



# CaixaBank, S.A. Risks Committee Activity Report 2023

December 2023

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This Activity Report was drawn up by the Risks Committee of CaixaBank S.A. (hereinafter referred to as the “Committee”) on 5 December 2023, as stipulated in the Company By-laws and the Regulations of the Board of Directors and submitted for approval by the Board of Directors of CaixaBank, S.A. (hereinafter referred to as “CaixaBank” or the “Company”) at its meeting of 21 December 2023.

During the financial year 2023, the Committee has furthered and consolidated the performance of its functions, acting within the scope of its responsibility at all times, adopting all the necessary resolutions and issuing all the relevant reports in accordance with current legislation or as expressly required.

## 1. Governance

The CaixaBank Risks Committee was created on 25 September 2014 by a resolution of the Board of Directors.

The powers attributed to the Committee and its rules of procedure are described in Article 40.4 of the Company By-laws and Article 14.2 of the Regulations of the Board of Directors of CaixaBank.

Until now, it has not been deemed necessary for the Committee to have its own regulations, as the Committee’s functioning is governed in sufficient detail by the rules contained in the Regulations of the Board.

## 2. Composition

At December 2023, the composition of the Committee is as follows:

Member	Position	Type	Date of first appointment to the Committee	Shareholder represented
Koro Usarraga Unsain	Chairwoman	Independent	01-02-2018 <sup>(1) (3)</sup>	-
Joaquín Ayuso García	Committee Member	Independent	30-03-2021	-
Fernando Maria Costa Duarte Ulrich	Committee Member	Other external	30-03-2021	-
María Verónica Fisas Vergés	Committee Member	Independent	22-05-2020	-
Tomás Muniesa Arantegui	Committee Member	Proprietary	22-05-2020 <sup>(2)</sup>	FB “la Caixa”/Criteria

*Chart 1: Risks Committee members*

(1) Appointed Chairwoman on 31 March 2023.

(2) Reappointed as a member of the Board of Directors on 8 April 2022.

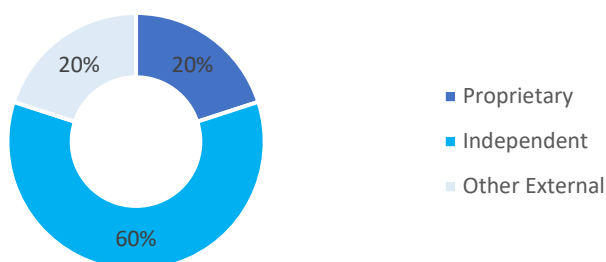
(3) Reappointed as a member of the Board of Directors on 14 May 2021.

The Risks Committee is composed of a total of five members, three of whom are independent Directors, with one member in the category of other external Directors and one member a proprietary Director representing Fundación Bancaria “la Caixa”/Criteria Caixa. The Committee’s

composition was changed in 2023: the Board of Directors resolved that Eduardo Javier Sanchiz Irazu should leave the Committee, thus reducing the total number of Committee members by one.

The members of the Risks Committee resolved to appoint Koro Usarraga Unsain, an independent Director, as the Risks Committee Chairwoman.

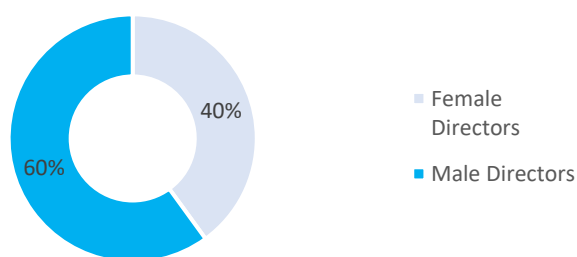
At December 2023, the diversity of the Committee's composition is as shown in the following graphs:



Graph 1: Category of Directors on the Risks Committee

The Committee members have the necessary knowledge and experience to carry out their duties. Overall, the Committee members have the necessary knowledge to carry out their duties. The professional resume of each Committee member is available for information purposes on the Company's website, <https://www.caixabank.com>.

With regard to gender diversity, the percentage of women on the Committee is currently 40% of its members.



Graph 2: Gender diversity of the Risks Committee

Also, the Directors' seniority on the Committee at 31 December 2023 is as follows:



Graph 3: Number of years as Risks Committee members

With regard to cross-participation of the Committee members, Joaquín Ayuso García is a member of the Remuneration Committee and Fernando Maria Costa Duarte Ulrich is a member of the Appointments and Sustainability Committee. Also, the Deputy Chairman of the Board of Directors Tomás Muniesa Arantegui and Koro Usarraga Unsain are members of the Executive Committee, and Koro Usarraga Unsain is a member of the Remuneration Committee.

Member	Executive Committee	Appointments and Sustainability Committee	Audit and Control Committee	Remuneration Committee	Innovation, Technology and Digital Transformation Committee
Joaquín Ayuso García				Committee Member	
Fernando Maria Costa Duarte Ulrich		Committee Member			
María Verónica Fisas Vergés					
Tomás Muniesa Arantegui	Committee Member				
Koro Usarraga Unsain	Committee Member			Committee Member	

Chart 2: Cross-participation of the Risks Committee members

In accordance with Article 14.2.d) of the Regulations of the Board of Directors, the positions of Secretary and Deputy Secretary of the Committee are held in an advisory capacity by the Secretary of the Board of Directors of CaixaBank and the First Deputy Secretary of the Board of Directors of CaixaBank respectively.

### 3. The Committee's Functioning

#### (i) Preparation

In order to prepare the Committee's meetings, its members are provided with the documentation for the meeting (agenda, presentations, reports, minutes of the previous meetings and any other supporting documentation) sufficiently in advance of each meeting, using specially designed computer tools to ensure the confidentiality of the information.

The Committee also establishes yearly scheduling of recurring items, subject to review every six months at least and also adapted to the needs arising during the year.

## (ii) Attendance

In accordance with its governance, the Committee meets whenever necessary for the proper performance of its functions. Its meetings are called at the initiative of its Chairwoman, or alternatively on request by two members of the Committee itself and whenever the Board of Directors or its Chairman request the issue of a report or adoption of a proposal.

In 2023, the Committee met fourteen times. None of the meetings were held exclusively on-line this year.

Specifically, the Committee members' attendance of the meetings, either in person or online, was as follows in 2023:

Members	Attendance/No. Meetings <sup>1</sup>	%	Delegations
Koro Usarraga Unsain	14/14	100	-
Joaquín Ayuso García	14/14	100	-
Fernando Maria Costa Duarte Ulrich	13/14	92.85	1
María Verónica Fisas Vergés	14/14	100	-
Tomás Muniesa Arantegui	14/14	100	-
Eduardo Sanchiz Irazu	4/4*	100	-

*Chart 3: Attendance of meetings by the Risks Committee members*

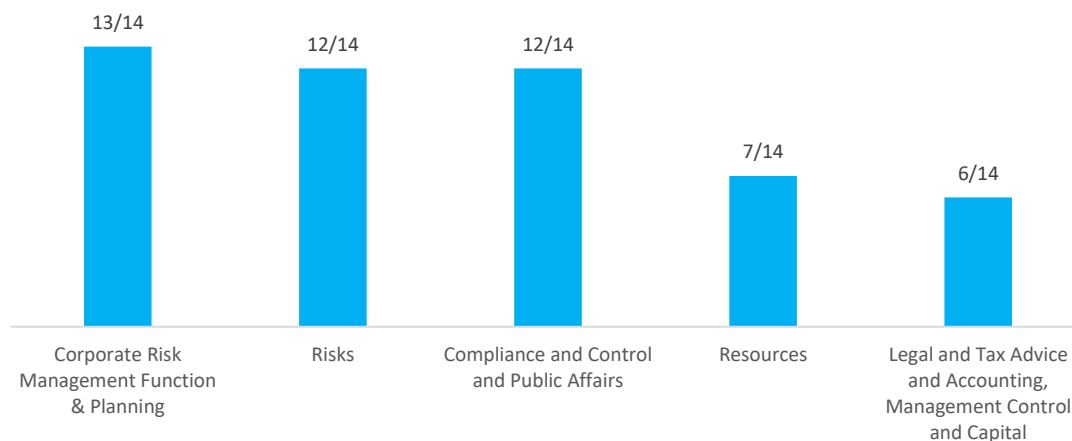
*\*Eduardo Sanchiz Irazu was a member of this Committee until 31/03/2023*

During the year, the the Departments of Accounting, Management Control and Capital, Internal Audit, Sustainability, Human Resources, Communication and Institutional Relations, Finance and Resources, and Managers from the subsidiaries BPI, VidaCaixa, CaixaBank Wealth Management Luxembourg, CaixaBank Tech, CaixaBank Asset Management, CaixaBank Payments & Consumer, CaixaBank Titulización and BuildingCenter also regularly attended the meetings as guests, limiting their attendance to the agenda items within their remit and with the purpose of providing information to the Committee members.

The graph below shows the Departments that attended the Committee meetings on a more regular basis, with the following persons attending as guests on a permanent basis and normally for the entire duration of the meeting: the Head of Risk, the Head of Corporate Risk Management Function & Planning, who is responsible for the Group's risk management functioning and has direct access to the governing bodies, and the Head of Enterprise Risk Management & Planning, who answers to the former. Most of the meetings were also attended by the Head of Control,

<sup>1</sup> This column only shows in-person attendance, either physical or remote online attendance. As to the number of meetings, in cases where the Director was appointed as a Committee member during the year only the meetings held after their appointment are counted.

Compliance and Public Affairs and, answering to him, the Compliance Manager, who is responsible for the Group’s compliance function and has direct access to the governing bodies, limiting their attendance to the agenda items within their remit and with the purpose of providing information to the Committee members.



Graph 4: Attendance by CaixaBank’s Departments.

### (iii) Conduct of meetings

The Committee’s system considers a meeting quorate when the majority of its members are present in person or represented by proxy. Members may delegate their proxy representation to another member. Resolutions are adopted by majority vote of the members attending in person or by proxy, and minutes of the resolutions adopted at each meeting are taken.

The Committee may request the attendance of persons from the organisation whose work is related to its functions, and it may obtain all necessary counselling for it to form an opinion on the matters within its remit, this being dealt with by the Secretariat of the Board.

Similarly, the Committee collaborates with other committees whose activities may have an impact on the risk strategy. This practice is in accordance with the recommendations in the Guidelines on Internal Governance (EBA/GL/2021/05). In this regard, two joint meetings were held with the Audit and Control Committee in 2023 to facilitate information exchange and effective monitoring of all the risks affecting the Group. At the first meeting, held on 22 March 2023, the internal capital adequacy assessment (ICAAP) and liquidity adequacy assessment (ILAAP) processes were addressed, while the second meeting, held on 20 July 2023, focused on the CaixaBank Group’s 2022 Recovery Plan. The purpose of these joint meetings is for the Committee to collaborate with the Audit and Control Committee on activities that could have an impact on the Company’s risk strategy and the control environment. Also, in accordance with its function of collaborating with the Remuneration Committee to establish rational remuneration policies and practices, the Committee analysed the risk adjustment for the variable remuneration of the Senior Managers and the Identified Staff and also the assessment of the individual targets for 2022, establishment of the 2023 targets and the 2023 remuneration proposal for the persons



responsible for the risk management and compliance functions, i.e. the Director of Corporate Risk Management Function & Planning and the Compliance Manager

There is constant involvement, discussion and debate between the Committee members on all the items dealt with at the Committee meetings, with the Directors providing different views of each matter.

#### **(iv) Reporting to the Board of Directors**

The Committee, via its Chairwoman, reports on its activities and work at the meetings of the Board of Directors and, where appropriate, makes recommendations to the Board of Directors on risks management policies or other specific issues.

The minutes of the Committee meetings, together with the annexed documents, are also made available to all the Directors and informed of at the plenary session of the Board of Directors.

## **4. Fulfilment of duties**

The Committee has carried out the following activities in compliance with its basic duties as established in Article 14.2 of the Regulations of the Board of Directors of CaixaBank:

#### **(i) Risk management framework: Strategic Risk Processes (Risk Assessment, Corporate Risk List and Risk Appetite Framework)**

As part of the internal control framework, the CaixaBank Group has a risks management framework, coordinated by the risk management function (the Corporate Risk Management Function & Planning Division). One of the main purposes of the risk management framework is the identification, measurement, mitigation, monitoring, control, reporting and governance of risks. Its three mainstays are the so-called Strategic Risk Processes: Risk Assessment, the Corporate Risks List and the Risk Appetite Framework (RAF). These processes are coordinated by the risk management function (the Corporate Risk Management Function & Planning Division) and are subject to continuous monitoring by the Committee. The interaction between the Corporate Risk List, Risk Assessment and the RAF – at least once a year – guarantees that the strategic vision of the Group’s risk is transferred to the planning exercises: the annual budget, the ICAAP/ILAAP processes, etc.

##### **a. RISK ASSESSMENT**

The Committee carries out an annual review of the Risk Assessment process, and in this regard it recommended that the Board of Directors approve the result of the CaixaBank Group’s annual Risk Assessment exercise for 2022, which is included in the ICAAP and yielded a rating of medium-low for the Group’s aggregate risk profile, with no need having been identified to establish any specific action plans to remedy the level of any of the risks for 2023.

As part of this risk self-assessment exercise, it was informed of the half-yearly monitoring of potential emerging risks and debated on the evaluation of the Risk Assessment in June 2023, in which the Group’s aggregate risk profile is maintained with only minor changes to the individual assessment for some risks made since December 2022.



Also, in November it reviewed the draft annual update of the Group's strategic events, on the basis of the result of the June 2023 Risk Assessment, the current list of events, the threats identified in the 2022-2024 Strategic Plan, and the updated peer comparison and other public information sources.

#### **b. CORPORATE RISKS LIST**

With regard to the Corporate Risks List, which is reviewed at least once a year, the Committee recommended that the Board of Directors approve its update, in which the 13 risks categorised as Level 1 risks in the internal taxonomy have been maintained.

#### **c. RISK APPETITE FRAMEWORK (RAF)**

Finally, with regard to the RAF, ongoing reporting was made to the Committee on a quarterly basis concerning monitoring of Level 1 metrics and Level 2 metrics exceeding their reference threshold.

The Committee also reported favourably on the recalibration of RAF Level 1, which will become applicable on 1 January 2024.

Likewise, during the year there was reporting to the Committee on the strategic risk processes of Risk Assessment, the Risks List and, where the case may be, the risk appetite frameworks of BPI, VidaCaixa, CaixaBank Payments & Consumer, CaixaBank Asset Management, CaixaBank Titulización, CaixaBank Wealth Management Luxembourg, BuildingCenter and MicroBank.

#### **(ii) Systematic risks monitoring**

In order to correctly carry out its functions, the Committee agreed to receive regular systematic reporting via the Risk Dashboard. This information, handled by the Global Risk Committee, provides a holistic vision of the risks coordinated by the risk management function (i.e. the Corporate Risk Management Function & Planning Division).

In 2023 it received the information from the monthly Risk Dashboard, which includes not only the general monitoring of financial risks and operational risk but also specific recurrent attention to items such as the update of IFRS9 provisioning parameters, financial capital, refinancing and acquittals, detailed monitoring of certain specific loan portfolios, the top borrowing economic groups or the top groups with doubtful loans. It was also informed of the executive Risk Dashboard, which is submitted to the Board of Directors on a half-yearly basis.

Likewise, it received information on the Credit Risk Model Dashboard, which contains an assessment of the status of the credit risk models implemented at CaixaBank.

Given the growing focus on non-financial risks, it should be highlighted that the Committee specifically monitored this type of risks. Thus, the Compliance and Control Division informed of the 2023 Non-financial Risk Control Master Plan, which provides a greater level of detail, despite forming part of the risk management function's Annual Activity Plan. The Committee was also informed of specific quarterly monitoring via the Non-financial Risk Report. In addition to this, the Operating Loss Report is presented to the Committee each year, together with information on trends and measures for reduction, as a complementary report with additional details apart from the information provided in the global documentation on the risk profile.

### **(iii) Group risks policies**

The Committee is responsible for proposing approval of the Group's risks policies to the Board of Directors. Consequently, it monitored the review scheduling, the status of the general risks management policies and the annual approval of the CaixaBank Group's risks policies, and it recommended that the Board of Directors approve the update of the general risks management policies.

In 2023, the Committee recommended that the Board of Directors approve both the update of the current policies and the new policies, in accordance with their governance in the area of financial and non-financial risk management and control.

For purposes of reviewing the policies, it received all the necessary information to adequately analyse the policy texts, proposing amendments and suggestions for improvement where applicable and proposing a policy model so that similar structures and formats could be used in all the policies.

### **(iv) Internal capital and liquidity adequacy assessment processes (ICAAP/ILAAP)**

In accordance with standard practice, the Committee was informed of the CaixaBank Group's Internal Capital Adequacy Assessment Process (hereinafter referred to as ICAAP) and Internal Liquidity Adequacy Assessment Process (hereinafter referred to as ILAAP), which are a combination of different processes forming part of risk and capital management, and it also received information on the Own Risk and Solvency Assessment (ORSA) exercise via a specific report drawn up by the subsidiary VidaCaixa, which has its own specific governance, aligned with that of CaixaBank.

As to the main new developments, it was informed of the supervisory expectations in this area, including the ECB clarification on ICAAPs & ILAAPs and respective package submissions.

As has regularly been the case up to now, the Committee held a joint meeting with the Audit and Control Committee at which it analysed the CaixaBank Group's 2022 ICAAP and ILAAP, their scenarios and the Capital and Liquidity Adequacy Statements for 2022, recommending that the Board of Directors approve them.

With regard to the area of Liquidity, the Committee also recommended that the Board of Directors approve the 2023 Liquidity Contingency Plan.

At this joint meeting, information was also given on the 2022 ICAAP and ILAAP reports by the second and third lines of defence and on the update of the ICAAP governance framework and the methodological guidelines for financial capital.

Finally, it was informed of the schedule, approach and scenarios and also the scope of review of the second and third lines of defence for the 2023 ICAAP and ILAAP, indicating that the Board of Directors would approve the Capital and Liquidity Adequacy Statements.

### **(v) Recovery Plan**

As part of its risks management instruments, the Company constantly updates its Recovery Plan (RP) to ensure financial continuity of the business under extreme conditions, the ultimate aim of

this Plan being to indicate the measures available and the Company's capital and liquidity recovery capacity in stress situations.

This year has seen the continuance of the operational model fostering the Committee's interaction and coordination with the Audit and Control Committee, and among other meetings a joint meeting was held between the two Committees for a detailed address of the CaixaBank Group's Recovery Plan with data to the end of 2022, analysing the three scenarios defined in accordance with the supervisory guidelines and also addressing the main new developments.

The RP was analysed by the Corporate Risk Management Function & Planning Division, as the second line of defence for equity and solvency risks and also for liquidity and financing risks.

Likewise, the Committee was informed of the 2022 RP review carried out by the Internal Audit Department as the third line of defence.

#### **(vi) Monitoring of the risk management function**

In addition to the different functions performed, as described in this report, the Committee also received information on the Risk Management Function's Activity Plan for 2023, and the CaixaBank Group Risk Management Function's Annual Activity Report for 2022. Both the Annual Report and Activity Plan include a holistic vision of the financial and non-financial risks. It was also informed of the status of the Risk Management Function's 2023 Master Plan at the halfway point of the year.

Likewise, it received the Report on Risk Assessment for relevant products, which includes the report by the second line of defence on the marketing of relevant products.

The Committee was informed of the monitoring of supervisory activity relating to the risk management function.

#### **(vii) Monitoring of the compliance function**

The Committee was informed of the monitoring of the 2022 Compliance Plan and of the close of the 2022 Plan. Similarly, the Annual Compliance Report for 2022 was presented, some of its most notable aspects being the progress with the Compliance model for subsidiaries, the intensive supervisory activity, the improvement of the Conduct and Compliance Risk control environment and the progress made with regard to monitoring Legal/Regulatory Risk management. It was also informed of the 2022 Annual Report on the close of the Action Plans for Conduct gaps.

The Committee was informed of the strategic lines of the Compliance Plan for 2023, which indicated the activities planned for CaixaBank, its subsidiaries and its international branches, and it also monitored the analysis of the evolution of the corporate conduct and compliance targets in accordance with the 2023 Compliance Plan.

Likewise, it received information on the new requirements and regularly monitored the ongoing supervisory and regulatory requirements, together with the inspection and supervision work and the evolution of the conduct and compliance recommendations.

Additionally, it received regular information on the money laundering and terrorist financing prevention system and sanctions, market abuse, internal fraud, the Internal Code of Conduct and the enquiries and reporting channels. In this regard, it was informed of the SEPBLAC's assessment

of the notifications regarding money laundering and terrorist financing prevention in 2022. Similarly, it was informed of BPI's Compliance activity.

The Committee also recommended that the Board of Directors approve the update of the CaixaBank Group's Internal Code of Conduct in Securities Markets and CaixaBank's Code of Ethics.

The Committee was also informed of the AENOR certificates in the different areas of the Regulatory Compliance function, with renewal of the certificates UNE 19601 Criminal Compliance Management Systems, ISO 37001 Anti-bribery Management Systems and ISO 37301 Compliance Management Systems.

### **(viii) Specific reports**

In 2023 the Committee drew up the following 10 specific reports, with the purpose of analysing their risks in detail:

- Market risk
- Liquidity risk
- Structural interest rate risk
- Financial/actuarial risks for the insurance business and VidaCaixa's ORSA
- Fiduciary risk
- ESG risks
- Legal and regulatory risk
- Conduct and compliance risk
- Technology risk, including information security as the main focus
- External fraud risk

Specific monitoring was also presented for risks management monitoring at the most significant subsidiaries: BPI, VidaCaixa, CaixaBank Payments & Consumer, CaixaBank Asset Management, BuildingCenter, MicroBank, CaixaBank Titulización and CaixaBank Wealth Management Luxembourg. Additionally, specific reports were presented on money laundering and terrorist financing prevention in a crypto asset/blockchain context, and on the Internal Risk Control System (IRCS).

### **(ix) Other regular monitoring**

As part of the risks monitoring function it is tasked with, the Committee also regularly monitored the oversight of the following items at its meetings:

On a monthly basis:

- Since last year, the person responsible for the Group's risk management function, i.e. the Director of Corporate Risk Management Function & Planning, has also presented a status report to the Committee, with a holistic vision of the risks.
- The minutes of the meeting of the Global Risk Committee, the highest joint body for risks monitoring and management, under the chairmanship of the risk management function and the vice-chairmanship of the compliance function, which reports directly to the Risk Committee.

On a quarterly basis:

- Pillar 3 Prudential Reporting (PR).
- Crises managed by the Reputational Committee.

On a half-yearly basis:

- Note on risk management in corporate information (financial statements, Pillar 3, etc.).

- Monitoring of customer complaints and trends in the number of lawsuits filed.

**(x) Other issues**

During the year, the Committee was also informed of the following items, among others:

- 2022 Annual Risk Model Validation Report.
- 2023 Annual Risk Model Validation Plan.
- 2023 Model Risk Master Plan.
- Assessment of compliance with the 2022 Strategic Risk Plan.
- 2022 Annual Customer Service Report.
- 2022 Annual Privacy Report.
- The CaixaBank Group's Prudential Reporting at 31 December 2022.
- Monitoring of the impacts of the banking crises in the US and Europe (Credit Suisse, Silicon Valley Bank).
- 2022 Year-end Report on information security and monitoring of the Security Master Transformation Plan.
- 2023 Information Security Master Plan.
- Monitoring of the Information Governance and Data Quality Project (IGDQ) – Risk Data Aggregation.
- Monitoring report on outsourced essential services.
- NZBA (Net Zero Banking Alliance) decarbonisation goals.
- Newsletters on specific sector analyses.

## **5. Annual assessment of the Committee's functioning**

This report was drawn up in accordance with Article 529 *nonies* of the Spanish Corporation Law (*Ley de Sociedades de Capital*), as part of the Board of Directors' obligatory annual assessment of its functioning and that of its Committees.

The Committee considers that in general, in 2023 the meetings were held with an adequate frequency and duration for its proper functioning and for its counselling of the Board of Directors.