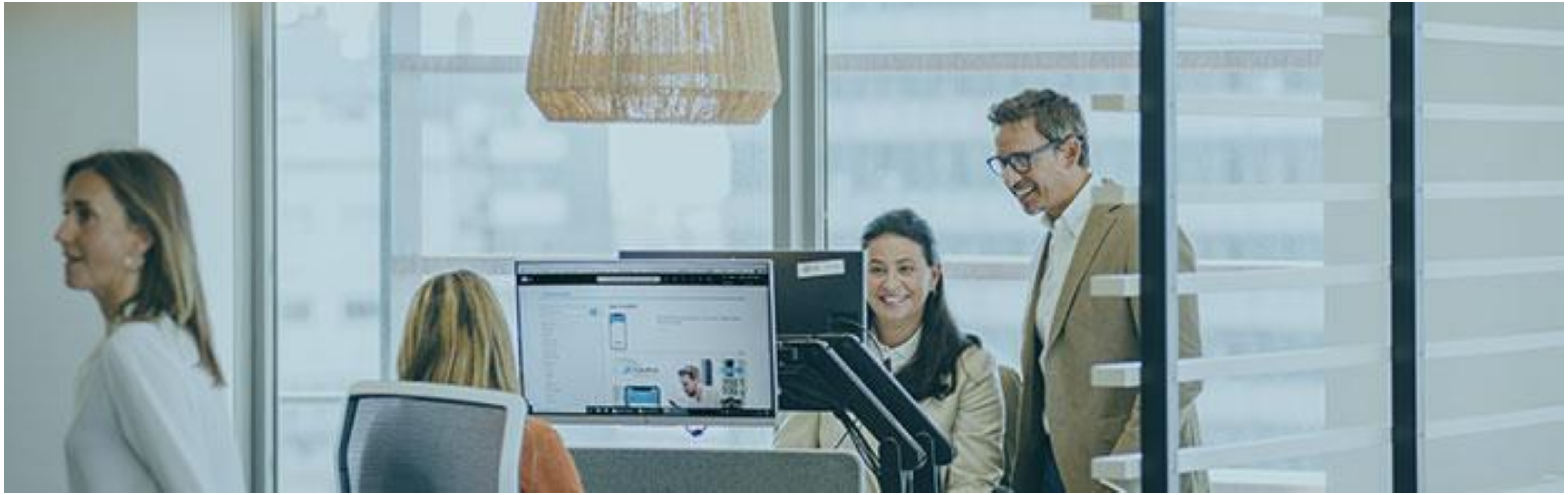
Peer Group of benchmark European financial institutions

Santander	BBVA	Banco Sabadell	Bankinter	ABN Amro	Commerzbank
Societe General	Deutsche Bank	Erste Group	KBC Group	Lloyds Banking Group	ING Groep
NatWest	Standard Chartered	SwedBank	UniCredit		

CaixaBank also takes into account a multi-sector sample obtained from publicly available information on the executive directors of a representative number of companies whose size (market capitalisation, assets, turnover and number of employees) is comparable to that of CaixaBank.

As a general rule, the fixed remuneration accrued by Executive Directors includes remuneration received in connection with duties carried out at CaixaBank Group entities or other entities in the interests of CaixaBank. This further remuneration is deducted from the net amount of fixed remuneration to be paid by CaixaBank.

In addition, as a fixed component of remuneration, the contracts of executive directors may include pre-determined contributions to pension and savings schemes, which are described in the corresponding section.



Accrued remuneration linked to fixed components for Executive Directors is presented below:

Fixed remuneration accrued by Executive Directors

(thousands of euros)	Position	Salary	Remuneration for board membership	Remuneration for membership on board committees	Remuneration for positions held at Group companies	Remuneration for membership of boards outside the Group	Total Annual fixed remuneration
Gonzalo Gortazar	CEO	2,141.7	94.5	52.5	85.6		2,374.3
José Ignacio Goirigolzarri	Executive Chairman	1,542.8	94.5	80.0		15.2	1,733
Total by item 2023		3,684.5	189.0	132.5	85.6	15.2	4,106.8
Gonzalo Gortazar	CEO	2,061	90	50	60		2,261
José Ignacio Goirigolzarri	Executive Chairman	1,485	90	60		15	1,650
Total per item 2022		3,546	180	110	60	15	3,911

Executive Directors may also receive remuneration in kind in the form of health insurance for themselves and their immediate family, the use of a vehicle or family home, or similar benefits that are common within the sector and commensurate to their professional status, in keeping with the standards established for the professional segment to which they belong. Remuneration in kind earned by Executive Directors is presented below:

Remuneration in kind of Executive Directors

(thousands of euros)	Position	Own and family medical care(1)	Use of car and housing	Other	Total
Gonzalo Gortazar	CEO	5		5	10
José Ignacio Goirigolzarri	Executive Chairman	2		1	3
Total by item 2023		7		6	13
Gonzalo Gortazar	CEO	5			5
José Ignacio Goirigolzarri	Executive Chairman	2			2
Total per item 2022		7			7

[1] *Medical insurance for the CEO, spouse, and all children aged under 25.*

Variable components of remuneration

Variable Remuneration Scheme with Multi-year Metrics

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.

This scheme is determined on the basis of a target variable remuneration established for each of the Executive Directors by the Board of Directors, at the recommendation of the Remuneration Committee, which represents the amount of variable remuneration to be received in the event of 100% compliance with the established targets. In the case of over-achievement, a maximum achievement rate of 120% can be reached.

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 results. In addition, multi-year factors based on corporate criteria are also used, which adjust, as a reduction mechanism, the payment of the deferred portion subject to multi-year factors. This scheme is based solely on meeting corporate challenges, which are weighted at 100%.

Under this system, 40% of the variable remuneration corresponding to the current year will be paid to the Company's executive directors in equal parts in cash and CaixaBank shares, while the remaining 60% will be deferred, 30% in cash and 70% in shares, over a period of five years. In this regard, the payment for the first two years of deferral is subject to annual factors, while the payment for the following three years will be subject to compliance with the approved multi-year factors.

Below is a graphical example of the system for granting, vesting and payment of variable remuneration to Executive Directors for the 2023 variable remuneration scheme with multi-year metrics:

The receipt of variable remuneration with multi-year metrics by Executive Directors is subject to the maintenance of their service relationship as at 31 December of the year in which such variable remuneration is to vest.

(thousands of euros)	Position	Variable remuneration target (thousands of €)	Variable remuneration maximum 120% (thousands of €)
Gonzalo Gortazar	CEO	954	1,145
José Ignacio Goirigolzarri	Executive Chairman	336	403

For financial year 2023, the CEO has been assigned an annual variable target remuneration equivalent to 40.2% of his Annual Fixed Remuneration, in the event of 100% compliance with the targets set at the beginning of the year by the Board, which may reach up to a maximum of 48.2% of the Annual Fixed Remuneration in the event of the maximum compliance of 120%.

On the other hand, the Chairman of the Board has been assigned a variable annual target remuneration equivalent to 19.4% of his Annual Fixed Remuneration, in the event of 100% compliance with the targets set at the beginning of the year by the Remuneration Committee, which may reach up to a maximum of 23.3% of the Annual Fixed Remuneration in the event of the maximum compliance of 120%.

Corporate challenges of variable bonus remuneration for executive directors in 2023

Annual factor measurement metrics

The corporate challenges, with a weighting of 100%, are set annually by the Board on the recommendation of the Remuneration Committee, subject to a degree of achievement [80%-120%], which is determined on the basis of the following concepts aligned with the strategic objectives:

Criteria		Metric	Weighting	Degree of compliance	Degree of achievement	Target	Result	Recognition of the challenge (%)
				> 12.4 = 120%	120%			
		ROTE	20%	Between 12.4 and 9.3	Between 120 and 80%	10.9	15.6	Corporate
				< 9.3 = 0%	0			
				< 41.0 = 120%	120%			120%
	Financial	CER	20%	Between 41.0 and 44.4	Between 120 and 80%	42.8	38.4	
				> 44.4 = 0%	0			
				< 1,942 m € = 120%	120%			120%
		NPAs	10%	Between 1,942 mil and 2,914 m €	Between 120 and 80%	2,428 m €	-895 m €	
				> 2,914 m € = 0%	0			
				0 ambers	120%			120%
				0.5 ambers	115%			
				1 amber	110%			
				1.5 ambers	105%			
		RAF	20%	2 ambers	100%	2 ambers	0 ambers	
				2.5 ambers	95%			
Corporate				3 ambers	90%			
				3.5 ambers	85%			
				4 ambers	80%			
				> = 4.5 amber	0			
	Non-financial			> 23,673 m € = 120%	120%			120%
		Sustainability	10%	Between 23,673 m € and 15,782 m €	Between 120 and 80%	19,728 m €	27,230 m €	
				< 15,782 m € = 0%	— %			
		Quality	10%	Each challenge individually on scales between 0% and below 80% and up to a maximum of 120%	Maximum of 120% and a minimum of 80%. Below 0%	Branch NPS 69.7 CEI 90.0 NPSdigital 58.5	NPSbranch 78.2 CEI 92.5 NPSdigital 60.0	116.78%
				Weighted average (NPS branch and IEX segments) 70% and 30% NPS digital				
				> 97.5	Between 120 and 0%			113%
		Compliance	10%	Between 97.5 and 96 = 90%	Between 108% and 0	97,5	98,57	
				Between 94.5 and 96 = 80%	Between 96% and 0			
				< 94.5 = 0%	0			
Achievement								Achievement

The established metrics and targets pursued with each of them are defined in detail below:

ROTE (20%)

Definition: Measures the profitability index of the tangible assets and is calculated as the Profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon) and net equity plus valuation adjustments for the last 12 months, minus the intangible assets such as goodwill. The degree of compliance with the ROTE in 2023 has been calculated as follows: 4,539 (result net of AT1 coupon) / 29,056 (own funds and average valuation adjustments net of intangibles).

The target for the challenge was 10.9, and a result of 15.6 has been achieved, which means a recognition rate in 2023 of 120%.

Core Efficiency Ratio (CER) (20%)

Definition: This is the percentage of recurring expenses in relation to the income from the company's core business. It is calculated as the ratio of the Group's recurring expenses to core revenues (net interest income, net fee and commission income and insurance-related revenues).

The degree of compliance with the efficiency ratio in 2023 has been calculated as follows: 5,812 (recurring expenses) / 15,137 (core income).

The target for the challenge was 42.8, and a result of 38.4 has been achieved, which means a degree of achievement of the challenge in the year 2023 of 120%.

NPAs (10%)

Definition: This is the change, in absolute terms, in the Group's problematic assets (defined as non-performing and foreclosed loans and auction rights).

The degree of compliance with this metric in 2023 has been calculated as follows: the target for the challenge was a variation of 2,428 million euros, and a result of -895 was achieved, meaning the degree of achievement of the challenge in 2023 is the maximum of 120%.

Risk Appetite Framework (RAF): (20%)

Definition: To calculate the fulfilment of the objective related to the RAF metric, an aggregate level of the metrics scorecard of the Company's Risk Appetite Framework is used. This scorecard consists of quantitative metrics that measure the different types of risk, for which the Board of Directors establishes areas of appetite (green), tolerance (amber) or non-compliance (red), and determines the scale of fulfilment that establishes penalty or bonus percentages according to the variation of each metric, between the actual situation at the end of the year and that initially forecast for the same year in the budget.

The final number of ambers for the metrics is 2 below expected, so in accordance with the scale of fulfilment, this reaches 120% for the year 2023.

The RAF scorecard allows for monitoring of financial, non-financial and cross-cutting risks. In particular, therefore, risks such as operational, conduct and reputational risk are included. The scope of these metrics covers the CaixaBank Group as a whole. In terms of reputational risk, the scorecard directly considers sustainability aspects, as well as those linked to cybersecurity, data protection and customer experience. These aspects, in turn, are the ones that emerge as material in the 2023 Dual Materiality Study.

Sustainability (10%)

Definition: Mobilising sustainable finance, this measures the new production of sustainable finance.

The achievement is determined by comparing the achieved result of 27,230 with the target set according to the sustainability plan for 2023 of 19,728, which is an achievement of 120%.

This challenge is directly related to the commitment assumed in the Strategic Plan of being a European benchmark in sustainability and is linked to the issue of the financing and environmental investment solutions included in the 2023 Dual Materiality Study.

Quality 10%

Definition: This metric combines the Net Promoter Score index (customers who recommend us) with a customer experience index.

The target of the challenge was:

> NPSbranch: 69.7

> CEI: 90.0

> Digital NPS: 58.5

Having achieved a result of:

> NPSbranch: 78.2

> CEI: 92.5

> Digital NPS: 60.0

Therefore, the degree of achievement of the challenge in 2023 is 116.78%.

This challenge is related to the quality, broad and specialised offer of products and services and specialised customer service, topics included in the 2023 Dual Materiality Study, and reflects CaixaBank's commitment to maintain an efficient customer service model adapted to customer preferences, measuring quality by specific segments, pursuing the financial inclusion of all of society, as set out in our 2022-2024 Strategic Plan.

Compliance 10%

Definition: Aggregate index of metrics that measure processes for the Prevention of Money Laundering, MiFID and correct marketing of products and services.

Within this index, and with a weighting of 50%, (25% for each metric), CaixaBank measures the proper completion, for 100% of customers, of all MiFID documentation, in which the financial knowledge and suitability of customers are assessed and that ensure the correct identification of the risk level; as well as the correct marketing of products and services, including, among others, all the pre-contractual and contract documents. These two indicators are linked to the material topics of clear and transparent communication and responsible marketing identified in the CaixaBank's 2023 Dual Materiality Study.

The target for the challenge was 97.5, and a result of 98.6 was achieved, meaning the degree of achievement of the challenge in 2023 is 113%.

Based on the above results, the Board of Directors, at the recommendation of the Remuneration Committee, has approved the recognition of 118.98% of variable remuneration linked to annual measurement factors.

Multi-year factor measurement metrics

Criteria	Metric	Weighting	Objective value	Degree of compliance	Degree of penalty
Corporate	CET1	25%	RAF measure for risk tolerance in green	Red = 0%	100%
				Amber = 50%	50%
				Green = 100%	— %
	TSR	25%	Value of the EUROSTOXX Banks – Gross Return index	> = index = 100%	— %
				< index = 0%	100%
	Multi-year ROTE	25%	Average amounts repaid annually in the measurement period	> Average = 100%	— %
				Between 80% and 100%	Between 0 and 100%
				< 80% = 0%	100%
	Sustainability	25%	66,961 m €	> = 66,961 m € = 100%	— %
				Between 66,961 m € and 50,221 m € = between 75% and 100%	Between 0 and 100%
				< 50,221 m € = 0%	100%

The level of achievement for the multi-year factor metrics is set solely on the basis of corporate criteria and determines the adjustment of payments from the third year of deferral (i.e. 36 per cent of the remaining variable remuneration).

The metrics associated with the multi-year factors are described below:

CET1 (25%)

Definition: It is set as a metric linked to the colour (tolerance level) of the indicator in the CET1 RAF at the end of the multi-year period

TSR (25%)

Definition: Comparison with the average of the EUROSTOXX Banks – Gross Return index.

Multi-year ROTE (25%)

Definition: This is set as the average achievement of the ROTE challenge for each of the years of the multi-year measurement period.

Sustainability (25%)

Definition: This was set to reach a cumulative sustainable finance mobilisation figure in the period 2023-2025.

The aforementioned metrics will have associated compliance scales so that if the targets established for each are not met within the three-year measurement period, the deferred portion of the variable remuneration pending payment can be reduced but never increased.

In addition, the remaining conditions of the system for granting, vesting and payment of variable remuneration to Executive Directors provided for in the Remuneration Policy shall apply to the variable remuneration.

Determination of Variable Remuneration with Multi-year Metrics

The Board of Directors shall ratify the final degree of attainment of the variable remuneration as an accrued bonus based at the recommendation of the Remuneration Committee.

After assessing the total set of targets above, the Board of Directors has considered the following:

> % ACHIEVEMENT OF CHALLENGES FOR THE PURPOSE OF AWARDING VARIABLE BONUS REMUNERATION

_CEO

Variable remuneration with multi-year metrics target 2023 (thousands of euros)	% achievement of corporate challenges	Variable remuneration with multi-year metrics 2023 (thousands of euros)
954	118.98%	1135

The variable remuneration in the form of bonus accrued by the CEO in the financial year 2023 amounts to 1,135,335.67 euros, which corresponds to 47.8% of his Total Annual Fixed Remuneration.

Variable remuneration 2023	Cumulative amount paid (%) of variable remuneration in the form of a bonus for each year	Settlement instrument	% of variable remuneration in form of bonus for the financial year in question	Equivalent gross number of shares	Equivalent remuneration (thousands of euros)
Initial part	40%	Shares	20%	58,162	227
		Cash	20%		227
Deferred remuneration	24%	Shares	17%	48,857	190
		Cash	7%		82
Subject to multi-year factors	36%	Shares	25%	73,284	286
		Cash	11%		123

_Executive Chairman

Variable remuneration with multi-year metrics target 2023 (thousands of euros)	% achievement of corporate challenges	Variable remuneration with multi-year metrics 2023 (thousands of euros)
336	118.98%	400

The variable bonus remuneration accruing to the Chairman in 2023 amounts to EUR 399,766.08, which corresponds to 23.1% of his Total Annual Fixed Remuneration.

Variable remuneration 2023	Cumulative amount paid (%) of variable remuneration in the form of a bonus for each year	Settlement instrument	% of variable remuneration in form of bonus for the financial year in question	Equivalent gross number of shares	Equivalent remuneration (thousands of euros)
Initial part	40%	Shares	20%	20,479	80
		Cash	20%		80
Deferred remuneration	24%	Shares	17%	17,204	67
		Cash	7%		29
Subject to multi-year factors	36%	Shares	25%	25,803	101
		Cash	11%		43

Deferral and payout in variable remuneration instruments

Gonzalo Gortázar – CEO

Remuneration accrued in 2023 linked to variable components of the CEO:

(thousands of euros)

Variable remuneration in form of bonus	Settlement instrument	% of variable remuneration in form of bonus for the financial year in question	Equivalent gross number of shares	Cumulative amount paid (%) of variable remuneration in the form of a bonus for each year	Equivalent remuneration	Unrealised deferred remuneration
Payment of upfront variable remuneration for 2023	Shares	20%	58,162	40%	227	681
	Cash	20%			227	
Payment of *deferred* variable remuneration – 2022	Shares	8%	23,377	52%	91	522
	Cash	4%			39	
Payment of deferred variable remuneration – 2021	Shares	6%	18,140	64%	50	297
	Cash	6%			50	
Payment of deferred variable remuneration – 2019	Shares	6%	16,256	88%	46	92
	Cash	6%			46	
Payment of deferred variable remuneration – 2018	Shares	6%	15,613	100%	47	
	Cash	6%			47	

** In 2020, the CEO voluntarily waived the annual variable remuneration in the form of a bonus for that year as an act of responsibility for the exceptional economic and social situation generated by COVID-19.*

Interest and returns on deferred variable remuneration accrued in the year by the CEO in the form of a bonus amounted to EUR 5,254 and are included in "Other items" in point 7.C.1.a)i) in the statistical appendix.

José Ignacio Goirigolzarri – Chairman

Variable remuneration components paid in 2023 in the form of a bonus for the Chairman:

(Thousands of euros)

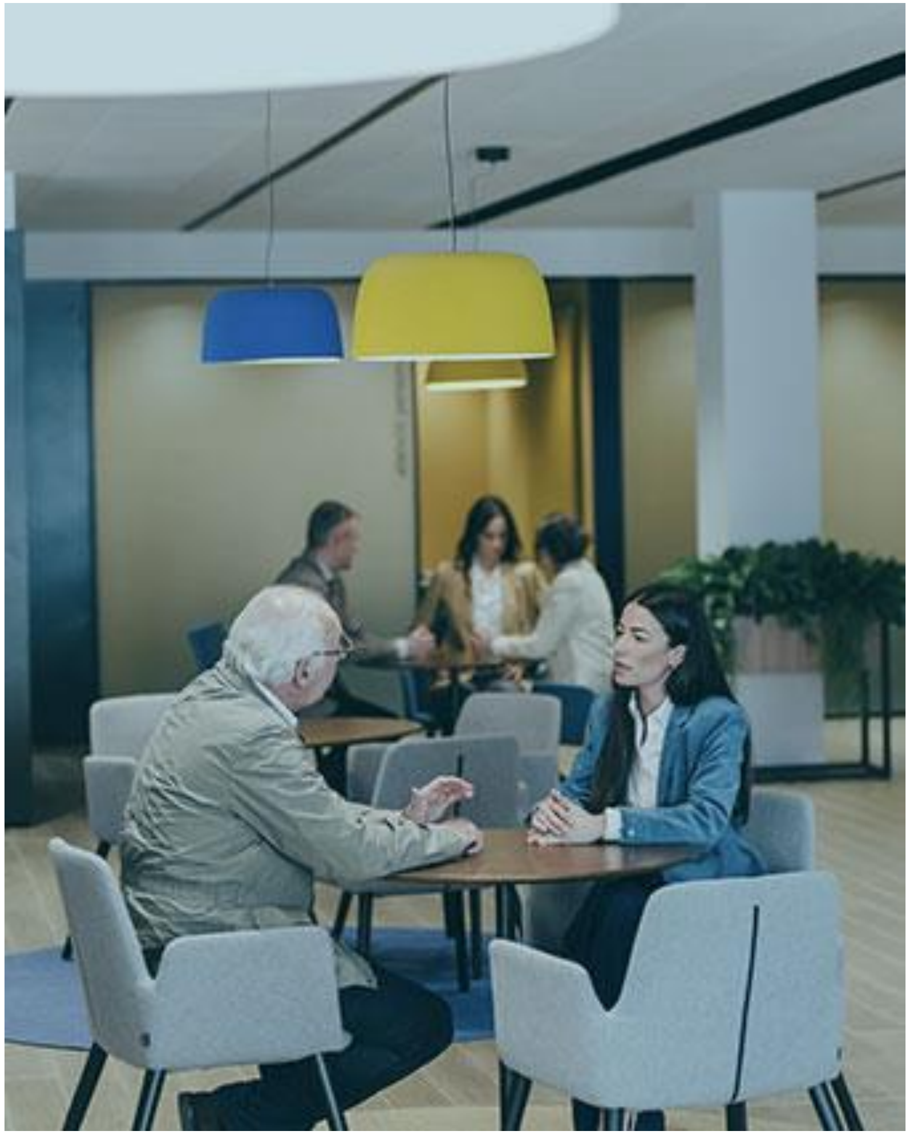
Variable remuneration in form of bonus	Settlement instrument	% of variable remuneration in form of bonus for the financial year in question	Equivalent gross number of shares	Cumulative amount paid (%) of variable remuneration in the form of a bonus for each year	Equivalent remuneration	Unrealised deferred remuneration
Payment of upfront variable remuneration for 2023	Shares	20%	20,479	40%	80	240
	Cash	20%			80	
Payment of deferred variable remuneration – 2022	Shares	8%	8,232	52%	32	184
	Cash	4%			14	
Payment of *deferred* variable remuneration – 2021	Shares	6%	5,118	64%	14	84
	Cash	6%			14	

interest and returns on deferred variable remuneration accrued in the year by the CEO in the form of a bonus amounted to 796 EUR and are included in "Other items" in point 7.C.1.a)i) in the statistical appendix.

In addition, the Chairman has certain deferred amounts pending payment as a result of his services at Bankia.

(thousands of euros)

Variable remuneration	Settlement instrument	% of variable remuneration in form of bonus for the financial year in question	Equivalent gross number of shares	Cumulative amount paid (%) of variable remuneration in the form of a bonus for each year	Equivalent remuneration	Unrealised deferred remuneration
RVA 2019	Shares	12.5%	10,210	75%	27	53
	Cash	12.5%			27	
RVA 2018	Shares	12.5%	6,740	100%	29	0
	Cash	12.5%			29	
RVP 2018	Shares	50%	8,464	100%	36	0
	Cash	50%			36	



Long-term variable components of the remuneration systems from prior years

Conditional Annual Incentives Plan linked to the 2019-2021 Strategic Plan

On 5 April 2019, the Annual General Meeting approved the implementation of a Conditional Annual Incentives Plan (“**CAIP**”) linked to the 2019-2021 Strategic Plan, whereby eligible subjects may receive a number of CaixaBank shares once a certain period of time has elapsed and provided the strategic objectives and a set of specific requirements are met.

Under the CAIP, units (“**Units**”) will be assigned to each beneficiary in 2019, 2020 and 2021. The units will be used as the basis on which to establish the number of CaixaBank shares to be delivered to each beneficiary. The allocation of Units does not confer any shareholder voting or dividend rights on the beneficiary, who will eventually become a shareholder once the Company shares have been delivered and not before. The rights conferred are non-transferable, without prejudice to any special circumstances envisaged in the Regulations of the CAIP.

With regard to the second cycle of the Plan, as a measure of responsibility on the part of CaixaBank management in view of the exceptional economic and social situation generated by COVID-19, the Board of Directors, at its meeting of 16 April 2020, approved the non-allocation of shares to the Beneficiaries of the second cycle of the Plan.

Detailed information on the CAIP, the third cycle of which ended in financial year 2023, is described below.

Beneficiaries

CAIP beneficiaries are the Executive Directors, the members of the Management Committee and the other members of the senior management and any other key Group employees whom the Board may expressly invite to take part in the plan. Although the maximum number of beneficiaries initially authorised by the 2019 General Meeting was 90 persons, the General Shareholders' Meeting of 14 May 2021 approved an increase in the estimated number of Beneficiaries to 130 persons. This increase is a consequence of the Merger, with the aim of bringing the group of Beneficiaries up to date with CaixaBank's new organisational structure.

Duration, target measurement periods and liquidation dates of the CAIP

The CAIP has three cycles, each of three years, with three Unit assignments. Each of the allocations took place in 2019 (period 2019-2021), 2020 (period 2020-2022) and 2021 (period 2021-2023).

Each cycle includes two target measurement periods:

> The first measurement period (hereinafter, "First Measurement Period") pertains to year one of each cycle, in which certain targets linked to the metrics described in due course must 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 ("Award of the Provisional Incentive"). This will not entail the actual delivery of shares at that time.

> The second measurement period (hereinafter, "Second Measurement Period") covers the three-year duration of each of the cycles, in which the targets linked to the described metrics must also be met. The final number of shares to be effectively delivered (the "Final Incentive") following the end of each Plan cycle, and will be subject to and dependent on the attainment of targets at the Second Measurement Period for each cycle ("Determination of the Final Incentive"). Under no circumstances may this exceed the number of shares deliverable under the Provisional Incentive.

For the CEO and members of the Management Committee, the shares corresponding to the Final Incentive of each cycle will be delivered in three instalments on the third, fourth and fifth anniversary of the Award Date (the "Settlement Dates"). For the remaining beneficiaries who are not part of the Identified Staff in 2021, the shares are delivered in full on a single Settlement Date, on the third anniversary of the Award Date. For beneficiaries who are part of the 2021 Identified Staff, the shares will be delivered in halves in full on a single Settlement Date, on the third and fourth anniversary of the Award Date.

The Plan was formally launched on 5 April 2019 (the "Start Date"), except for those beneficiaries subsequently added to the CAIP. The CAIP will end on the last Settlement Date for shares pertaining to the third cycle, i.e. in 2027 for Executive Directors and members of the Management Committee, and in 2025 for all other beneficiaries (the "End Date").

Reference share value

The share value that has been taken as a reference when assigning the Units is the arithmetic mean price, rounded to three decimal places, of the CaixaBank share price at close of trading during the trading sessions in January of each year in which a cycle begins (i.e. 01/2019, 01/2020 and 01/2021).

The value of the shares pertaining to any Final Incentive that may be finally delivered will be equivalent to the listed CaixaBank share price at the close of trading on each Settlement Date for each Plan cycle.

Number of Units to be assigned

The Board shall use the following formula to determine the Units to be assigned to each beneficiary:

NU = TA / AMP

> NU = Number of units to be assigned to every beneficiary, rounded up to the closest whole number.

> TA = Reference Target Amount for the beneficiary, based on their position.

> AMP = Arithmetic mean price, rounded to three decimal places, of the CaixaBank share at close of trading during the stock market trading sessions of January of each year in which a cycle begins.

Number of shares pertaining to the award of the Provisional and Final Incentive

The following formula will be used to determine the total number of shares pertaining to the Award of the Provisional Incentive:

NSA = NU x DIA

> NSA = Number of shares pertaining to the Award of the Provisional Incentive for each beneficiary rounded up to the nearest whole number.

> NU = Number of Units assigned to the beneficiary at the start each cycle.

> DIA = Degree of Incentive Attainment, showing the extent to which the targets pegged to CAIP metrics are met during the first year of each cycle (see section on “Metrics”).

The following formula will be used to determine the number of shares pertaining to the Final Incentive:

NS = NSA x Ex-post Adj. Ex-post adj.

> NSA = Number of shares pertaining to the Final Incentive to be delivered, rounded up to the nearest whole number.

> Ex-post adj. = Ex-post adjustment of the Provisional Incentive for each cycle, depending on attainment of the target for each cycle.

Maximum number of shares to be delivered

For the first cycle of the CAIP, the maximum total number of shares to be delivered to the Beneficiaries of the CAIP in the years 2023, 2024 and 2025, in the event of maximum achievement in which all the targets corresponding to the first cycle of the CAIP are exceeded, in all cases, over and above those budgeted, amounts to a total of 1,242,768 shares, of which 73,104 shares correspond, as a maximum, to the CEO.

With regard to the second cycle of the CAIP, as a measure of responsibility on the part of CaixaBank management in view of the exceptional economic and social situation generated by COVID-19, the Board of Directors, at its meeting of 16 April 2020, approved the non-allocation of shares to the Beneficiaries of the second cycle of the CAIP.

For the third cycle of the CAIP, the maximum total number of shares that the Beneficiaries of the Plan may receive in the years 2025, 2026 and 2027, in the event of maximum achievement in which all the corresponding targets are exceeded, in all cases, over and above those budgeted, amounts to a total of 4,094,956 shares, of which 176,309 shares will correspond, as a maximum, to the CEO and 105,786 shares will correspond, as a maximum, to the Chairman.

Metrics

A. Determination of the Degree of Achievement of the Provisional Incentive

The Degree of Provisional Incentive Attainment (DIA) depends on the extent to which the targets are met during the First Measurement Period for each cycle, as per the following metrics:

Metric	Weighting of the degree of incentive attainment (DIA)	Minimum degree of attainment	Maximum degree of attainment
CER (Core Efficiency Ratio)	40%	80%	120%
ROTE (Return on Tangible Equity)	40%	80%	120%
CEI (Customer Experience Index)	20%	80%	120%

CER *(Core Efficiency Ratio)*

Achievement scale

CER	Coefficient
≤ 55.5%	1.2
56.6%	1
57.8%	0.8
> 57.8%	0

ROTE *(Return on Tangible Equity)*

Achievement scale

ROTE	Coefficient
≥ 7.1%	1.2
6.2%	1
5.3%	0.8
< 5.3%	0

CEI (Customer Experience Index)

Achievement scale

CEI	Coefficient
≥ 84.5	1.2
84.3	1
84.1	0.8
< 84.1	0

The following formula is used to determine the Degree of Incentive Attainment:

DIA = CCER x 40% + CROTE x 40% + CCEI x 20%

> DIA = Degree of Incentive Attainment for the Provisional Incentive, expressed as a percentage rounded to one decimal place.

> CCER = Coefficient attained in relation to the CER target.

> CROTE = Coefficient attained in relation to the ROTE target.

> CCEI = Coefficient attained in relation to the CEI target.

The Award of the Provisional Incentive in each cycle will be conditional on the ROTE metric exceeding, at the end of the First Measurement Period, a specific minimum value to be set by the Board.

Multiplier coefficient

When determining the shares pertaining to the Award of the Provisional Incentive on the Award Date of the third cycle, an additional multiplier of up to 1.6 is applied to the DIA, depending on the change in CaixaBank's TSR indicator in comparison with the 17 peer banks during the first cycle. However, if CaixaBank ranks below the median on the ranking table at the end of the first cycle, no additional multiplying factor will be applied to the DIA.

The achievement scale of this multiplier is as follows:

Position in the comparison group	Multiplier coefficient
1st to 3rd	1.6
4th to 6th	1.4
7th to 10th	1.2
11th to 18th	1

B. Calculation of the Final Incentive

The Ex-post Adjustment is calculated on the basis of the targets reached in relation to the following metrics at the end of each cycle. The Ex-post Adjustment may have the effect of lowering the final number of shares to be delivered when compared with the number of shares pertaining to the Provisional Incentive at each Award Date but shall never increase that number:

> PARAMETERS USED FOR THE EX-POST ADJUSTMENT WHEN DETERMINING THE FINAL INCENTIVE UNDER THE PLAN

Metric	Weighting	Minimum degree of attainment	Maximum degree of attainment
RAF	60%	— %	100%
TSR (Total Share Return)	30%	— %	100%
GRI (Global Reputation Index of the CaixaBank Group)	10%	— %	100%

To be calculated as follows:

Ex-post adj. = CTSR x 30% + CRAF x 60% + CGRI x 10%

> Ex-post adj. = Ex-post adjustment to be applied to the Provisional Incentive awarded, expressed as a percentage [capped at 100%].

> CTSR = Coefficient attained in relation to the TSR target.

> CRAF = Coefficient attained in relation to the RAF target.

> CGRI = Coefficient attained in relation to the GRI target.

CTSR

The change in the TSR in each cycle is measured by comparison between CaixaBank and 17 reference banks. A coefficient of between 0 and 1 is used, depending on where CaixaBank ranks. The coefficient will be 0 when CaixaBank is ranked below the median.

To ensure that there are no atypical movements when determining the TSR, the reference values to be used at the start and end date of the Second Measurement Period for each cycle were the arithmetic mean price —rounded to three decimal places— of the closing price of the CaixaBank share over 31 calendar days. These 31 days include 31 December and the 15 days preceding and following the date in question. The TSR metric is calculated at the end of each cycle by an independent expert.

Furthermore, if, on the end date of each cycle, the TSR ranks between 16 and 18 (both inclusive), the Final Incentive after applying the Ex-post Adjustment would be reduced by 50%.

CRAF

When calculating attainment of the RAF target, the Bank shall use the aggregate scorecard for the Risk Appetite Framework, comprising quantitative metrics that measure the different risks, classified into appetite zones (green), tolerance zones (amber) and breach zones (red). The Board shall establish the scale of attainment, generating certain penalty or bonus percentages based on the change in each metric between the initial RAF situation and the final RAF situation.

CGRI

GRI attainment is calculated on the basis of the change in this metric in each cycle. For the first cycle, the change between the values calculated at 31/12/2018 and at 31/12/2021 is measured; for the second cycle, the change between 31/12/2019 and 31/12/2022 is calculated; and for the third cycle, the change between 31/12/2020 and 31/12/2023 is measured. If the change is negative, the degree of attainment is 0%. Otherwise, it will be 100%.

The GRI indicator includes metrics related to reputational risk, which measure social, environmental and climate-change-related aspects, among others. Any negative impact for any of these issues would trigger an adjustment to the total number of shares under the Final Incentive.

Requirements for receiving shares

Aside from the attainment of targets to which the CAIP is pegged, as explained in its Regulations, the following requirements must also be met in order to receive shares for each cycle:

> The beneficiary must remain at the Company through to the Settlement Date for each cycle, unless certain special circumstances apply, such as death, permanent disability or retirement. The beneficiary will forfeit their entitlement to the shares in the event of their resignation or fair dismissal.

> Shares will be delivered only to the extent that doing so is sustainable and justified given CaixaBank's prevailing situation and earnings. If, at the end of the 2019-2021 Strategic Plan, CaixaBank reports losses, decides not to distribute dividends or fails the stress tests required by the European Bank

Authority (**EBA**), the shares that would otherwise have been delivered will not be delivered and the beneficiaries will forfeit their right to receive them.

First CAIP Cycle - Final Incentive Calculation

_CEO

> PARAMETERS LINKED TO THE CALCULATION OF THE FINAL VARIABLE REMUNERATION INCENTIVE - CAIP

In accordance with the information published in the 2019 CaixaBank Annual Remuneration Report for Directors, the Provisional Incentive determined in the First Cycle for the CEO is as follows:

Variable remuneration CAIP target 2021 (I) (thousands of euros)	PMA (II) (euros)	Assigned units (III = I/II) (unit)	Degree of Achievement of the Provisional Incentive (IV) (%)	Shares provisionally granted (V=III*IV) (unit)
200	3.283	60,920	85%	51,782

The Provisional Incentive determined after the completion of the first measurement period of the first cycle of the CAIP (2019) was subject to a second measurement period based on an ex-post adjustment based on the fulfilment of multi-year objectives over a period of three years (2019-2021). In the 2022 CaixaBank Annual Remuneration Report for Directors, the calculation of the Final Incentive was determined.

> FINAL INCENTIVE FOR THE FIRST CYCLE OF VARIABLE REMUNERATION - CAIP

Shares provisionally granted (unit)	% Reduction in Provisional Incentive	Shares finally granted (unit)
51,782	30%	36,248

Remuneration accrued in 2023 linked to variable components of the CEO:

Variable long-term remuneration	Settlement instrument	% of variable remuneration under the LTI for the year in question	Number of gross shares	Total amount paid (%) to variable remuneration under the LTI for each year	Unrealised deferred remuneration in gross shares
Bonus of the 1st CAIP cycle 2019-2021	Shares	33%	11,962	67%	11,962

Third CAIP cycle - Provisional incentive determination

> PARAMETERS SHOWING DEGREE OF ATTAINMENT OF THE PROVISIONAL INCENTIVE FOR VARIABLE REMUNERATION – CAIP

As explained above, the third and last cycle of the CAIP linked to the Strategic Plan 2019-2021 started in 2021.

The degree of achievement of the Provisional Incentive was determined based on the degree of achievement of the following targets linked to the following metrics during the financial year 2021:

Metric	Weighting	Target	Result	Degree of achievement of the target (%)	Degree of achievement of the provisional incentive (%)
CER (Core Efficiency Ratio)	40 %	56.6	56.0	110.50	44.2
ROTE (Return on Tangible Equity)	40 %	6.2	7.6	120.00	48
CEI (Customer Experience Index)	20 %	84.3	86.3	120.00	24
				116.2 %	

To determine the degree of achievement of the Provisional Incentive of the variable remuneration corresponding to financial year 2021, the Remuneration Committee took into account the degree of achievement of the targets and their associated scales of achievement with their corresponding gradients (relationship between degree of achievement of the target and degree of achievement of the provisional incentive):

CER

CaixaBank's REC achieved a compliance rate of 110.5% in 2021, which means a provisional incentive achievement rate of 44.2%.

ROTE

CaixaBank's ROTE reached a compliance level of 120% in 2021, which represents a 48% achievement of the provisional incentive.

CEI

CaixaBank's IEX reached a compliance level of 120% in 2021, which represents a 24% achievement of the provisional incentive.

Multiplier coefficient

For the Granting of the Provisional Incentive on the Third Cycle Grant Date, a multiplier of up to 1.6 was included, to be applied to the DIA, depending on the performance of CaixaBank's TSR indicator compared to the 17 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 10th	1.2
11th to 18th	1

In this respect, it has been verified that CaixaBank finished in 14th position, so a multiplier coefficient of 1 was applied.

> % DETERMINATION OF THE DEGREE OF ACHIEVEMENT OF THE INTERIM VARIABLE REMUNERATION INCENTIVE - CAIP

Gonzalo Gortázar - CEO

Variable remuneration CAIP target 2021 (I) (thousands of euros)	PMA (II) (euros)	Assigned units (III = I/II) (unit)	Degree of Achievement of the Provisional Incentive (IV) (%)	Multiplier coefficient applied (V)	Shares provisionally granted (VI=(III*IV)*V) (unit)
200	2.178	91,828	1.162	1	106,705

José Ignacio Goirigolzarri - Chairman

Variable remuneration CAIP target 2021 (I) (thousands of euros)	PMA (II) (euros)	Assigned units (III = I/II) (unit)	Degree of Achievement of the Provisional Incentive (IV) (%)	Multiplier coefficient applied (V)	Shares provisionally granted (VI=(III*IV)*V) (unit)
120	2.178	55,097	1.162	1	64,023

> FINAL INCENTIVE FOR THE THIRD CYCLE OF VARIABLE REMUNERATION - CAIP

The multi-year targets include previously established achievement scales, meaning that if the thresholds set for each of them are not effectively met, the Provisional Incentive could be reduced, even to its full extent, but never increased.

The calculation of the Third Cycle Final Incentive for the Chairman and CEO is related to the following parameters:

Metric	Weighting	Target for non-reduction	Ratio achieved	Reduction (%)
RAF (Risk Appetite Framework)	60%	4 ambers	0 ambers	0
TSR (Total Shareholder Return)	30%	9th	9th	0
GRI (Global Reputation Index)	10%	719	725	0

RAF

CaixaBank's RAF at the end of the period contains no ambers, so a reduction of 0% is applied.

TSR

With regard to the TSR indicator, the development of the TSR indicator has been tested over the three-year period from the beginning to the end of the Third Measurement Period with a comparison group of 17 banks of reference.

CaixaBank's RAF reached 9th place, so a reduction of 0% is applied.

GRI

CaixaBank's GRI reached 725, surpassing the challenge set of 719, so a reduction of 0% is applied.

> % DETERMINATION OF THE DEGREE OF ACHIEVEMENT OF THE FINAL VARIABLE REMUNERATION INCENTIVE - CAIP

Gonzalo Gortázar - CEO

Shares granted Provisionally (unit)	% Reduction in Provisional Incentive	Shares finally granted (unit)
106,705	— %	106,705

José Ignacio Goirigolzarri - Chairman

Shares granted Provisionally (unit)	% Reduction in Provisional Incentive	Shares finally granted (unit)
64,023	— %	64,023

As explained above, the shares granted will be settled in three instalments as of February 2025, 2026 and 2027.

(i) Long-Term Incentive linked to the 2015-2018 Strategic Plan

The General Shareholders' Meeting held on 23 April 2015 approved the implementation of a four-year Long-Term Incentive (LTI) for 2015-2018, pegged to compliance with the Strategic Plan in effect at that time. At the end of the four years, the participants would be entitled to receive a number of CaixaBank shares, providing certain strategic objectives and requirements were met. Plan participants included serving Executive Directors at that time.

During financial year 2023, the fourth deferral in shares was paid to the beneficiaries of this plan.

The following is the consolidated remuneration for the financial year 2023 to be paid in May 2024:

_Gonzalo Gortázar – CEO

Variable long-term remuneration	Settlement instrument	% of variable remuneration under the LTI for the year in question	Number of gross shares	Total amount paid (%) to variable remuneration under the LTI for each year	Unrealised deferred remuneration in gross shares
Payment of long-term remuneration (2015-2018 LTI)	Shares	12%	13,553	100%	0

Tomás Muniesa – Non-executive Deputy Chairman

As consideration for the managerial functions he used to discharge, the non-executive Deputy Chairman of the Board of Directors is entitled to the following amounts of deferred long-term variable remuneration yet to be delivered, such amounts having accrued through to 22/11/2018 (the date on which he took office as Deputy Chairman):

Variable long-term remuneration	Settlement instrument	% of variable remuneration under the LTI for the year in question	Number of gross shares	Total amount paid (%) to variable remuneration under the LTI for each year	Unrealised deferred remuneration in gross shares
Payment of long-term remuneration (2015-2018 LTI)	Shares	12%	8,247	100%	0

Common requirements applicable to variable remuneration

Retention policy

The instruments delivered are subject to a three-year retention period, during which time they may not be disposed of by the Director.

However, one year after the delivery of the instruments, the Director may dispose of the instruments if he/she maintains, after the disposal or exercise, a net economic exposure to the change in the price of the instruments for a market value equivalent to an amount of at least twice his/her annual fixed remuneration through the ownership of shares, options, rights to deliver shares or other financial instruments reflecting the market value of CaixaBank.

In addition, after the first year of holding, the Director may dispose of the instruments to the extent necessary to meet the costs related to their acquisition or, subject to the favourable opinion of the Remuneration Committee, to meet any extraordinary situations that may arise.

During the retention period, the exercise of the rights conferred by the instruments is vested in the Director as the holder of the instruments.

Situations warranting recovery of variable remuneration

The amounts of variable remuneration paid to executive directors shall be totally or partially reduced, including the amounts pending payment, whether cash or share-based payments, in the event of a poor financial performance by CaixaBank overall or by one of its divisions or areas, or because of any material exposure generated. For such purposes, CaixaBank must compare the assessed performance with the subsequent performance of the variables that helped attain the targets. The following scenarios may entail a recovery in variable remuneration:

- Material failures in risk management committed by CaixaBank, or by a business unit or risk control unit, including the existence of qualified opinions in the external auditor's report or other circumstances that have the effect of impairing the financial para - meters used to calculate the 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 adverse legal rulings attributable to the unit or the employee responsible for those proceedings and to the executive director.
- Non-compliance with internal regulations or codes of conduct within the Group, including:

a. Serious or very serious breaches of regulations attributable to them.

b. Serious or very serious breaches of internal regulations.

c. Failure to comply with applicable suitability and behavioural requirements.

d. 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.

- Improper conduct, whether committed individually or with others, with specific consideration of the adverse effects of the sale of unsuitable products and the responsibility of executive directors in taking such decisions.

> Justified disciplinary dismissal carried out by the Company (in which case the remuneration will be reduced to zero). Just cause shall be understood as any serious and culpable breach of the duties of loyalty, diligence and good faith pursuant to which the Executive Directors must discharge their duties at the Group, as well as any other serious and culpable breach of the obligations assumed under their contract, or any other organic or service-based relationship between the individual concerned and the Group.
> Where payment or vesting of these amounts is not sustainable in light of CaixaBank's overall situation, or where payment cannot be justified in view of the results of CaixaBank as a whole, the business unit, or the director concerned.
> Any other situation or circumstance that may be expressly included in the contract or imposed by applicable law and regulations.
> Variable remuneration shall be reduced if, at the time of the performance assessment, CaixaBank is subject to any requirement or recommendation issued by a competent authority to restrict its dividend distribution policy, or if this is required by the competent authority under its regulatory powers.

Situations warranting recovery of variable remuneration (clawback)

> If any of the above situations occurred prior to payment of any amount of variable remuneration but comes to light after payment has been made, and if it that situation would have led to the non-payment or all or part of that remuneration had it been known, then the executive director must repay CaixaBank the part of the variable remuneration that was unduly received, along with any interest or return the director may have earned on that undue payment.

> Situations in which the executive director made a major contribution to poor financial results or losses will be treated as being particularly serious, as shall cases of fraud or other instances of wilful misconduct or gross negligence leading to significant losses.

The Remuneration Committee shall advise the Board of Directors on whether to reduce or abolish the director's right to receive deferred amounts, or whether to insist on the full or partial clawback of those amounts, depending on the circumstances of each case. Situations involving a reduction in variable remuneration will apply over the entire deferral period for that variable remuneration. Meanwhile, situations involving the clawback of variable remuneration will apply over the term of one year running from payment of that remuneration, except where there has been wilful misconduct or gross negligence, in which case applicable law and regulations governing prescription periods will apply.

Termination or suspension of professional relations

Termination or suspension of professional relations, and departures due to invalidity, early retirement, retirement or partial retirement shall not interrupt the payment cycle of variable remuneration; notwithstanding the provision made for deductions and recovery of variable remuneration. In the event of the director's death, the Human Resources Division and the General Risks Division shall work together to determine and, as the case may be, propose a suitable calculation and payment process for pending payment cycles under criteria compatible with the general principles contained in the LOSS, its implementing regulations and CaixaBank's own Remuneration Policy.

Special situations

In the event of any unexpected special situation (e.g., (meaning corporate operations that affect ownership of shares to have been delivered or deferred), specific solutions must be applied in accordance with the LOSS and the principles set out in the Remuneration Policy, so as not to artificially alter or dilute the value of the consideration in question.

Incompatibility with personal hedging strategies or avoidance mechanisms.

Executive Directors undertake not to engage in personal hedging or insurance strategies related to their remuneration that might undermine the sound risk management practices the Company is attempting to promote. Furthermore, CaixaBank shall pay no variable remuneration through instruments or methods that aim to breach or result in a breach of the remuneration requirements applicable to Executive Directors.

Contributions to pension schemes and other cover

Executive Directors may have a social prevision system recognised in addition to the ordinary employee pension scheme. If they hold a commercial contract, they may be eligible for specific pension schemes equivalent to the complementary pension scheme.

The commitments assumed with the Executive Directors can be of a contribution defined for the cases of retirement, disability and death, and, additionally, coverage for service can be defined for the cases of disability and death. These commitments will be instrumented through an insurance contract.

The updating of the amount of the contributions for these commitments will be based on the same principles as those applied to their establishment as a fixed component, although increases over the term of the Remuneration Policy should not exceed a cumulative total equivalent to 10 per cent per annum, irrespective of their distribution over the different annual periods.

Non-discretionary character

With the exception of the mandatory variable-base contributions, the benefit or contribution system for the pension scheme does not qualify as a discretionary benefit system. It must be applied to the person, meaning that the individual will be eligible upon becoming an executive director or otherwise qualifying for a change in their remuneration, whether as a lump sum or an amount linked to their fixed remuneration, depending on the terms of their contract.

The amount of the contributions or the degree of coverage of the benefits: (i) must be pre-defined at the start of the year and clearly set out in the contract; (ii) may not originate from variable parameters; (iii) may not take the form of extraordinary contributions (e.g., bonuses, awards or extraordinary contributions made in the years leading up to retirement or departure); and (iv) must not be related to substantial changes in the terms of retirement (including any changes arising from merger processes or business combinations).

Elimination of dual entries

The contributions paid to pension schemes shall be less the amount of any contributions made under equivalent instruments or policies that may be established as a result of positions held at Group companies or at other companies on CaixaBank's behalf. This procedure shall also be followed for benefits, which must be adjusted accordingly to avoid any overlap or duplication.

Vesting of rights

Under the pension and benefits scheme for Executive Directors, economic rights will become vested in the event that the professional relationship is terminated or ends before the date the covered contingencies occur, unless that termination is for just cause, as the case may be, or for other specific causes specified in the contracts. There is no provision for payments on the actual date of termination or expiry of the employment relationship.

Mandatory variable-base contributions

15% of the contributions paid to complementary pension schemes will be considered a target amount (the remaining 85% is considered a fixed component). This amount is determined following the same principles and procedures as those established for the award of remuneration based on annual factors in the variable remuneration scheme with multi-year metrics, and is subject to contribution to a Discretionary Benefits Pension Policy.

The contribution shall be considered deferred variable remuneration. Accordingly, the Discretionary Benefits Pension Policy shall contain clauses ensuring that the contribution is explicitly subject to the same malus and clawback clauses described above for variable remuneration with multi-year metrics. It shall also count towards the relevant limits on the total amount of variable remuneration.

If the executive director leaves CaixaBank to take up retirement or leaves prematurely for any other reason, the discretionary pension benefits shall be subject to a lock-up period of five years from the date on which the director ceases to provide services at the Bank. During the lock-up period, CaixaBank shall apply the same requirements in relation to the malus and clawback clauses described above.

The following table shows the accrued remuneration of Executive Directors in 2023 through long-term savings systems:

> REMUNERATION OF EXECUTIVE DIRECTORS THROUGH LONG-TERM SAVINGS SYSTEMS

Long-term savings system (defined contribution)

	Position	Fixed component (85%)	Variable component (15%)	Coverage for death, permanent disability, and severe disability	Total
Gonzalo Gortazar	CEO	446	94	84	624
José Ignacio Goirigolzarri	Executive Chairman			114	114
Total by item 2023		446	94	198	738
Gonzalo Gortazar	CEO	425	88	73	586
José Ignacio Goirigolzarri	Executive Chairman			101	101
Total per item 2022		425	88	174	687

The following table shows contributions in the form of variable remuneration made to the pension system of the CEO during the year ended:

Target contribution to the social prevision system for the financial year 2023 (thousands of euros)	Contribution on a variable basis (15%)	Result of annual corporate targets 2022	Contributions to the social prevision system on a variable basis for the financial year 2023 (thousands of euros)
525	79	119.6%	94

Remuneration accrued by Board members as consideration for representing CaixaBank at other companies

The following remuneration is payable for seats held on the Boards of Directors of Group companies or of other companies when acting on CaixaBank's behalf, as per the amounts currently set as remuneration payable for representing CaixaBank at other companies (which forms part of the director's Total annual fixed remuneration):

> REMUNERATION FOR POSITIONS HELD AT GROUP COMPANIES AND AT OTHER COMPANIES ON CAIXABANK'S BEHALF

(thousands of euros)	Position	Investee	Total
Jose Ignacio Goirigolzarri Tellaeche	Director	CECA	15
Gonzalo Gortazar	Director	Banco BPI, S.A.	63
Gonzalo Gortazar	Chairman	CaixaBank Payments & Consumer	23
Tomás Muniesa	Deputy Chairman	VidaCaixa	435
Tomás Muniesa	Deputy Chairman	SegurCaixa Adeslas	11
Total by item 2023			547

Remuneration of Board members aside from their responsibilities as directors

Fernando Maria Ulrich Costa Duarte is the non-executive Chairman of the Board of Directors of Banco BPI. His remuneration for seating on said board is 750,000 euros.

04. Terms and conditions of the general contracts and that of the CEO and Chairman

4.1 General conditions of the contracts

Nature of contracts: The type of contract will be determined by the managerial functions (if any) performed by the subject above and beyond those of director, pursuant to the case law of the Supreme Court concerning the so-called "relationship theory".

Duration: In general, contracts shall be drawn up for an indefinite term.

Description of duties, dedication, exclusivity and incompatibilities: The contract shall provide a clear description of the duties and responsibilities to be undertaken and the functional location of the subject and to whom he/she reports within the organisational and governance structure of CaixaBank. It must likewise stipulate the duty of exclusive dedication to the Group, without prejudice to other authorised activities in the interests of the CaixaBank Group or occasional teaching activities and participation in conferences or responsibilities at own or family-run businesses, provided these activities do not prevent the director from discharging their duties diligently and loyally at CaixaBank and do not pose a conflict of interest with the Company.

Executive Directors will be subject to the legal system governing incompatibilities from serving as director.

The contract may also include other permanency obligations that are in CaixaBank's best interests.

Compliance with duties and confidentiality: The contract shall contain certain obligations requiring the director to discharge the duties inherent to the role of director, as well as non-disclosure obligations in respect of the information to which the director becomes privy while holding office.

Civil liability coverage and compensation: Executive Directors and all other directors are named as the insured parties under the civil liability insurance policy taken out for Group directors and managers.

Likewise, the contracts may state that CaixaBank shall hold Executive Directors harmless for any losses or damages arising from claims by third parties, unless the Executive Directors have acted negligently or with wilful deceit.

Post-contractual non-competition agreements: The contracts will include post-contractual non-compete obligations in relation to financial activities, to remain binding and in effect for no less than one year following the termination of the contract. Unless otherwise justified, consideration for non-compete undertakings shall be set as the sum of all fixed components of remuneration that the executive director received over the term of that undertaking. The amount of the consideration will be divided into equal instalments and paid at regular intervals over the non-compete period.

Breach of the post-contractual non-compete undertaking will entitle CaixaBank to seek and obtain compensation from the executive director for a proportional amount of the consideration effectively paid.

Early termination clauses: Contracts shall set out the situations in which Executive Directors may terminate their contract with the right to compensation. These may include breach of contract on the part of CaixaBank, wrongful or unfair dismissal, or a change of control at the Company.

Likewise, the contracts must recognise CaixaBank's right to terminate the contract in the event of breach by the executive director, in which case no compensation will be payable to the director.

In the event of any contract termination, CaixaBank shall be entitled to demand the resignation of the Executive Directors from any positions or functions performed in companies in the interest of CaixaBank.

Contracts shall provide for a notice period of at least three months and adequate compensation in case of non-performance, proportionate to the fixed remuneration to be earned during periods foregone.

The amount of compensation payable for contract termination will be established at all times such that it does not exceed legal limits on the maximum ratio of variable remuneration, as per EBA criteria. Payments for early termination must be based on the results secured over time, and must not compensate poor results or undue conduct.

Payments for early termination that qualify as variable remuneration shall be deferred and paid in the manner stipulated for variable remuneration. They shall likewise be subject to the rules described previously in relation to malus and clawback.

Payments for cancellation of previous contracts: Where remuneration packages relating to compensation for departure from previous contracts are agreed to, these should be tailored to the long-term interests of the Entity by applying the limits and requirements set out in the LOSS and the EBA Guidelines, with pay cycle provisions similar to those set out in the Remuneration Policy for variable remuneration.

Other contractual conditions: The contracts may contain standard contractual clauses compatible with the Act on the Organisation, Supervision and Solvency of Credit Institutions, the Capital Enterprises Act, other applicable law and regulations and the Remuneration Policy.

4.2 Special conditions of the contracts for the CEO and Chairman

Appointment	Special conditions of the CEO's contract	Special conditions of the Chairman's contract
Type of contract	Commercial contract	
Duration	Open-ended contract	
Description of duties, dedication, exclusivity and incompatibilities	The contract shall provide a clear description of the duties and responsibilities and of the obligation to work exclusively for CaixaBank. It does not contain any minimum term conditions and includes provisions to ensure that the contract is consistent with the Remuneration Policy.	
Compliance with duties and confidentiality obligation	It also contains clauses regarding compliance with duties, confidentiality and liability coverage.	
Civil liability coverage and compensation	Executive Directors and all other directors are named as the insured parties under the civil liability insurance policy taken out for Group directors and managers	
Post-contractual non-compete undertakings	The contract contains a post-contractual non-compete undertaking of one year running from termination of the contract, covering any direct or indirect activities carried out within the financial sector. Consideration for the non-compete undertaking is set at one year of the fixed components of the director's remuneration and the resulting amount will be reduced by any sums received from Group companies or other companies at which he or she represents CaixaBank as compensation for other post-contractual non-compete undertakings. This compensation shall be paid in 12 equal monthly instalments, the first of which shall be payable at the end of the calendar month in which the director's service contract terminates. If the CEO breaches his post-contractual non-compete undertaking, he shall pay CaixaBank an amount equivalent to one year of his fixed remuneration.	
Early termination clauses	Aside from the compensation payable under the non-compete clause, the CEO will be entitled to receive compensation amounting to one year of the fixed components of his remuneration if his services contract is terminated for any of the following reasons: (i) unilateral termination by the CEO due to a serious breach by the Company of the obligations set out in the services contract; (ii) unilateral termination by the Company without just cause; (iii) removal from or non-renewal of his position as Board member and of his duties as CEO without just cause; or or (iv) acquisition of a controlling stake in the Company by an entity other than "la Caixa" Banking Foundation, or the transfer of all or a relevant part of the Company's business activities or assets and liabilities to a third party, or its integration within another business group that obtains control of the Company. The resulting amount of compensation must be paid in accordance with the law and the terms of the Remuneration Policy and shall also be reduced by any amounts of compensation received from the companies described in the preceding paragraph. To be eligible for the compensation, the CEO must simultaneously stand down from all posts of representation and management at other Group companies where he is representing the Company and at any external companies at which he may be acting on CaixaBank's behalf. Meanwhile, the Company may remove the CEO from his post and terminate his services contract with just cause in the following situations: (i) any serious and culpable breach of the duties of loyalty, diligence and good faith under which the CEO is bound to discharge his duties at the Group; (ii) where the CEO becomes unfit to hold office as such for reasons attributable to himself; or or (iii) any other serious and culpable breach of the obligations assumed under the services contract, or any other organic or service-based relationship that may be established between the CEO and the respective entities at which he represents CaixaBank. If the services contract is terminated with just cause or voluntarily by the CEO for reasons other than those just described, he will not be entitled to the compensation described previously. Voluntary resignation requires notice of at least three months. In the event of non-compliance, the CEO shall be obliged to pay the entity the amount of the fixed components of remuneration corresponding to the time remaining for the completion of the corresponding term.	
Other contractual conditions	The contract also contains provisions to ensure that it is consistent with the Remuneration Policy.	

05. Director Remuneration Policy for 2024

The Ordinary General Shareholders' Meeting held on 8 April 2022 approved the Remuneration Policy for the financial years 2022 to 2024 inclusive. The amendment of this Policy was approved at the Annual General Meeting of March 31, 2023.

An amendment to the current Directors' Remuneration Policy is expected to be submitted for approval at the 2024 Annual General Meeting.

Reasons for changing the remuneration policy

The proposed amendment to the Remuneration Policy is justified by the following reasons:

a. The remuneration of executive directors is determined in accordance with the principles of the remuneration policy, oriented towards a market positioning that allows the attraction and retention of talent, and aligning the remuneration elements so that they promote behaviours that generate value and sustainability in the long term.

b. In this regard, the remuneration proposals seek to encourage directors' commitment to the Company, and considers, for the Chairman and CEO, salary surveys and ad hoc research of the European financial sector with a business model or size comparable to CaixaBank, the local financial market and comparable listed companies. These surveys and studies were carried out in 2023 by a leading entity in the field, Willis Towers Watson. In comparative terms, CaixaBank's overall size is close to the median of the European financial sector companies included in the comparison, and close to the 75th percentile of comparable Ibex 35 companies[1].

c. The proposal to update the amounts of remuneration for membership of the Board and its committees, of the directors in their condition as such, respecting the maximum limit approved by the General Shareholders' Meeting, is made in view of the increasing complexity and dedication involved in exercising the function, and in accordance with the analyses made of the comparison groups.

This proposal maintains the line of attracting and retaining talent in the profiles of directors to ensure that the company continues to comply with the high suitability requirements pursued by CaixaBank and required by the sectoral legislation governing credit institutions.

[1] The peer group of financial institutions used in 2023 is the same as that specified in section 3.2 above. The sample of Ibex 35 companies for the CEO includes all companies included in this index, except Solaria, Arcelormittal and AENA.

Main changes introduced in the remuneration policy

The main changes that are expected to be introduced in the Remuneration Policy to be submitted to the General Shareholders' Meeting can be summarised as follows:

a. Updating of remuneration for membership of the Board and its committees for Directors in their capacity as such, with an increase of 3%, without an increase of the annual maximum amount approved in 2023.

b. Updating of the fixed and target remuneration of the Chairman and the CEO, as well as the contributions to the CEO's pension scheme. The increase is 3% for the total target remuneration for the Chairman and 5.6% for the fixed remuneration and contributions to long-term savings schemes and 24.9% for the variable objective for the CEO.

c. Updating of the metrics of the 2024 objectives for the Chairman and CEO to align them with the strategic lines of the year.

5.1 Remuneration of directors in their capacity as such

The maximum remuneration figure for all Directors, without taking into account remuneration for executive functions (€3,071,250) was set at the General Shareholders' Meeting of 31 March 2023 and its distribution may give rise to different remuneration for each of the Directors. Amounts for the current financial year are shown below:

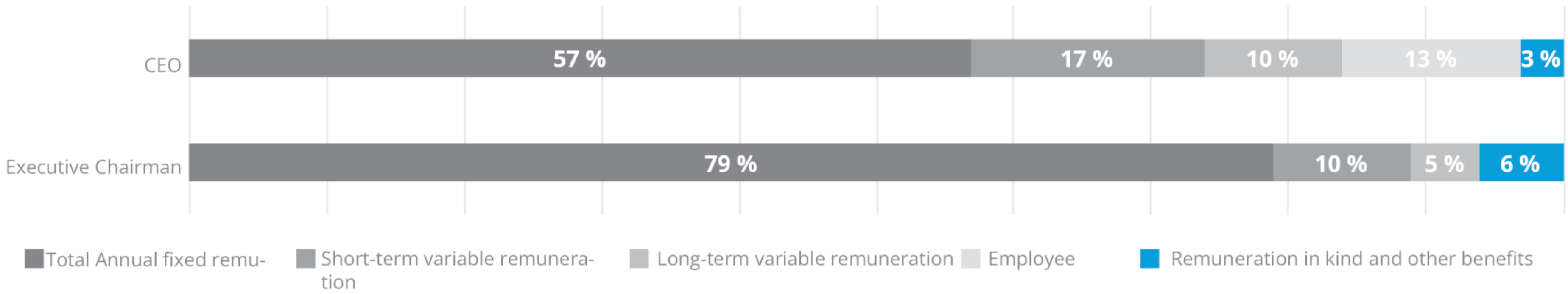
> REMUNERATION FOR BOARD MEMBERSHIP AND MEMBERSHIP OF BOARD COMMITTEES

(thousands of euros)	Total 2024
Base remuneration of each Board member	97.3
Additional remuneration of the Coordinating Director	39.1
Additional remuneration of each member of the Executive Committee	54
Additional remuneration of the Chairman of the Executive Committee	28.3
Additional remuneration of each member of the Risks Committee	54
Additional remuneration of the Chairman of the Risks Committee	28.3
Additional remuneration of each member of the Audit and Control Committee	54
Additional remuneration of the Chairman of the Audit and Control Committee	28.3
Additional remuneration of each member of the Appointments and Sustainability Committee	32.4
Additional remuneration of the Chairman of the Appointments and Sustainability Committee	16.2
Additional remuneration of each member of the Remuneration Committee	32.4
Additional remuneration of the Chairman of the Remuneration Committee	16.2
Additional remuneration of each member of the Innovation, Technology and Digital Transformation Committee	32.4

(thousands of euros)	Total 2024
Remuneration to be distributed in 2024 under the maximum remuneration approved in 2023	3,071.25

5.2 Remuneration of directors discharging executive functions

By way of summary, the remuneration mix corresponding to the remuneration earned by CaixaBank's executive directors in 2024 is as follows:



Fixed items of remuneration

The maximum amount of the fixed components of remuneration accruable to Executive Directors in 2024 is as follows:

> FIXED REMUNERATION ACCRUED BY EXECUTIVE DIRECTORS

(thousands of euros)	Position	Salaries	Remuneration for board membership	Remuneration for membership on board committees	Remuneration for positions held at Group companies	Remuneration for membership of boards outside the Group	Total fixed remuneration expected for 2024
Gonzalo Gortazar	CEO	2,261	97	54	95		2,507
Jose Ignacio Goirigolzarri	Executive Chairman	1,590	97	82		15	1,784
Total Executive Directors		3,851	194	136	95	15	4,291

Executive Directors are also due to accrue the following amounts of remuneration in kind during the year:

> REMUNERATION IN KIND OF EXECUTIVE DIRECTORS

(thousands of euros)	Position	Own and family medical care*	Use of car and housing	Other	Total projected for 2024
Gonzalo Gortazar	CEO	4		12	16
Jose Ignacio Goirigolzarri	Executive Chairman	3		3	6
Total Executive Directors		7		15	22

** Medical insurance for the CEO, spouse, and all children aged under 25*

Variable components of remuneration

Variable Remuneration Scheme with Multi-year Metrics

The target amounts for this item determined in 2024 are as follows:

(thousands of euros)	Position	Variable target remuneration (thousands of €)
Gonzalo Gortazar	CEO	1,192
José Ignacio Goirigolzarri	Executive Chairman	346

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 results.

Multi-year factors with only corporate criteria which adjust, as a reduction mechanism, the payment of the deferred portion subject to multi-year factors are also used.

Although the variable component of the remuneration of Executive Directors shall be limited to a maximum amount of 100% of the fixed remuneration, unless the CaixaBank Annual General Meeting approves a higher level with a limit of 200%, the maximum amounts to be received by Executive Directors and the % of fixed remuneration they represent are detailed below:

> ESTIMATE OF VARIABLE REMUNERATION SCHEME WITH MULTI-YEAR METRICS 2024

(amounts in thousands of euros)	Chairman	CEO
VR with a level of achievement of <80%	0	0
VR with a level of achievement of 100%	346	1,192
% VR 100% of Annual Fixed Remuneration	19.4 %	47.5 %
Maximum VR with a level of achievement of 120%	415	1,430
% VR 120% of Annual Fixed Remuneration	23.3 %	57.0 %

> ANNUAL FACTOR MEASUREMENT METRICS

Corporate criteria	Metric	Weighting	Degree of compliance	Degree of achievement
Financial	ROTE	20%	> 17.2 = 120%	120%
			Between 17.2 and 13	Between 120 and 80%
			< 13 = 0%	— %
	Recurring RE	15%	< 40.5 = 120%	120%
			Between 40.5 and 43.94	Between 120 and 80%
			> 43.9 = 0%	— %
	NPAs	10%	< 544 m € = 120%	120%
			Between 1,422 m € and 544 m €	Between 120 and 80%
			> 1,422 m € = 0%	— %
Non-financial	RAF[1]	20%	0 ambers	100%
			0.5 ambers	97.5%
			1 amber	95%
			1.5 ambers	92.5%
			2 ambers	90%
			2.5 ambers	87.5%
			3 ambers	85%
			3.5 ambers	82.5%
			4 ambers	80%
			> = 4.5 amber	— %
	Quality	15%	Each challenge individually on scales between 0% and below 80% and up to a maximum of 120%	Maximum of 120% and a minimum of 80% below 0
			Weighted average (relational NPS 40%, and transactional NPS Retail signature 40%) and 20% digital NPS	
	Market Share	10%	<> -0.3 pp	— %
			Between -0.3 pp and -0.1 p.p.	Between 0% and 100%
			and -0.1 pp and +0.1 p.p.	100%
			Between + 0.1 pp and + 0.3 pp	Between 100% and 120%
			> + 0.3 p.p.	120%
	Sustainability	10%	> 35,869 m €	120%
			Between 35,869 m € and 23,913 m €	Between 120 and 80%
			< 23,913 m €	— %

A negative adjustment of 5% is included in the event that a certain number of High and Medium criticality compliance GAPs older than 6 and 12 months, respectively, are exceeded at year-end 2024.

[1] *Achievement may be adjusted downwards to 100% in the event that any metric included in the RAF is in recovery.*

The degree of achievement for the annual factor measurement metrics is determined solely on the basis of corporate criteria and includes the upfront payment of the variable remuneration as well as the first two deferred payments (i.e. 64% of the variable remuneration).

The corporate criteria 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.

The **corporate financial criteria** have been aligned with the most relevant management metrics of the Entity, adapting their weighting for the executive directors according to their functions. These are related to the following metrics:

ROTE (20%)

Definition: Measures the profitability index of the tangible assets and is calculated as the Profit/(loss) attributable to the Group (adjusted by the amount of the Additional Tier 1 coupon) and net equity plus valuation adjustments for the last 12 months, minus the intangible assets such as goodwill.

Recurring RE (15%)

Definition: This is the weight of recurring expenses in relation to the institution's gross margin. It is calculated as the percentage ratio of the Group's recurring expenses to the gross margin.

NPAs (10%)

Definition: This is the change, in absolute terms, in the Group's problematic assets (defined as non-performing and foreclosed loans and auction rights).

Non-financial corporate criteria relate to the following metrics:

RAF (20%)

Definition: The target linked to the RAF metric is set from an aggregate level of the Entity's Risk Appetite Framework metrics scorecard. This scorecard consists of quantitative metrics that measure the different risks, for which the Board of Directors establishes areas of appetite (green), tolerance (amber) or non-compliance (red), and determines the scale of fulfilment that establishes penalty or bonus percentages according to the variation of each metric, between the actual situation at the end of the year and that initially forecast for the same year in the budget.

Quality (15%)

Definition: Metric that combines the Net Promoter Score index (an index based on the information obtained from customers to find out if they would recommend CaixaBank) for different areas of the entity. 40% is defined on the basis of Relational NPS, 40% on the basis of Transactional Retail Signature NPS and the remaining 20% on the basis of Digital NPS (Now & Imagin's Digital Transactional NPS weighted by volume of users in 2024).

Market share (10%)

Definition: This measures the overall market variation at CaixaBank level of the loan portfolio and customer funds of the non-financial private sector resident in Spain.

Sustainability (10%)

Definition: Mobilisation of sustainable finances, in accordance with the objective of the 2022-2024 sustainability plan revised for the period 2024-2026.

For the purpose of determining variable remuneration for the annual factors (financial and non-financial) described above, once the 2024 financial year has ended, the result of each metric will be compared with its target value, and depending on the degree of compliance therewith, variable remuneration to be received will be calculated by applying the corresponding scales of degree of achievement, according to the weighting associated with each indicator, on the basis of the target value.

The resulting amount shall constitute the annual factor-linked variable remuneration of each Executive Director, which shall be subject to the terms of the vesting, consolidation and payment system set out below.

Compliance (5% adjustment)

Definition: The adjustment is established based on the high and medium risk regulatory compliance GAPs identified by the Compliance area.

Depending on the number of GAPS and the period for resolution, a penalty of up to 5% of the total variable remuneration granted could be applied.

> MULTI-YEAR FACTOR MEASUREMENT METRICS

Criteria	Metric	Weighting	Objective value	Degree of compliance	Degree of penalty
Corporate	CET1	25%	RAF measure for risk tolerance in green	Red = 0%	100%
				Amber = 50%	50%
				Green = 100%	— %
	TSR	25%	Value of the EUROSTOXX Banks – Gross Return index	> = index = 100%	— %
				< index = 0%	100%
	Multi-year ROTE	25%	Average amounts repaid annually in the measurement period	> Average = 100%	— %
				Between 80% and 100%	Between 0% and 100%
				< 80% = 0%	100%
	Sustainability	25%	96,119 m €	> = 96,119 m € = 100%	— %
				Between 96,119 m € and 72,089 m € = between 75% and 100%	Between 0% and 100%
				< 72,089 m € = 0%	100%

The level of achievement for the multi-year factor metrics is set solely on the basis of corporate criteria and determines the adjustment of payments from the third year of deferral (i.e. 36 per cent of the remaining variable remuneration).

The metrics associated with the multi-year factors are described below:

CET1 (25%)

Definition: It is set as a metric linked to the colour (tolerance level) of the indicator in the CET1 RAF at the end of the multi-year period.

The colour determines the risk tolerance level, in accordance with the risk appetite areas established by the Board of Directors. Green means ending within the tolerance level, amber means being at the tolerance level and red means being at the non-compliance level.

TSR (25%)

Definition: Comparison with the average of the EUROSTOXX Banks – Gross Return index.

Multi-year ROTE (25%)

Definition: This is set as the average achievement of the ROTE challenge for each of the years of the multi-year measurement period.

Sustainability (25%)

Definition: This is set to reach a cumulative sustainable finance mobilisation figure in the period 2024-2026.

The aforementioned metrics will have associated compliance scales so that if the targets established for each are not met within the three-year measurement period, the deferred portion of the variable remuneration pending payment can be reduced but never increased.

In addition, the remaining conditions of the system for granting, vesting and payment of variable remuneration to Executive Directors provided for in the Remuneration Policy shall apply to the variable remuneration.

In line with our responsible management model, 30% of the variable remuneration granted to the Chairman and CEO is linked to ESG factors. In line with the challenges detailed in section 3; 10% is linked to the mobilization of sustainable finance, 15% of the social type linked to Quality and Customer Experience, plus a possible negative adjustment of 5% linked to Regulatory Compliance and Governance management. In addition, in the adjustment with multi-year metrics, 25% is linked to a long-term sustainable financing mobilisation challenge.

TERMS AND CONDITIONS OF THE VARIABLE REMUNERATION AWARD, VESTING AND PAYMENT SYSTEM

In accordance with the vesting, consolidation and payment system applicable to variable remuneration under the Variable Remuneration Scheme with Multi-Year Metrics for the Entity's Executive Directors, 40% of the variable remuneration corresponding to the current year will be paid, if the conditions are met, in equal parts in cash and CaixaBank shares, while the remaining 60% will be deferred, 30% in cash and 70% in shares, over a period of five years. In this regard, the payment for the first two years of deferral is subject to annual factors, while the payment for the following three years will be subject to compliance with the approved multi-year factors.

The granting, vesting and payment system for the variable remuneration of Executive Directors is the same as that set out for 2023.

Contributions to pension schemes and other cover

In the case of the CEO, a total defined contribution of €471,240 will be made each year to cover the contingencies of retirement, death and total, absolute or severe permanent disability.

The annual target amount corresponding to the Discretionary Pension Benefits Policy, in accordance with the provisions of section 5.8.e), is €83,160 in the case of Mr. Gonzalo Gortazar Rotaeche.

In addition to the defined contribution described above, coverage will be established for death and permanent, total, absolute and severe disability for the amount of two annuities of the Total Fixed Annual Remuneration at the time the contingency occurs. The estimated premium for this cover is €97,702.

Coverage in favour of Mr José Ignacio Goirigolzarri Tellaeche for death and permanent, total, absolute and severe disability for the amount of two annuities of the Total Annual Fixed Remuneration at the time the contingency occurs is recognised. The estimated premium for this cover is €127,128 for each year that this Remuneration Policy is in effect.

> REMUNERATION OF EXECUTIVE DIRECTORS THROUGH LONG-TERM SAVINGS SYSTEMS

(thousands of euros)	Long-term savings system (defined contribution)				
	Position	Fixed component (85%)	Variable component (15%)[1]	Coverage for death, permanent disability, and severe disability	Total projected for 2023
Gonzalo Gortazar	CEO	471	99	98	668
Jose Ignacio Goirigolzarri	Executive Chairman			127	127
Total Executive Directors		471	99	225	795

[1] Information provided on contributions made to the employee pension system (variable remuneration) envisioned for the year in progress. The achievement of the annual challenges of 118.98% of the result of the metrics linked to 2023 annual factors has been considered for the CEO.

Remuneration accrued by Board members as consideration for representing CaixaBank at other companies

The following remuneration is payable for seats held on the Boards of Directors of Group companies or of other companies when acting on CaixaBank's behalf, as per the amounts currently set as remuneration payable for representing CaixaBank at other companies (which forms part of the director's Total annual fixed remuneration):

> REMUNERATION AS DIRECTORS ON BEHALF OF CAIXABANK

(thousands of euros)	Position	Investee	Total projected for 2024
Jose Ignacio Goirigolzarri	Director	CECA	15
Gonzalo Gortazar	Director	Banco BPI	63
Gonzalo Gortazar	Chairman	CaixaBank Payments & Consumer	32
Tomás Muniesa	Deputy Chairman	VidaCaixa	435
Tomás Muniesa	Deputy Chairman	SegurCaixa Adeslas	11
Total by item 2024			556

Remuneration aside from responsibilities as Director

Fernando Maria Ulrich Costa Duarte is the non-executive Chairman of the Board of Directors of Banco BPI. The remuneration planned for 2023 for his membership in this board is 750,000 euros.

Retention policy

The instruments delivered are subject to a three-year retention period, during which time they may not be disposed of by the Director.

However, one year after the delivery of the instruments, the Director may dispose of the instruments if he/she maintains, after the disposal or exercise, a net economic exposure to the change in the price of the instruments for a market value equivalent to an amount of at least twice his/her Total Annual Fixed Remuneration through the ownership of shares, options, rights to deliver shares or other financial instruments reflecting the market value of CaixaBank.

In addition, after the first year of holding, the Director may dispose of the instruments to the extent necessary to meet the costs related to their acquisition or, subject to the favourable opinion of the Remuneration Committee, to meet any extraordinary situations that may arise.

During the retention period, the exercise of the rights conferred by the instruments is vested in the Director as the holder of the instruments.

06. Table of reconciliation of content with the CNMV remuneration report template

A. REMUNERATION POLICY APPROVED FOR THE CURRENT YEAR

Section of the CNMV template	Included in the statistical report	Comments
A.1 and subsections	No	Section 2 and Section 5 in relation to the remuneration policy Section 5 in relation to the fixed components of remuneration for directors in their capacity as such Section 5 in relation to the different components of executive directors' remuneration Section 4 on the characteristics of the contracts concluded with executive directors Section 5 in relation to proposed changes in remuneration for 2024 and its quantitative valuation
A.2	No	Section 5 in relation to proposed changes in remuneration for 2024 and its quantitative valuation
A.3	No	Section 5 and Introduction in relation to the remuneration policy
A.4	No	Introduction, Section 2 and Section 5 in relation to the IARC vote and the remuneration policy

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

Section of the CNMV template	Included in the statistical report	Comments
B.1 and subsections	No	Section 2 and Section 3
B.2	No	Section 2 and Section 3
B.3	No	Section 2, Section 3 and Section 5
B.4	Yes	Section 2 and Section 6
B.5	No	Section 3
B.6	No	Section 3
B.7	No	Section 3
B.8	No	Not applicable
B.9	No	Section 3
B.10	No	Not applicable
B.11	No	Section 3 and Section 4

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

Section of the CNMV template	Included in the statistical report	Comments
B.12	No	Not applicable
B.13	No	At present, the Entity is not considering offering Directors financial assistance as remuneration. Note 43 of the consolidated annual financial statements explains the financing extended to directors and other key office holders
B.14	No	Section 3
B.15	No	Not currently provided
B.16	No	Section 3

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Section of the CNMV template	Included in the statistical report	Comments
C	Yes	Section 7
C.1 a) i)	Yes	Section 7
C.1 a) ii)	Yes	Section 7
C.1 a) iii)	Yes	Section 7
C.1 a) iv)	Yes	Section 7
C.1 b) i)	Yes	Section 7
C.1 b) ii)	Yes	Not applicable
C.1 b) iii)	Yes	Not applicable
C.1 b) iv)	Yes	Not applicable
C.1 c)	Yes	Section 7
C.2	Yes	Section 7

D. OTHER USEFUL INFORMATION

Section of the CNMV template	Included in the statistical report	Comments
Mr.	Yes	

07. Statistical information on remuneration required by the CNMV

ISSUER IDENTIFICATION

Financial year-end: 31/12/2023

Tax code: A08663619

Corporate name:

CAIXABANK, S.A.

Registered office:

CL. PINTOR SOROLLA N.2-4 (VALENCIA)

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

B.4. Report on the result of the advisory vote at the General Shareholders' Meeting on the annual report on remuneration for the previous financial year, indicating the number of abstentions and the number of negative, blank and affirmative votes cast:

	Number	% of total
Votes cast	5,743,814,850	76.56

	Number	% of votes cast
Votes against	36,487,237	0.64
Votes in favour	4,401,653,809	76.63
Blank votes		0.00
Abstentions	1,305,673,804	22.73

C. STATE THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Accrual period 2023 fiscal year
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Executive Chairman	From 01/01/2023 to 31/12/2023
MR TOMÁS MUNIESA ARANTEGUI	Proprietary Deputy Chairman	From 01/01/2023 to 31/12/2023
MR GONZALO GORTAZAR ROTAECHE	CEO	From 01/01/2023 to 31/12/2023
MR EDUARDO JAVIER SANCHIZ IRAZU	Lead Independent Director	From 01/01/2023 to 31/12/2023
MR JOAQUIN AYUSO GARCÍA	Independent Director	From 01/01/2023 to 31/12/2023
MR FRANCISCO JAVIER CAMPO GARCÍA	Independent Director	From 01/01/2023 to 31/12/2023
MS EVA CASTILLO SANZ	Independent Director	From 01/01/2023 to 31/12/2023
MR FERNANDO MARÍA COSTA DUARTE ULRICH	Other External Director	From 01/01/2023 to 31/12/2023
MS MARÍA VERÓNICA FISAS VERGÉS	Independent Director	From 01/01/2023 to 31/12/2023
MS CRISTINA GARMENDIA MENDIZABAL	Independent Director	From 01/01/2023 to 31/12/2023
MR PETER LÖSCHER	Independent Director	From 31/03/2023 to 31/12/2023
MS MARÍA AMPARO MORALEDA MARTÍNEZ	Independent Director	From 01/01/2023 to 31/12/2023
MS MARÍA TERESA SANTERO QUINTILLÁ	Proprietary Director	From 01/01/2023 to 31/12/2023
MR JOSÉ SERNA MASIÁ	Proprietary Director	From 01/01/2023 to 31/12/2023
MS KORO USARRAGA UNSAIN	Independent Director	From 01/01/2023 to 31/12/2023
MR JOHN S. REED	Lead Independent Director	From 01/01/2023 to 31/03/2023

C.1 Complete the following tables regarding the individual remuneration accrued by each director (including remuneration received for the performance of executive functions) during the year

a) Remuneration from the reporting company:

i) Remuneration in cash (in thousands of EUR)

Name	Fixed remuneration	Attendance fees	Remuneration for membership to Committees of the Board of Directors	Salary	Variable remuneration in the short term	Variable remuneration item	Compensation	Other concepts	Total financial year 2023	Total financial year 2022
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	95		80	1,543	80	119		1	1,918	1,864
MR TOMÁS MUNIESA ARANTEGUI	95		105						200	196
MR GONZALO GORTAZAR ROTAECHE	95		52	2,142	227	181		5	2,702	2,592
MR EDUARDO JAVIER SANCHIZ IRAZU	123		164						287	230
MR JOAQUIN AYUSO GARCÍA	95		84						179	170
MR FRANCISCO JAVIER CAMPO GARCÍA	95		107						202	170
MS EVA CASTILLO SANZ	95		119						214	170
MR FERNANDO MARÍA COSTA DUARTE ULRICH	95		84						179	170
MS MARÍA VERÓNICA FISAS VERGÉS	95		65						160	190
MS CRISTINA GARMENDIA MENDIZÁBAL	95		115						210	200
MR PETER LÖSCHER	59		40						99	
MS MARÍA AMPARO MORALEDA MARTÍNEZ	95		139						234	232
MS MARÍA TERESA SANTERO QUINTILLÁ	95		52						147	140
MR JOSÉ SERNA MASIÁ	95		84						179	170
MS KORO USARRAGA UNSAIN	95		169						264	250
MR JOHN S. REED	33		12						45	164

Notes:

In accordance with the CNMV's instructions to complete this report, the amounts included in the "Short-term variable remuneration" and "Long-term variable remuneration" cells correspond to:

Chairman:

- Short-term variable remuneration: The cash portion of the upfront payment of the variable remuneration scheme with multi-year metrics (20%), the payment of which corresponds in 2024.
- Long-term variable remuneration: The cash part of the payment of the deferred portion of the annual bonus plan 2022 (4%), 2021 (6%), RVA 2019 (12.5%), RVA 2018 (12.5%), RVP 2018 (50%), which is payable in 2024.

Chief Executive Officer:

- Short-term variable remuneration: The cash portion of the upfront payment of the variable remuneration scheme with multi-year metrics (20%), the payment of which corresponds in 2024.
- Long-term variable remuneration: The cash part of the payment of the deferred portion of the annual bonus plan 2022 (4%), 2021 (6%), 2019 (6%) and 2018 (6%), which is payable in 2024.

ii) Breakdown of movements of the share-based remuneration systems and gross profit of the consolidated shares or financial instruments.

Name	Plan name	Financial instrument at the beginning of financial year 2023		Financial instruments granted during year 2023		Consolidated financial instruments in the financial year				Instruments past due and not exercised	Financial instruments at the end of financial year 2023	
		No. of instruments	No. equivalent shares	No. of instruments	No. equivalent shares	No. of instruments	No. equivalent / consolidated shares	Price of the shares shares	Gross profit of the shares or consolidated financial financial instruments (€ thousand)	No. of instruments	No. of instrument s	No. equivalent shares
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Variable remuneration 2023				63,486		20,479	3.90	80			43,007
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Remuneration remuneration 2022		41,152				8,232	3.90	32			32,920
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Bonus plan 2021		20,472				5,118	3.90	20			15,354
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	3rd CAIP cycle 2019-2021		64,023									64,023
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Remuneration Variable Remuneration		11,014									11,014
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Remuneration Variable Remuneration		20,420				10,210	3.90	40			10,210
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Remuneration Variable Remuneration		8,464				8,464	3.90	33			0
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Remuneration Variable Remuneration		6,740				6,740	3.90	26			0
MR TOMÁS MUNIESA ARANTEGUI	ILP 2015-2018		8,247				8,247	3.98	33			0

Name	Plan name	Financial instrument at the beginning of financial year 2023		Financial instruments granted during year 2023		Consolidated financial instruments in the financial year				Instruments past due and not exercised	Financial instruments at the end of financial year 2023	
		No. of instruments	No. equivalent shares	No. of instruments	No. equivalent shares	No. of instruments	No. equivalent / consolidated shares	Price of the shares shares	Gross profit of the shares or consolidated financial financial instruments (€ thousand)	No. of instruments	No. of instruments	No. equivalent shares
MR GONZALO GORTAZAR ROTAECHE	Variable remuneration 2023				180,303		58,162	3.90	227			122,141
MR GONZALO GORTAZAR ROTAECHE	Remuneration remuneration 2022		116,873				23,377	3.90	91			93,496
MR GONZALO GORTAZAR ROTAECHE	Bonus Plan 2021		72,560				18,140	3.90	71			54,420
MR GONZALO GORTAZAR ROTAECHE	Bonus Plan 2019		32,512				16,256	3.90	63			16,256
MR GONZALO GORTAZAR ROTAECHE	Bonus Plan 2018		15,613				15,613	3.90	61			0
MR GONZALO GORTAZAR ROTAECHE	ILP 2015-2018		13,553				13,553	3.98	54			0
MR GONZALO GORTAZAR ROTAECHE	1st CAIP cycle 2019-2021		23,924				11,962	3.90	47			11,962
MR GONZALO GORTAZAR ROTAECHE	3rd CAIP cycle 2019-2021		106,705									106,705
MR EDUARDO JAVIER SANCHIZ IRAZU	Plan						0					
MR JOAQUIN AYUSO GARCÍA	Plan						0					

Name	Plan name	Financial instrument at the beginning of financial year 2023		Financial instruments granted during year 2023		Consolidated financial instruments in the financial year				Instruments past due and not exercised	Financial instruments at the end of financial year 2023	
		No. of instruments	No. equivalent shares	No. of instruments	No. equivalent shares	No. of instruments	No. equivalent / consolidated shares	Price of the shares	Gross profit of the shares or consolidated financial financial instruments (€ thousand)	No. of instruments	No. of instruments	No. equivalent shares
MR FRANCISCO JAVIER CAMPO GARCÍA	Plan						0					
MS EVA CASTILLO SANZ	Plan						0					
MR FERNANDO MARÍA COSTA DUARTE ULRICH	Plan						0					
MS MARÍA VERÓNICA FISAS VERGÉS	Plan						0					
MS CRISTINA GARMENDIA MENDIZABAL	Plan						0					
MR PETER LÖSCHER	Plan						0					
MS MARÍA AMPARO MORALEDA MARTÍNEZ	Plan						0					
MS MARÍA TERESA SANTERO QUINTILLÁ	Plan						0					
MR JOSÉ SERNA MASIÁ	Plan						0					
MS KORO USARRAGA UNSAIN	Plan						0					
MR JOHN S. REED	Plan						0					

Observations:

In accordance with the CNMV's instructions for completing this report, the amounts included in the cell "Consolidated financial instruments in the year" correspond:

For the Chairman:

- The portion in equity of the upfront payment of the variable remuneration scheme with multi-year metrics 2023 (20%), which is due for delivery in 2024.
- The portion in shares corresponding to the first deferral of the annual bonus plan 2022 (8%), to be paid in 2024.
- The portion in shares corresponding to the second deferral of the annual bonus plan 2021 (6%), to be paid in 2024.
- The portion in shares corresponding to the second deferral of the 2019 RVA (12.5%), which is due for delivery in 2024.
- The portion in shares corresponding to the third deferral of the 2018 RVA (12.5%), which is due for delivery in 2024.
- The portion in shares corresponding to the first deferral of the 2018 RVP (50%), which is due for delivery in 2024

All shares were valued at the average closing price of CaixaBank shares for the trading sessions between 1 and 31 January 2024, which was €3,904/share.

For the CEO:

- The portion in equity of the upfront payment of the variable remuneration scheme with multi-year metrics 2023 (20%), which is payable in 2024.
- The portion in shares corresponding to the first deferral of the variable remuneration scheme with multi-year metrics 2022 (8%), to be paid in 2024.
- The share portion corresponding to the second, fourth and fifth deferrals of the annual bonus plans 2021 (6%), 2019 (6%) and 2018 (6%), respectively, to be paid in 2024.
- Second delivery of shares of the 1st cycle of the CAIP 2019-2021 (33%), to be paid in 2024.

All shares were valued at the average closing price of CaixaBank shares for the trading sessions between 1 and 31 January 2024, which was €3,904/share.

- The shares corresponding to the fifth and last deferral of the 2015-2018 ILP (12%), due in 2024.

Since the shares have not yet been delivered and therefore the valuation price is not known, the plan grant price of €3,982/share has been used.

Deputy Chairman, for his previous managerial duties:

- The shares corresponding to the fifth and last deferral of the 2015-2018 ILP (12%), due in 2024. Since the shares have not yet been delivered and therefore the valuation price is not known, the plan grant price of €3,982/share has been used.

All shares delivered carry a retention period of one year from delivery.

The total number of shares allocated (both delivered and deferred shares), including 2023, under the variable remuneration plans for Executive Directors, members of the Management Committee and other CaixaBank employees, which are pending delivery, represents 0.16% of the total share capital. Shares are not issued to meet the variable remuneration payment in shares, but are acquired on the market through treasury shares, so that these remuneration plans do not lead to dilution for shareholders.

iii) Long-term saving schemes.

Name	Remuneration from consolidation of rights to savings systems
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	
MR TOMÁS MUNIESA ARANTEGUI	
MR GONZALO GORTAZAR ROTAECHE	
MR EDUARDO JAVIER SANCHIZ IRAZU	
MR JOAQUIN AYUSO GARCÍA	
MR FRANCISCO JAVIER CAMPO GARCÍA	
MS EVA CASTILLO SANZ	
MR FERNANDO MARÍA COSTA DUARTE ULRICH	
MS MARÍA VERÓNICA FISAS VERGÉS	
MS CRISTINA GARMENDIA MENDIZABAL	
MR PETER LÖSCHER	
MS MARÍA AMPARO MORALEDA MARTÍNEZ	
MS MARÍA TERESA SANTERO QUINTILLÁ	
MR JOSÉ SERNA MASIÁ	
MS KORO USARRAGA UNSAIN	
MR JOHN S. REED	

Name	Contribution by the company in the year (thousands of EUR)				Cumulative amount of funds (thousands of EUR)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE								
MR TOMÁS MUNIESA ARANTEGUI					1,329	1,224		
MR GONZALO GORTAZAR ROTAECHE			540	513	2,822	2,614	3,763	3,213
MR EDUARDO JAVIER SANCHIZ IRAZU								
MR JOAQUIN AYUSO GARCÍA								
MR FRANCISCO JAVIER CAMPO GARCÍA								
MS EVA CASTILLO SANZ								
MR FERNANDO MARÍA COSTA DUARTE ULRICH								
MS MARÍA VERÓNICA FISAS VERGÉS								
MS CRISTINA GARMENDIA MENDIZABAL								
MR PETER LÖSCHER								
MS MARÍA AMPARO MORALEDA MARTÍNEZ								
MS MARÍA TERESA SANTERO QUINTILLÁ								
MR JOSÉ SERNA MASIÁ								
MS KORO USARRAGA UNSAIN								
MR JOHN S. REED								

Notes:

The systems with vested economic rights of the CEO and the Deputy Chairman correspond to their previous management functions and no contribution is made. The increase in accumulated funds is due to the evolution of the market value of these funds.

iv) Details of other items

Name	Item	Remuneration amount
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Health Insurance	2
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Life insurance risk premium	114
MR TOMÁS MUNIESA ARANTEGUI		
MR GONZALO GORTAZAR ROTAECHE	Health Insurance	5
MR GONZALO GORTAZAR ROTAECHE	Life insurance risk premium	84
MR EDUARDO JAVIER SANCHIZ IRAZU		
MR JOAQUIN AYUSO GARCÍA		
MR FRANCISCO JAVIER CAMPO GARCÍA		
MS EVA CASTILLO SANZ		
MR FERNANDO MARÍA COSTA DUARTE ULRICH		
MS MARÍA VERÓNICA FISAS VERGÉS		
MS CRISTINA GARMENDIA MENDIZABAL		
MR PETER LÖSCHER		
MS MARÍA AMPARO MORALEDA MARTÍNEZ		
MS MARÍA TERESA SANTERO QUINTILLÁ		
MR JOSÉ SERNA MASIÁ		
MS KORO USARRAGA UNSAIN		
MR JOHN S. REED		

b) Remuneration paid to directors of the listed company for their membership of the governing bodies of its subsidiaries:

i) Remuneration in cash (thousands of €)

Name	Fixed remuneration	Attendance fees	Remuneration for membership to Committees of the Board of Directors	Salary	Variable remuneration in the short term	Variable remuneration item	Compensation	Other concepts	Total financial year 2023	Total financial year 2022
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE										
MR TOMÁS MUNIESA ARANTEGUI	435								435	435
MR GONZALO GORTAZAR ROTAECHE	86								86	60
MR EDUARDO JAVIER SANCHIZ IRAZU										
MR JOAQUIN AYUSO GARCÍA										
MR FRANCISCO JAVIER CAMPO GARCÍA										
MS EVA CASTILLO SANZ										
MR FERNANDO MARÍA COSTA DUARTE ULRICH	750								750	750
MS MARÍA VERÓNICA FISAS VERGÉS										
MS CRISTINA GARMENDIA MENDIZABAL										
MR PETER LÖSCHER										
MS MARÍA AMPARO MORALEDA MARTÍNEZ										
MS MARÍA TERESA SANTERO QUINTILLÁ										
MR JOSÉ SERNA MASIÁ										
MS KORO USARRAGA UNSAIN										
MR JOHN S. REED										

ii) Breakdown of movements of the share-based remuneration systems and gross profit of the consolidated shares or financial instruments.

Name	Plan name	Financial instrument at the beginning of financial year 2023		Financial instruments granted during year 2023		Consolidated financial instruments in the financial year				Instruments past due and not exercised	Financial instruments at the end of financial year 2023	
		No. of instruments	No. equivalent shares	No. of instruments	No. equivalent shares	No. of instruments	No. equivalent / consolidated shares	Price of the shares shares	Gross profit of the shares or consolidated financial financial instruments (€ thousand)	No. of instruments	No. of instruments	No. equivalent shares
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Plan							0.00				
MR TOMÁS MUNIESA ARANTEGUI	Plan							0.00				
MR GONZALO GORTAZAR ROTAECHE	Plan							0.00				
MR EDUARDO JAVIER SANCHIZ IRAZU	Plan							0.00				
MR JOAQUIN AYUSO GARCÍA	Plan							0.00				
MR FRANCISCO JAVIER CAMPO GARCÍA	Plan							0.00				
MS EVA CASTILLO SANZ	Plan							0.00				
MR FERNANDO MARÍA COSTA DUARTE ULRICH	Plan							0.00				

Name	Plan name	Financial instrument at the beginning of financial year 2023		Financial instruments granted during year 2023		Consolidated financial instruments in the financial year				Instruments past due and not exercised	Financial instruments at the end of financial year 2023	
		No. of instruments	No. equivalent shares	No. of instruments	No. equivalent shares	No. of instruments	No. equivalent / consolidated shares	Price of the shares shares	Gross profit of the shares or consolidated financial financial instruments (€ thousand)	No. of instruments	No. of instruments	No. equivalent shares
MS MARÍA VERÓNICA FISAS VERGÉS	Plan							0.00				
MS CRISTINA GARMENDIA MENDIZABAL	Plan							0.00				
MR PETER LÖSCHER	Plan							0.00				
MS MARÍA AMPARO MORALEDA MARTÍNEZ	Plan							0.00				
MS MARÍA TERESA SANTERO QUINTILLÁ	Plan							0.00				
MR JOSÉ SERNA MASIÁ	Plan							0.00				
MS KORO USARRAGA UNSAIN	Plan							0.00				
MR JOHN S. REED	Plan							0.00				

iii) Long-term saving schemes.

Name	Remuneration from consolidation of rights to savings systems
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	
MR TOMÁS MUNIESA ARANTEGUI	
MR GONZALO GORTAZAR ROTAECHE	
MR EDUARDO JAVIER SANCHIZ IRAZU	
MR JOAQUIN AYUSO GARCÍA	
MR FRANCISCO JAVIER CAMPO GARCÍA	
MS EVA CASTILLO SANZ	
MR FERNANDO MARÍA COSTA DUARTE ULRICH	
MS MARÍA VERÓNICA FISAS VERGÉS	
MS CRISTINA GARMENDIA MENDIZABAL	
MR PETER LÖSCHER	
MS MARÍA AMPARO MORALEDA MARTÍNEZ	
MS MARÍA TERESA SANTERO QUINTILLÁ	
MR JOSÉ SERNA MASIÁ	
MS KORO USARRAGA UNSAIN	
MR JOHN S. REED	

	Contribution by the company in the year (thousands of EUR)				Cumulative amount of funds (thousands of EUR)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
Name	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE								
MR TOMÁS MUNIESA ARANTEGUI								
MR GONZALO GORTAZAR ROTAECHE								
MR EDUARDO JAVIER SANCHIZ IRAZU								
MR JOAQUIN AYUSO GARCÍA								
MR FRANCISCO JAVIER CAMPO GARCÍA								
MS EVA CASTILLO SANZ								
MR FERNANDO MARÍA COSTA DUARTE ULRICH								
MS MARÍA VERÓNICA FISAS VERGÉS								
MS CRISTINA GARMENDIA MENDIZABAL								
MR PETER LÖSCHER								
MS MARÍA AMPARO MORALEDA MARTÍNEZ								
MS MARÍA TERESA SANTERO QUINTILLÁ								
MR JOSÉ SERNA MASIÁ								
MS KORO USARRAGA UNSAIN								
MR JOHN S. REED								

iv) Details of other items

Name	Item	Remuneration amount
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	Item	
MR TOMÁS MUNIESA ARANTEGUI	Item	
MR GONZALO GORTAZAR ROTAECHE	Item	
MR EDUARDO JAVIER SANCHIZ IRAZU	Item	
MR JOAQUIN AYUSO GARCÍA	Item	
MR FRANCISCO JAVIER CAMPO GARCÍA	Item	
MS EVA CASTILLO SANZ	Item	
MR FERNANDO MARÍA COSTA DUARTE ULRICH	Item	
MS MARÍA VERÓNICA FISAS VERGÉS	Item	
MS CRISTINA GARMENDIA MENDIZABAL	Item	
MR PETER LÖSCHER	Item	
MS MARÍA AMPARO MORALEDA MARTÍNEZ	Item	
MS MARÍA TERESA SANTERO QUINTILLÁ	Item	
MR JOSÉ SERNA MASIÁ	Item	
MS KORO USARRAGA UNSAIN	Item	
MR JOHN S. REED	Item	

c) Summary of remuneration (in thousands of €):

The summary should include amounts for all remuneration components referred to in this report accrued by the Director, in thousands of euros.

	Remuneration accrued in the company					Remuneration accrued in group companies					
Name	Total Remuneration in cash	Gross profit of the shares or consolidated financial financial instruments	Remuneration By saving	Remuneration for other concepts	Total financial year 2023 company	Total Remuneration in cash	Gross profit of the shares or consolidated financial financial instruments	Remuneration By saving	Remuneration for other concepts	Total financial year 2023 Group	Total financial year 2023 company + group
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	1,918	231		116	2,265					0	2,265
MR TOMÁS MUNIESA ARANTEGUI	200	33			233	435				435	668
MR GONZALO GORTAZAR ROTAECHE	2,702	614		89	3,405	86				86	3,491
MR EDUARDO JAVIER SANCHIZ IRAZU	287				287					0	287
MR JOAQUIN AYUSO GARCÍA	179				179					0	179
MR FRANCISCO JAVIER CAMPO GARCÍA	202				202					0	202
MS EVA CASTILLO SANZ	214				214					0	214
MR FERNANDO MARÍA COSTA DUARTE ULRICH	179				179	750				750	929

	Remuneration accrued in the company					Remuneration accrued in group companies					
Name	Total Remunerati on in cash	Gross profit of the shares or consolidated financial financial instruments	Remuneration By saving	Remuneration for other concepts	Total financial year 2023 company	Total Remunerati on in cash	Gross profit of the shares or consolidated financial financial instruments	Remuneration By saving	Remuneration for other concepts	Total financial year 2023 Group	Total financial year 2023 company + group
MS MARÍA VERÓNICA FISAS VERGÉS	160				160					0	160
MS CRISTINA GARMENDIA MENDIZABAL	210				210					0	210
MR PETER LÖSCHER	99				99					0	99
MS MARÍA AMPARO MORALEDA MARTÍNEZ	234				234					0	234
MS MARÍA TERESA SANTERO QUINTILLÁ	147				147					0	147
MR JOSÉ SERNA MASIÁ	179				179					0	179
MS KORO USARRAGA UNSAIN	264				264					0	264
MR JOHN S. REED	45				45					0	45
Total	7,219	878	0	205	8,302	1,271	0	0	0	1,271	9,573

C.2 Indicate the changes over the last five years in the amount and percentage of the remuneration earned by each of the listed company's directors during the year, in the consolidated results of the company, and in the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Financial year 2023	% change 2023/2022	Financial year 2022	% change 2022/2021	Financial year 2021	% change 2021/2020	Financial year 2020	% change 2020/2019	Financial year 2019
Executive Directors									
MR JOSÉ IGNACIO GOIRIGOLZARRI TELLAECHE	2,265	2.58	2,208	38.78	1,591				
MR GONZALO GORTAZAR ROTAECHE	3,491	6.56	3,276	11.09	2,949	26.84	2,325	(24.56)	3,082
External Directors									
MR TOMÁS MUNIESA ARANTEGUI	668	(0.30)	670	0.30	668	10.23	606	5.39	575
MR EDUARDO JAVIER SANCHIZ IRAZU	287	24.78	230	—	230	5.50	218	10.66	197
MR JOAQUIN AYUSO GARCÍA	179	5.29	170	31.78	129				
MR FRANCISCO JAVIER CAMPO GARCÍA	202	18.82	170	31.78	129				
MS EVA CASTILLO SANZ	214	25.88	170	31.78	129				
MR FERNANDO MARÍA COSTA DUARTE ULRICH	929	0.98	920	4.66	879				
MS MARÍA VERÓNICA FISAS VERGÉS	160	(15.79)	190	—	190	3.83	183	12.96	162
MS CRISTINA GARMENDIA MENDIZABAL	210	5.00	200	—	200	18.34	169	177.05	61

	Total amounts accrued and % annual variation								
	Financial year 2023	% change 2023/2022	Financial year 2022	% change 2022/2021	Financial year 2021	% change 2021/2020	Financial year 2020	% change 2020/2019	Financial year 2019
MR PETER LÖSCHER	99								
MS MARÍA AMPARO MORALEDA MARTÍNEZ	234	0.86	232	12.62	206	—	206	6.19	194
MS MARÍA TERESA SANTERO QUINTILLÁ	147	5.00	140	30.84	107				
MR JOSÉ SERNA MASIÁ	179	5.29	170	4.29	163	16.43	140	—	140
MS KORO USARRAGA UNSAIN	264	5.60	250	—	250	8.23	231	17.26	197
MR JOHN S. REED	45	(72.56)	164	—	164	10.07	149	18.25	126
Consolidated results of the company	6,924	60.06	4,326	(18.61)	5,315	231.98	1,601	(22.92)	2,077
Average Employee Remuneration	74	8.82	68	6.25	64	8.47	59	(1.67)	60

Notes:

The average remuneration of the staff from 2019 to 2020 was impacted by the effect of the voluntary departures associated with the 2019 layoffs and the incentivised departures in 2020 of older employees, and due to temporary redundancies resulting from the pandemic. The 2020-2021 variation in Mr. Gortazar's accrued remuneration is due to the voluntary renunciation in 2020 of his variable remuneration, both annual and multi-year, as an act of responsibility for the exceptional economic and social situation generated by COVID-19, since his remuneration conditions did not change. The average remuneration of the staff from 2020 to 2021 was also affected by the merger with Bankia and by the voluntary departures of the 2021 layoffs.

With regard to the change in the company's results in 2021, the merger of CaixaBank and Bankia must be taken into account.

For the calculation of the average remuneration of employees from 2021 onwards, wage and salary items have been included, as well as other items included in other personnel expenses (defined contribution to the Pension Plan (savings and risk), health policy, study grants, etc.) without consolidation adjustments or employer's social security contributions. This amount is divided by the average workforce figure for the year, as detailed in the consolidated management report.

The increase in Mr. Goirigolzarri's remuneration from 2021 to 2022 is mainly due to his remuneration in 2022 covering the entire year, while in 2021 it was only received for part of the year.

The variation in Mr. Gortazar's remuneration from 2021 to 2022 is due to the higher accrual of variable remuneration in 2022, which is also the case of Mr. Goirigolzarri. In both cases, the amount of variable target remuneration and annual fixed remuneration has been the same in both financial years.

From 2021 to 2022, the remaining remuneration increases of the rest of directors are due to arrivals in 2021 or changes in delegated committees, where remuneration for belonging to the Board or delegated committees has remained the same between 2021 and 2022.

At the 2023 General Shareholders' Meeting, a 5% increase in the remuneration of the Board of Directors was approved, as well as in the remuneration of the Executive Directors for their executive functions, which explains the increase compared to 2022.

D. OTHER USEFUL INFORMATION

This annual remuneration report has been approved by the company's Board of Directors, in its meeting on:

[15/02/2024]

State whether any Directors voted against or abstained from voting on the approval of this Report.

[ ] Yes
[√] No

DECLARACIÓN DE RESPONSABILIDAD SOBRE EL CONTENIDO DEL INFORME FINANCIERO ANUAL INDIVIDUAL DE CAIXABANK, S.A. CORRESPONDIENTE AL EJERCICIO 2023

Los miembros del Consejo de Administración de CaixaBank, S.A. declaran que, hasta donde alcanza su conocimiento, las cuentas anuales elaboradas con arreglo a los principios de contabilidad aplicables ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de CaixaBank, S.A. y que el informe de gestión incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de CaixaBank, S.A., junto con la descripción de los principales riesgos e incertidumbres a que se enfrenta.

Las Cuentas Anuales e Informe de Gestión individual correspondientes al ejercicio anual cerrado el 31 de diciembre de 2023 han sido formulados en formato electrónico por el Consejo de Administración de CaixaBank, S.A., en su reunión de 15 de febrero de 2024, siguiendo los requerimientos establecidos en el Reglamento Delegado (UE) 2019/815.

Valencia, a 15 de febrero de 2024

Don José Ignacio Goirigolzarri Tellaeche
Presidente

Don Tomás Muniesa Arantegui
Vicepresidente

Don Gonzalo Gortázar Rotaeche
Consejero Delegado

Don Eduardo Javier Sanchiz Irazu
Consejero Coordinador

Don Joaquín Ayuso García
Consejero

Don Francisco Javier Campo García
Consejero

Doña Eva Castillo Sanz
Consejera

Doña María Verónica Fisas Vergés
Consejera

Doña Cristina Garmendia Mendizábal
Consejera

Don Peter Löscher
Consejero

Doña María Amparo Moraleda Martínez
Consejera

Doña Teresa Santero Quintillá
Consejera

Don José Serna Masiá
Consejero

Doña Koro Usarraga Unsain
Consejera

Don Fernando Maria Costa Duarte Ulrich
Consejero