Pillar 3 Disclosures

31 December 2023

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

Document modified on October 31, 2024.

Text on page 261 and page 262 is modified (Template 5: Banking book - Physical risk of climate change: Exposures subject to physical risk).

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Declaration of the Board of Directors

Declaration of the Board of Directors

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

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

At its meeting on **21 March 2024,** the Board of Directors approved this document on Pillar 3 Disclosures for the 2023 financial year (hereinafter, "P3D 2023"), having been previously verified by the Audit and Control Committee, pursuant to the provisions of Article 435(1)(e)(f) of the CRR.

The Board of Directors, in its role supervising[2] both the disclosure process and the Group's risk profile, **states the following in relation to the P3D 2023 (hereinafter, the "Concise Statement"):**

> The P3D 2023 has been prepared **in accordance with the Corporate Policy for Managing and Controlling the Reliability of Information.**

> **The disclosures published are truthful and accurately reflect the Group's risk profile.**

> **The Group's risk management framework is considered adequate in relation to the risk appetite approved by the Board of Directors.**

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

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

Prior to the approval of this Concise Statement by the CaixaBank Governing Bodies, Internal Audit, as a third line of defence, has reviewed the content of the P3D 2023 and its compliance with the regulatory requirements, as well as the control structures that have been implemented.

1 CRR - Capital Requirements Regulation.
2 For more information on the duties and responsibilities of the Board of Directors, see the Board of Directors regulations: https://www.caixabank.com/en/shareholders-investors/corporate-governance/regulation-board-directors.html in particular, articles 4 and 36.
3 The second line of defence contains the risk management and compliance functions.

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

A. Key elements of the risk management framework

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

B. Conservative risk profile

The CaixaBank Board of Directors, through the Risk Appetite Framework, which contains a consolidated view[4] of risks, has set the Group's objective to maintain a medium-low risk profile and comfortable levels of capital and liquidity.

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

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

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

Structural interest rate risk is among the Pillar 2 risks. In this area, the Group maintains levels of interest rate risk that are in line with the risk appetite and target profile defined.

The Group also strives to align the business strategy, the customer relationship and the responsible social action by applying the highest ethical and governance standards, as well as by considering potential impacts on climate change and the environment.

The financial and risk metrics included in the P3D 2023 show that the Group meets the objectives set by the CaixaBank Board of Directors in relation to the risk profile.

4 Without prejudice to the consolidated view of risks that is included in this document, there is also management and control of intra-group transactions. The corporate policy to manage the risk of shareholding covers the treatment of intra-group transactions, which is reported in a specific note for Autonomous Communities 2023 (Note 43 - Related-party transactions) and the transactions executed by any CaixaBank subsidiary or investee company that may have a material impact on the Group's risk profile.

1. Robust solvency

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

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

In 2023, the Group's capital ratios sit above the minimum requirements of the Supervisory Review and Evaluation Process (SREP) and are in line with its management objectives and the risk appetite laid down by the Board of Directors, thus complying with its dividend policy. CaixaBank Group has a margin of 387 basis points, i.e. 8,837 million euros, over the minimum requirements and prudential buffers, also known as the MDA (Maximum Distributable Amount).

In relation to the dividend policy for financial year 2023, the Board of Directors agreed to a cash distribution of 0.3919 euros/share, equivalent to 60% of the consolidated net profit in 2023, payable in April 2024.

In addition, in 2023, a €500 million share buyback programme was carried out, which ended on 3 January 2024, with the repurchase of €129 million shares (1.72% of the share capital).

In relation to the minimum requirement for own funds and eligible liabilities (MREL) ratios, as at 31 December 2023, CaixaBank Group met all the requirements in place for January 2024.

In 2023, the Group's **capital ratios sit above the minimum requirements of SREP** and are in line with its management objectives and the risk appetite laid down by the CaixaBank Board of Directors.

2. Comfortable liquidity metrics

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

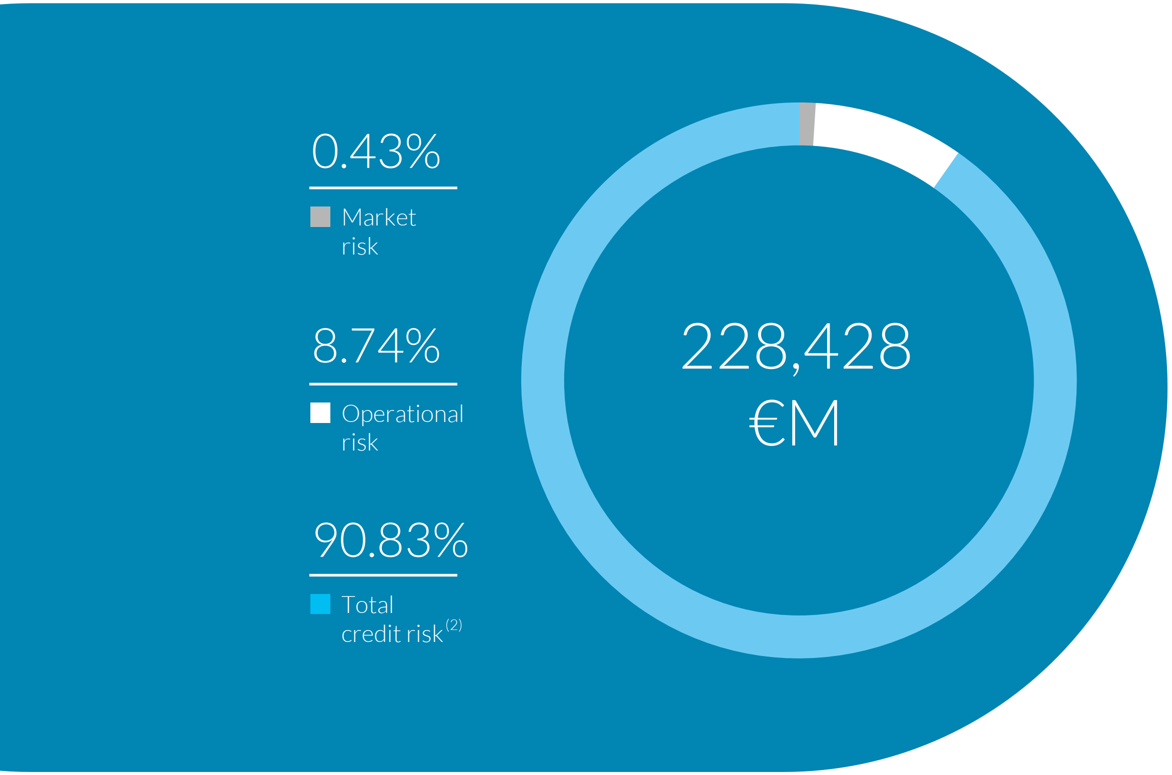
The liquidity metrics are comfortable vis-à-vis payment commitments, with a stable funding structure and comfortable maturity profile over the coming years.

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

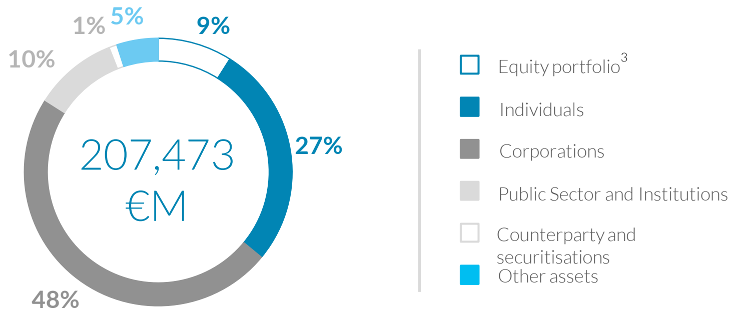
As at 31 December 2023, the Group has **consistent liquidity metrics that are in keeping with its management policies and aligned with the risk appetite** established by the Board of Directors.

RISK PROFILE

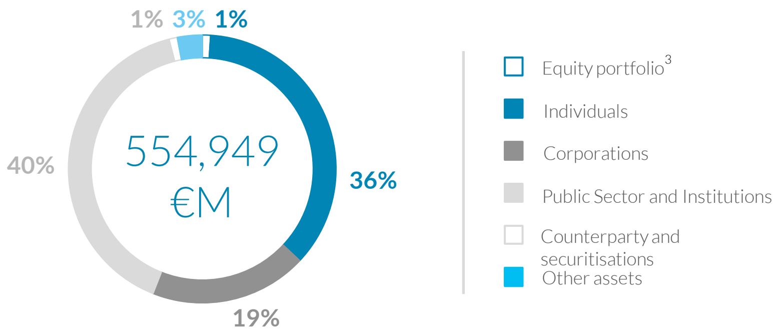
/ **RWA[1] TOTAL** - Distribution by type of risk, %



/ **RWA[1] BY TOTAL CREDIT RISK[2]** - Distribution by type of risk or sector, %



/ **EAD[1] BY TOTAL CREDIT RISK[2]** - Distribution by type of risk or sector, %



1 RWAs: Risk-weighted assets (regulatory). EAD: Exposure at default.
2 Includes equity portfolio, counterparty and securitisation risk.
3 The equity portfolio includes the investees business, as well as holdings in other listed and unlisted companies and in subsidiaries not consolidated by the full equity method for prudential purposes (mainly VidaCaixa).

/ ASSET QUALITY

	2021	2022	2023
NPL (%)	3.60%	2.70%	**2.70%**
Coverage ratio (%)	63.00%	74.00%	**73.00%**
Cost of risk (bps)	23	25	**28**
12-month cumulative ROTE [1]	7.60%	9.80%	**15.60%**
Cost-to-income ratio [1][2]	57.70%	49.80%	**40.80%**

1 The financial information published in 2022 has been restated in accordance with IFRS 17 / IFRS 9.
2 Excluding extraordinary expenses. Including extraordinary expenses, the efficiency ratio stands at 40.9% in 2023.

/ ASSET QUALITY

	2021	2022	2023	Req. Min. [1]
CET 1 (%)	13.14%	12.78%	**12.39%**	8.53%
Tier 1 (%)	15.45%	14.75%	**14.36%**	10.34%
Total capital (%)	17.86%	17.34%	**17.12%**	12.75%
MREL	25.75%	25.94%	**26.84%**	24.31%
Leverage ratio (%)	5.28%	5.63%	**5.82%**	3.00%
Coverage ratio of the conglomerate (%)[2]	143.69%	133.89%	**131.73%**	100.00%

1 SREP requirements for 2023, includes the countercyclical buffer in December 2023 of 0.10% (updated quarterly). The SREP requirements for 2024, received in December 2023, are as follows: CET1 8.58%, Tier 1 10.41% and Total Capital 12.85%.
MREL requirement from January 2024 received in March 2023, including CBR (combined buffer requirement) at December 2023.
2 The ratio is calculated according to the minimum regulatory requirements that apply each year.

/ LIQUIDITY

	2021	2022	2023	Req. Min.
Net Stable Funding Ratio (NSFR)	154%	142%	**144%**	100%
Liquidity coverage ratio (LCR)	336%	194%	**215%** [1]	100%
Loan-to-Deposits (LTD) Ratio	88%	90%	**89%**	
High-quality liquid assets (HQLAs)	167,290	95,063	**101,384**	

(1) Average 12-month LCR 203%.

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Pillar 3 CaixaBank Group

Pillar 3
CaixaBank Group

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

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

1. Disclosure of qualitative and quantitative information as per the guidelines of the technical implementing disclosure standard of Part Eight of EU Regulation 575/2013 (EBA/ITS/2020/04), which entered into force in June 2021 1.
2. Disclosure of interest rate risk exposures in positions not held in the trading portfolio (IRRBB), as per the EBA guidelines (EBA/ITS/2021/07).
3. Disclosure and information of the minimum requirement for own funds and eligible liabilities (MREL) and the total loss absorption requirement (TLAC), the technical implementing standard for which also entered into force in June 2021[1].

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

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

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

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

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

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

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

This document, which contains data taken at 31 December 2023, was approved by CaixaBank's Board of Directors at its meeting on 21 March 2024, after having been verified by the Audit and Control Committee.

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

Notable new features in this P3D 2023 include:

1. Modification in the structure of the risks in the table of contents of this report, due to changes in the Group's Corporate Risk Catalogue (see section 3.2.2).
2. Three new templates[1] (EU KM2, EU TLAC1, EU TLAC3b) are published, with information on the minimum requirement for own funds and eligible liabilities (MREL), as per Implementing Regulation (EU) 2021/763.
3. Three new templates are disclosed on the Green Asset Ratio (GAR), providing continuity to the information disclosed for the first time in the P3D of December 2022 on qualitative and quantitative prudential ESG (environmental, social and governance) risk information, following the EBA/ITS/2022/01 guideline of 24 January 2022 and in accordance with article 449a of the CRR. The next page shows a summary of the regulations and where the information can be found in the report.

1 See Annexes XI, XII and XIII to this document.

/ EBA GUIDELINE ITS/2022/01 DISCLOSURE ON ESG RISKS

How environmental risks affect the business model and strategy, governance and risk management.

Section 3.4.1 Environmental risk

How social risks affect the business model and strategy, governance and risk management.

Section 3.4.2 Social risk

How governance risks affect risk management and governance.

Section 3.4.3 Governance risk

, linked to the transformation towards a decarbonised economy, arise from the regulatory and technological changes required to achieve the decarbonisation target, and market risks (*templates* 1-4).

which arise from the direct effects of climate change (*template* 5).

, adopted by financial institutions with the aim of contributing to adapting and mitigating climate change (*templates* 6-10).

(by EPC)

Green Asset Ratio

Banking Book Taxonomy Alignment Ratio

Section 8.1.4 Credit risk

1 templates 3 and 9 are mandatory as of June 2024. However, template 3 has been published since December 2022.

CaixaBank

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CaixaBank Group

CaixaBank Group

2.1. REGULATORY ENVIRONMENT

2.1.1. PRUDENTIAL AND SUPERVISORY FRAMEWORK

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

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

In June 2020, in order to curb the economic impact of COVID-19 on the financial sector, the European Commission, the Council of the European Union and the European Parliament approved an amendment to CRR 2 (known as CRR 2.5 or quick fix), which introduced measures of a mostly temporary nature. The measures introduced include, but are not limited to, the anticipation of aspects already foreseen in CRR2 (such as the factors for reducing capital consumption in financing infrastructure and SMEs and the modification of deductions for software), an adjustment to the application of IFRS9 accounting standards (includes an extended transition period and modifications in the calculation), and other voluntary measures, such as preferential treatment for the purpose of the non-performing loan allocation schedule (prudential backstop) for loans that are backed by public institutions, as well as the flexibilisation of the leverage ratio calculation.

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

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

Subsequently, the COVID-19 crisis highlighted some macro-prudential issues that have been the subject of international debate, such as the usability of capital buffers in times of crisis. In this regard, the European Commission carried out a review of the prudential framework in 2022 with the aim of improving the flexibility of the use of capital buffers by national authorities and clarifying the uses and levels of capital buffers. On 30 March 2023, the ESRB (European Systemic Risk Board) published its annual report for the 2022 financial year, in which it underlined the same issue, highlighting the need to ensure that entities have the capital that can be released easily and used effectively, accumulating buffers proactively and at a later stage of the cycle, increasing the usability margin of the buffers.

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

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

The ECB follows an annual cycle, known as the Supervisory Review and Evaluation Process (SREP), which gives shape to Pillar 2 of the regulatory framework of the Basel Committee on Banking Supervision.

The SREP is a supervisory process aimed at examining in a consistent manner the risk profiles of credit institutions and taking the necessary supervisory measures, based on the assessment of their business models, internal governance, capital risks (credit risk, market risk, interest rate risk in the non-trading book (IRRBB) and operational risk) and liquidity risk. To carry out this process, the ECB uses a unique methodology based on the European Banking Authority's EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process and supervisory stress testing (EBA/GL/2014/13). This guideline was revised in 2018 (EBA/GL/2018/03), in 2020 (EBA/GL/2020/10) as a consequence of the COVID-19 crisis, and in 2022 (EBA/GL/2022/03) in order to incorporate regulatory changes introduced in the CRR V Directive and the CRR2 Regulation as well as to incorporate supervisory best practices. Against this backdrop, in 2023, the ECB published two documents on the supervisory assessment process, one on the assessment of credit risk, and another on the assessment of market risk, with the aim of providing greater transparency to its supervisory process.

The SREP process may require additional capital or liquidity, or other qualitative measures in response to any risks and weaknesses detected by the supervisor in an entity. The SREP seeks to assess financial institutions' viability on an individual basis (microprudential supervision), also considering comparisons against their peers. Any additional capital requirements under the SREP process (Pillar 2R requirements) may also be supplemented by combined capital buffer requirements (CBR) comprising potential capital conservation, countercyclical capital, systemically important institution, and systemic risk buffers. In addition, the supervisor also establishes a bank-specific recommendation, known as Pillar 2G, which indicates the level of capital that the ECB expects banks to hold in addition to their mandatory capital requirements. Pillar 2G is non-binding and non-compliance would not imply automatic actions by the supervisor in terms of profit-sharing capacity. However, it could lead to stricter individual supervisory measures. The basis for determining Pillar 2G levels is the performance of institutions in the regular EU-wide stress tests, known as the EBA stress test exercises. Pillar 2G is not generally public information.

In addition to the prudential supervision framework, in 2014, Directive 2014/59/EU - otherwise known as the Bank Recovery and Resolution Directive (BRRD) - was approved, establishing a framework for the restructuring and resolution of credit institutions. In 2015, the BRRD was transposed into the Spanish regulatory framework through Act 11/2015 and other lower-level regulations. The BRRD, together with Directive 2014/49/EU, on the Deposit Guarantee Scheme, enhances the capacity of the banking sector to absorb the impact of economic and financial crises, and the capacity of financial institutions to wind up their business in an orderly fashion, while maintaining financial stability, protecting depositors and avoiding the need for public bailouts. The BRRD requires Member States to ensure that institutions prepare and regularly update a Recovery Plan setting out the measures that may be taken to restore their financial position following a significant deterioration thereof. In addition to the BRRD and national legislation, the EBA has issued several guidelines on the definition of a Recovery Plan.

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

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

2.1.2. MAIN REGULATORY DEVELOPMENTS IN 2023

Of note among the proposed legislative and regulatory changes, as well as the new laws and regulation approved in 2023, are the following:

A. Prudential regulation: Basel IV

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

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

On 26 June 2023, the European Parliament and the European Council reached an agreement on the review of the CRR and CRD. Both standards are expected to be published in the first quarter of 2024, and to enter into force in January 2025. Some of the main changes associated with the introduction are:

> The aforementioned output floor, which will be phased in over 5 years, through 2030.

> The introduction of a new standard method for calculating capital requirements for operational risk.

> The establishment of new suitability requirements for senior positions within the governance framework of entities.

On 14 December 2023, the EBA published the roadmap for implementing the “Banking Package”, with the aim of providing clarity to the industry on how the EBA will develop the mandates that implement the legislation, and how it expects to complete the most important elements of the package. The majority of the legislative developments will be consulted and completed within two or three years of the entry into force of both standards. Along with the roadmap, the EBA published the first batch of queries, including two draft implementing technical standards (ITS), which amend the Pillar 3 reporting requirements. The EBA is expected to meet around 140 mandates in a wide range of technical areas.

B. Banking crises

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

In 2023, in line with the SRB planning, the following guidelines were published:

> EBA Guidelines on the overall recovery capacity in recovery planning, of 19 July 2023.

> EBA Guidelines on the resolution capacity of entities, of 13 June 2023, which include a section with instructions to test this capacity.

> EBA Guidelines, of 8 November 2023, on recovery plans in the field of MiCAR (Markets in Crypto-Assets Regulation).

C. Ukraine-Russia Conflict

In the wake of the conflict between Ukraine and Russia, a number of regulatory measures were put in place, most notably:

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

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

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

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

> Royal Decree-Law 8/2023 of 27 December, which adopts measures to address the economic and social consequences of conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought, extends certain measures related to price caps on energy resources such as gas and electricity.

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

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

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

In the prudential area, regulatory developments are based on various mandates received by the EBA to incorporate ESG risks into the three pillars of banking regulations. Thus, in May 2022, the EBA published a public consultation on the role of environmental risks in the prudential framework of credit institutions and investment firms. The document explored whether and how environmental risks should be incorporated into the Pillar 1 prudential framework. In this regard, in October 2023, it published a report that assesses how the current prudential framework captures environmental and social risks. It recommends specific improvements to accelerate the integration of environmental and social risks into Pillar 1, such as, for example, the introduction of concentration risk metrics related to the environment, or the consideration of environmental factors when evaluating property issued as collateral.

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

- First climate risk stress test. The purpose of this climate risk stress test was to provide the supervisor with an approximate understanding of the state of the banking system and the resilience of its capital to climate stress scenarios. Unlike financial stress tests, their results did not constitute a direct input in the supervisory review and evaluation process (SREP).
- Thematic review of climate and environmental risks of a total of 186 banks, the results of which were published by the ECB in November 2022. In this ECB report, the ECB highlights that banks still need to continue to work on adequate management of climate and environmental risks, setting individualised staggered deadlines for each bank to progressively meet all the supervisory expectations it set in its Guidance on climate-related and environmental risks by the end of 2024.

In the first quarter of 2024, the EBA will conduct a one-off analysis of the Fit-for-55 climate risk scenario. Its aim is to assess the resilience of the EU banking system to the potential impact of climate risks, in line with the mandate of the European Commission in the area of its Renewable Sustainable Finance Strategy.

In December 2023, the ECB published its supervisory priorities for the period 2024-2026. Notable among them is the acceleration of the effective correction of deficiencies in governance and managing climate-related and environmental risks.

This supervising priority will be materialised through initiatives such as on-site inspections on climate-related aspects, whether independently or within the framework of planned reviews of individual risks (e.g. credit, operational and business model risks), deep dives on the bank's capacity to face the reputational and legal risk associated with commitments involving the climate and the environment or the review of the banks' compliance with technical reporting standards and Pillar 3 disclosure requirements relating to climate-related and environmental risks, together with a comparative evaluation of bank practices with regard to the supervisor's expectations.

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

The new banking package strengthens the provisions relating to ESG risks in a number of aspects, such as introducing into the SREP the supervisory function of evaluating the management of these risks, the reporting obligations, or the preparation of transition plans by the entities. For the first time in the first half of 2023, Europe's large listed banks published quantitative and qualitative information on their exposure to ESG risks, and in particular those derived from climate change, in accordance with the new disclosure requirements set out in prudential regulations.

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

- In January 2023, the CSRD (Corporate Sustainability Reporting Directive) came into force. In May, the Ministry of Economic Affairs and Digital Transformation published the consultation on the Draft Law transposing this Directive into the Spanish legal system. In June, the European Commission published the consultation on the drafts of the ESRS (European Sustainability Reporting Standards). They correspond to the first set of standards required by the directive.
- In February 2023, the European Commission, the European Council and the European Parliament reached a provisional policy agreement on the Commission's proposal for the European Green Funds Regulation, published on 6 July 2021.

- In May 2023, the EBA published a progress report on the supervision of *greenwashing*.
- With regard to the taxonomy, in April 2023, the European Commission published consultations on the proposals for Delegated Regulations relating to: **(i)** the technical criteria for selecting the remaining environmental goals (non-climatic); and **(ii)** the amendment of the regulation on technical selection criteria for climate change adaptation and mitigation objectives. In October, the Commission published a consultation to enable stakeholders to submit suggestions based on scientific or technical evidence on new economic activities that could be added to the EU taxonomy, or on possible revisions to the existing technical criteria for selecting activities.

In December 2023, the European Council and Parliament reached a provisional agreement on the Corporate Sustainability Due Diligence Directive (CSDDD).

2.1.3. OTHER

A. Cryptoassets

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

As part of its Digital Finance Strategy, the European Commission published in September 2020 its proposal for a regulation on markets in crypto-assets (MiCA). From a prudential standpoint, the proposal sets minimum permanent capital requirements and prudential safeguards for own funds consisting of common Tier-1 capital elements for cryptographic service providers. In June 2023, the MiCA Regulation came into force, although its implementation process will be extended through December 2024.

The standard divides these assets into type-1 (a and b) and type-2 cryptoassets, depending on their characteristics, and provides for different Pillar 1 prudential treatments for each of them. The Pillar 2 requirements that these assets entail will be based on the deficiencies of the risk management framework, procedures and policies of the entities, as identified within the framework of the supervisory evaluation. Finally, these exposures will be subject to Pillar 3 requirements, and must be published periodically.

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

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

In December 2022, the Basel Committee finalised its standard on the prudential treatment of exposures to cryptoassets, and in May 2023, the FSI (Financial Stability Institute) published a summary of these standards. The standard describes the minimum requirements for regulation, supervisory review and disclosure of bank exposures to cryptoassets, in accordance with Pillars 1, 2 and 3. Internationally active banks of BCBS-member jurisdictions are expected to adopt the standard by 1 January 2025.

2.2. SCOPE OF APPLICATION

CaixaBank is a Spanish public limited company listed in the Mercantile Register of Valencia, Volume 10370, Sheet 1, Page V-178351, and the Special Administrative Register of the Bank of Spain under number 2100. The Legal Entity Identifier (LEI) of CaixaBank and its tax identification number (NIF) are 7CUNS533WI-D6K-7DGFI87 and A08663619, respectively.

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

The corporate object of CaixaBank mainly entails:

- all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and performance of the activities of an insurance agency;
- receiving public funds in the form of irregular deposits or in other similar formats, in order to use them in its own active credit and microcredit operations, as well as other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and and
- acquisition, holding, enjoyment and disposal of all manner of securities and drawing up takeover bids and sales of securities, and of all manner of ownership interests in any entity or company.

CaixaBank and its subsidiaries make up CaixaBank Group.

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

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

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

2.3. OTHER GENERAL INFORMATION

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

The following credit institutions or credit financial establishments of CaixaBank Group are exempt from capital requirements: Nuevo MicroBank, CaixaBank Payments & Consumer, Corporación Hipotecaria Mutual and Credifimo.

As at 31 December 2023, the following credit institutions or credit financial establishments of CaixaBank Group meet the minimum capital requirements that apply to them at the individual level: CaixaBank, Banco BPI, CaixaBank Wealth Management Luxembourg and Telefónica Consumer Finance. Additionally, as at the date of reference, CaixaBank and BPI meet the capital requirements at the consolidated and sub-consolidated level, respectively.

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

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

2.4. DESCRIPTION OF THE CONSOLIDATED GROUP FOR REGULATORY PURPOSES

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

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

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

> For the preparation of CaixaBank Group's consolidated financial statements, all the subsidiary undertakings (companies controlled by the parent undertaking) were consolidated, with no exceptions for reasons of their activity, using the full consolidation method. However, associates (over which the parent exercises significant influence and which are not subsidiaries or joint ventures) and joint ventures (joint management by the parent and other shareholders) were accounted for using the equity method.

> For prudential purposes, subsidiary undertakings with a different activity to that of a credit, investment or financial institution, as defined in prudential regulatory framework, are accounted for using the equity method. Jointly-owned businesses that are financial institutions are consolidated using the proportionate consolidation method, regardless of the method applied in the annual financial statements.

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

2.5. ACCOUNTING RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND REGULATORY STATEMENTS

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

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

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

Amounts in millions of euros

Assets - Breakdown by type of asset as per the balance in the financial statements published		Balance as per the financial statements published	In the regulatory area of consolidation	Reference [1]
		At period end	At period end	
1	Cash and cash balances at central banks and other demand deposits	37,861	37,059	
2	Financial assets held for trading	6,992	13,748	
3	Financial assets not held for compulsory trading at fair value with changes in profit/loss	13,385	129	
4	Financial assets designated at fair value through profit or loss	7,240	–	
5	Financial assets at fair value with changes in other comprehensive income	66,590	9,378	
6	Financial assets at amortised cost	437,181	433,540	
7	Derivatives - Hedge accounting	1,206	526	
8	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(236)	(236)	
9	Investments in joint ventures and associates	1,918	4,511	
10	Group entities	–	3,602	
12	Multi-group entities	6	6	
13	of which: Goodwill (net of correction) ([2])	–	22	8
14	Associate companies	1,912	903	
15	of which: Goodwill (net of correction)	380	80	8
16	Assets under insurance or reinsurance contracts	54	–	
17	Tangible assets	7,300	7,104	
18	Intangible assets ([3])	4,987	3,917	8
19	Tax assets	18,747	18,188	
20	Other assets	1,821	4,025	
21	Financial Non-current assets and disposed groups elem. classified as held for sale	2,121	1,945	
	Total Assets	**607,167**	**533,835**	

Liabilities - Breakdown by type of liability as per the balance in the financial statements published		Balance as per the financial statements published	In the regulatory area of consolidation	Reference (1)
		At period end	At period end	
1	Financial liabilities held for trading	2,253	9,009	
2	Financial liabilities designated at fair value through profit or loss	3,283	0	
3	Financial liabilities at amortised cost	480,450	480,819	
4	Derivatives - Hedge accounting	7,677	1,278	
5	Fair value changes of the hedged items in portfolio hedge of interest rate risk	(2,907)	(2,907)	
6	Liabilities under insurance or reinsurance contracts	70,240	0	
7	Provisions	4,472	4,473	
8	Tax liabilities	2,094	1,647	
9	Other liabilities	3,096	3,186	
10	Liabilities included in disposal elem. classified as held for the sale	170	0	
	Total Liabilities	**570,828**	**497,505**	

Net equity - Breakdown by type of liability as per the balance in the financial statements published		Balance as per the financial statements published	In the regulatory area of consolidation	Reference (1)
		At period end	At period end	
1	Fondos Propios	38.206	38.206	
2	Otro resultado global acumulado	(1.899)	(1.899)	
3	Intereses minoritarios [participaciones no dominantes]	32	23	
	Patrimonio neto total	**36.339**	**36.330**	
	Total Pasivo y Patrimonio neto	**607.167**	**533.835**	

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

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

Amounts in millions of euros			Carrying amount of items				
	Accounting values as published in the financial statements	Accounting values in the field of regulatory consolidation	Subject to the credit risk framework	Subject to the counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or to capital deduction[3]
Cash and cash balances at central banks and other demand deposits	37,861	37,059	37,059	—	—	—	—
Held-for-trading financial assets[1]	6,992	13,748	—	13,100	—	13,748	—
Financial assets not held for compulsory trading at fair value with changes in profit/loss	13,385	129	129	—	—	—	—
Financial assets designated at fair value through profit or loss	7,240	—	—	—	—	—	—
Financial assets at fair value with changes in other comprehensive income	66,590	9,378	9,378	—	—	383	—
Financial assets at amortised cost	437,181	433,540	426,840	6,048	549	—	103
Derivatives - Hedge accounting	1,206	526	—	526	—	—	—
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(236)	(236)	—	—	—	—	(236)
Investments in joint ventures and associates	1,918	4,511	4,520	—	—	190	(8)
Assets under insurance or reinsurance contracts	54	—	—	—	—	—	—
Tangible assets	7,300	7,104	7,097	—	—	—	—
Intangible assets	4,987	3,917	571	—	—	—	3,346
Tax assets	18,747	18,188	14,461	—	—	—	3,727
Other assets	1,821	4,025	1,894	—	—	—	2,131
Financial Non-current assets and disposed groups elem. classified as held for sale	2,121	1,945	1,934	—	—	—	—
Total assets	**607,167**	**533,835**	**503,883**	**19,674**	**549**	**14,321**	**9,062**
Financial liabilities held for trading[2]	2,253	9,009	—	8,945	—	9,009	64
Financial liabilities designated at fair value through profit or loss	3,283	—	—	—	—	—	—
Financial liabilities at amortised cost	480,450	480,819	—	23,425	14	—	457,380
Derivatives - Hedge accounting	7,677	1,278	—	1,278	—	—	—
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(2,907)	(2,907)	—	—	—	—	(2,907)
Liabilities under insurance or reinsurance contracts	70,240	—	—	—	—	—	—
Provisions	4,472	4,473	446	—	—	—	4,027
Tax liabilities	2,094	1,647	511	—	—	—	1,135
Other liabilities	3,096	3,186	—	—	—	—	3,186
Liabilities included in disposal elem. classified as held for the sale	170	—	—	—	—	—	—
Total Liabilities	**570,828**	**497,505**	**957**	**33,648**	**14**	**9,009**	**462,887**
Total Net Equity	**607,167**	**533,835**	**—**	**—**	**—**	**—**	**—**
Total liabilities + Net Equity	**1,177,996**	**1,031,340**	**957**	**33,648**	**14**	**9,009**	**462,887**

1 In the portfolio held for trading, the exposure of derivatives is doubled, both counterparty credit risk and market risk.
2 The exposure of equity instruments in foreign currencies doubles, both credit risk and market risk.
3 Of which €4,881 million is subject to deductions.

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

- **Total net amount under regulatory scope of consolidation:** the amount after on-balance-sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities of the specific netting rules in the application of Part Three, Title II, Chapters 4 and 5, as well as of Title IV in the CRR.
- **Exposure amounts considered for regulatory purposes:** the expression designates the aggregate amount considered as a starting point of the RWA (risk weighted assets) calculation before the application of CRM methods other than netting in Part Three, Title II, Chapter 4 of the CRR but after the application of netting requirements in Part Three, Title II, Chapters 4 and 5 and Title IV of the same regulation for each of the risk categories. Under the credit risk framework, this should correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 in Part Three, Title II, Chapter 2 of the CRR) or to the EADs in the credit risk – IRB approach.

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

- The exposures subject to the credit risk framework correspond to the exposure amount applied in the standard credit risk method (specified in Part Three, Title II, Chapter 2, Article 111 of the CRR) and the exposures at default (EAD) in the IRB method for credit risk (as per articles 166, 167 and 168 in Part Three, Title II, Chapter 3 of the CRR).
- The counterparty credit risk framework corresponds to the exposures mentioned in Part Three, Title II, Chapter 6 of the CRR.
- The securitisation framework corresponds to exposures from the non-trading book given in Part Three, Title II, and Chapter 5 of the CRR.
- The market risk framework corresponds to the exposures in Part Three, Title IV of the CRR.

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

- **Off-balance-sheet amounts:** These include original off-balance-sheet exposures after the application of the conversion factors relevant to the columns. The conversion factor for off-balance-sheet items to be risk-weighted in the application of Part Three, Title II of the CRR is defined in Article 111, 166, 167 and 182 (as applicable for credit risk), Article 246 (as applicable for securitisation risk), Article 274 and 276 and Article 283 of the same Regulation (as applicable for counterparty credit risk).
- **Differences in valuation:** They include impact of the carrying amount of value adjustments, in accordance with Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105, of the CRR on the trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework.
- **Differences due to different netting rules, other than those already included in row 2 of table LI2:** these refer to the net on-balance-sheet and off-balance-sheet exposure amounts after the application of the specific netting rules in Part Three, Title II, Chapters 4 and 5 as well as of Title IV in the CRR. The impact of the application of the netting rules can be negative (in case more exposures have to be netted than the on-balance sheet netting in row 2), or positive (in the case of the application of netting rules in the CRR leading to a lower amount being netted out than on-balance-sheet netting in row 2).
- **Differences due to the consideration of provisions:** discloses the re-integration in the exposure value of specific and general credit risk adjustments (as defined in the Commission Delegated Regulation (EU) No 183/2014) that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Part Three, Part II, Chapter 3 of the CRR for risk-weighting purposes.

With regard to the risk-weighted exposures according to the provisions of Part three, Part II, Chapter 2 of the CRR, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned delegated regulation, these elements have to be re-integrated in the exposure value.

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

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

Amounts in millions of euros

	Total	Items subject to:			
		Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
Amount corresponding to the carrying amount of the asset in the scope of regulatory consolidation (as per form LI1)	**538,426**	**503,883**	**19,674**	**549**	**14,321**
Amount corresponding to the carrying amount of the liability in the scope of regulatory consolidation (as per form LI1)	43,627	957	33,648	14	9,009
Total net amount in the scope of regulatory consolidation	**494,799**	**502,926**	**(13,973)**	**535**	**5,312**
Amount of off-balance sheet items	151,734	147,444	4,290	–	–
Risk transfers via securitisations.	(178)	(1,409)	–	1,231	–
Differences due to netting rules (netting, long/short positions, diversification).	9,360	–	14,672	–	(5,312)
Consideration of Provisions for the purposes of EAD.	6,642	6,658	–	(16)	–
Risk mitigators in the Standard Portfolio (Guarantees).	(3,205)	(3,205)	–	–	–
Amount corresponding to credit conversion factors (CCF).	(104,449)	(104,449)	–	–	–
Other.	(982)	(982)	–	–	–
Amount of exposures for regulatory purposes	**553,721**	**546,982**	**4,988**	**1,750**	**–**

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

03

Governance, organisation and **risk management**

Governance, organisation and **risk management**

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

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

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

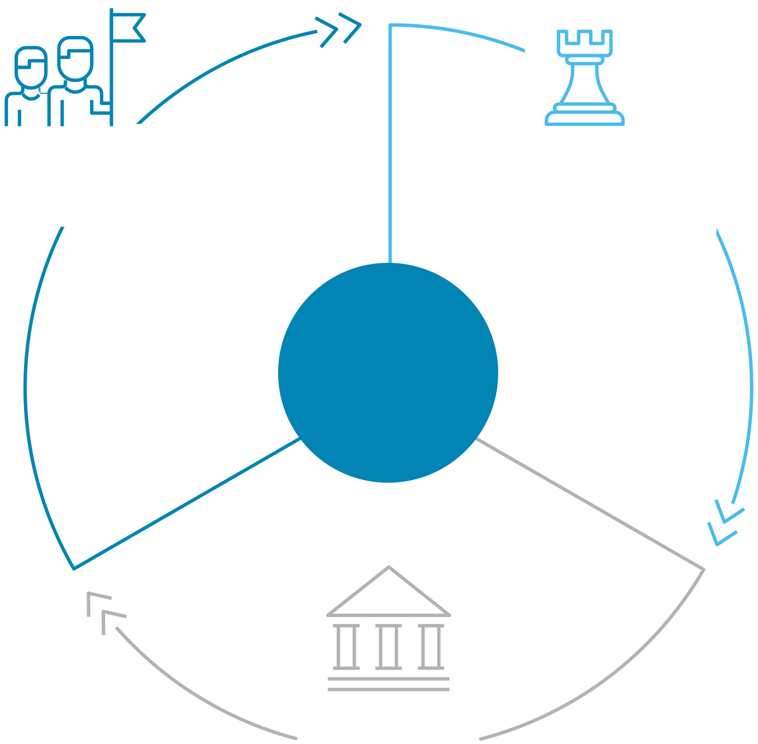
- The established governance and organisation, risk infrastructures and capabilities of its human resources.
- Strategic risk management processes to identify, measure, monitor, control and report risks. Specifically: Risk Assessment, Corporate Risk Catalogue and Risk Appetite Framework (RAF).
- The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

The Group's risk management framework, which is contained in the Corporate General Risk Management Policy, approved by the Board of Directors, is subject to ongoing review, and no significant amendments were made in 2023. Of note is the identification of strategic risk events[1] as a result of the Risk Assessment process, as well as the identification of sustainability risks (ESG, environmental, social and governance) as material transversal factors for the risks of the credit catalogue, reputational and other operational risks, incorporating mentions of climate change and other environmental risks in the definitions of legal and regulatory risk.

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

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

/ RISK MANAGEMENT FRAMEWORK



A. Governance and organisation

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

B. Strategic risk management processes

_Identification and assessment of risks: *Risk Assessment*

A six-monthly risk self-assessment of the Group's risk profile. Its objective is to identify material risks, assessing for these the inherent risk situation and its trend, as well as their management and control, and emerging risks. This involves identifying strategic events associated with one or more risks which, based on their potential mid- to long-term impact, may require specific monitoring.

_Classification and definition of Risks: Risk taxonomy

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

_Monitoring of Risks: Risk Appetite Framework (RAF)

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

C. Risk culture

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

3.1. GOVERNANCE AND ORGANISATION

3.1.1. CORPORATE GOVERNANCE

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

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

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

- The 2023 **Annual Corporate Governance Report** (ACGR), which forms part of this Management Report and has been approved by the Board of Directors.
- The 2023 **Annual Corporate Remuneration Report** (ACRR), which is part of this Management Report and has been approved by the Board of Directors, and is submitted to a non-binding vote at the Annual General Meeting.
- **The policy for the selection, diversity, and assessment of the suitability** of directors, members of senior management, and other key function holders of CaixaBank and its Group; and
- **CaixaBank's Registration Document** (which includes all board members' positions on other boards of directors, communicated to the Registry of Senior Positions of the Bank of Spain, for the last 5 years, with the exception of asset-holding companies, subsidiaries of an issuer of which the person is also a director or in companies of CaixaBank Group).
- CaixaBank's **Corporate Governance Policy,** which is based on the Bank's corporate values and also on the best practices of good governance, particularly recommendations in the Good Governance Code of Listed Companies. This policy establishes the action principles that regulate the Company's corporate governance.

A. Corporate Governance principles and practices

01

Competencies and efficient self-governance of the Board of Directors.

02

Diversity and balance in the composition of the Board of Directors.

03

Professionalism for the proper performance of 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 to **ethical and sustainable action.**

06

Protection and promotion of shareholders' rights.

07

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

08

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

09

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

10

Information transparency covering the financial and non-financial activity.

B. Milestones in 2023

Changes in the composition of the Board of Directors and its committees.

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 Chair of the Committee.

As for the Audit and Control Committee, according to an agreement by the Board, Koro Usarraga ceased to be a member, 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 Audit and Control 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 this 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 Chairman.

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 Loscher 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.

C. Corporate Governance Structure

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

ANNUAL GENERAL MEETING

EXTERNAL AUDIT

BOARD OF DIRECTORS

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

Designates/

Reports to/

MANAGEMENT BODIES

CEO and Management Committee

Gonzalo Gortázar Rotaeche
CEO

Jordi Nicolau Aymar
Head of Payments and Consumer

Iñaki Badiola Gómez
Corporate & Investment Banking Director

Eugenio Solla Tomé
Chief Sustainability Officer

Manuel Galarza Pont
Director of Compliance, Control and Public Affairs

David López Puig
Human Resources Director

Javier Valle T-Figueras
Head of Insurance

Matthias Bulach
Head of Accounting, Management and Capital Control

Luisa Martínez Gistau
Director of Communications and Institutional Relations

Jordi Mondéjar López
Head of Risk

Jaume Masana Ribalta
Business Director

Mariona Vicens Cuyás
Director of Digital Transformation and *Advanced Analytics*

Javier Pano Riera
Chief Financial Officer

Marisa Retamosa Fernández
Head of Internal Audit

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

Luis Javier Blas Agüeros
Chief Operating Officer

D. Board of Directors

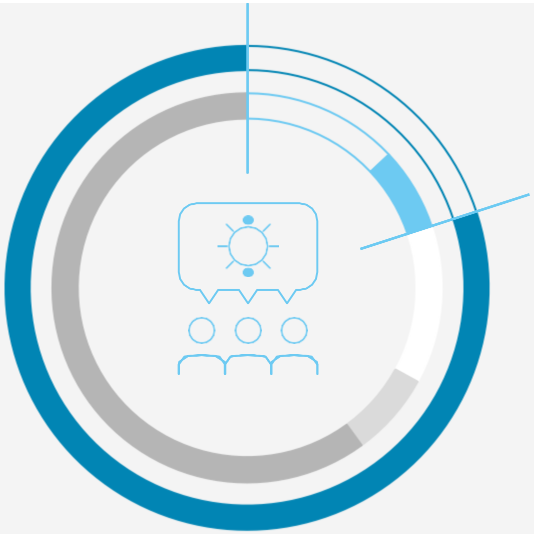
The Board of Directors is the Company's most senior representative, management and administrative body, with powers to adopt agreements on all matters except those that fall within the purview of the Annual General Meeting (AGM). It approves and oversees the strategic and management directives established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

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

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

/ **BOARD AT THE END OF 2023** - Categories of members of the CaixaBank Board of Directors



20%
Proprietary Directors

80%
Non-proprietary Directors

13%
Criteria-FB "La-Caixa"

7%
BFA-FROB

13%
Executive Directors

7%
Other External Directors

60%
Independent Directors

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

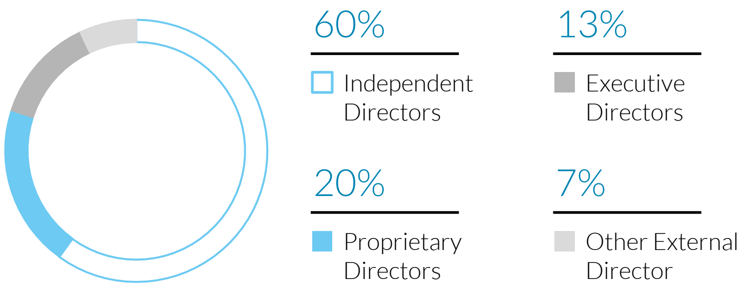
E. Committees of the Board of Directors

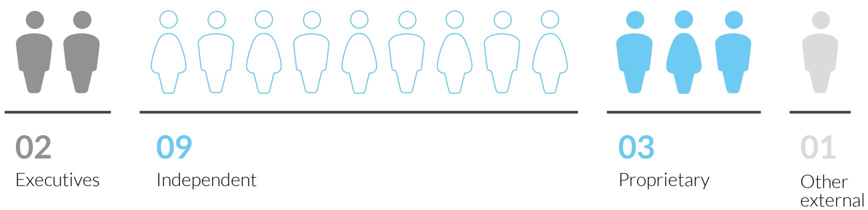
As part of its self-governance activities, the Board of Directors of CaixaBank has a number of specialised committees, with supervisory and advisory powers, as well as an Executive Committee.

Term of office of **5.2 years**.

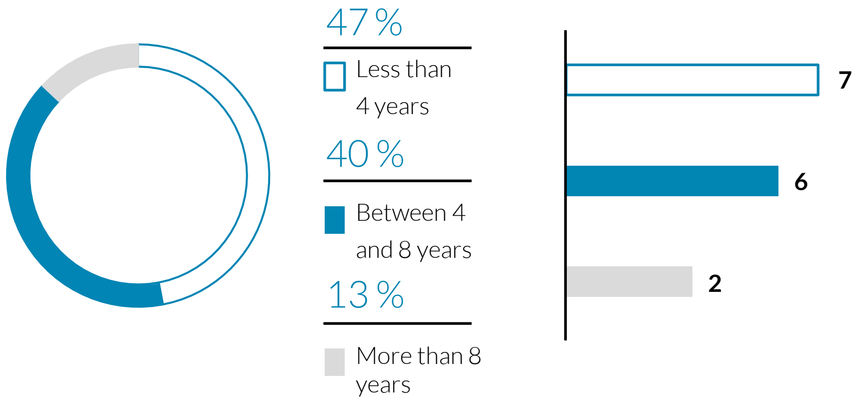
Term of office of **5.1 years** in the case of independent directors.

/ **DIRECTORS IN EACH CATEGORY**, as at 31 December





/ **TIME IN ROLE** - 31 December



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.

F. Diversity Board of Directors

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

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

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

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

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

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

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

Recommendation 15 of the Good Governance Code currently establishes that the percentage of female directors should never be less than 30% of the total number of members of the Board of Directors and that by the end of 2022, the number of female directors should be at least 40% of the members of the Board of Directors. The percentage of women on the Board of Directors after the Ordinary General Shareholders' Meeting in May 2020, was 40%, above the target of 30% set by the Appointments Committee in 2019 to achieve in 2020. Following the extraordinary AGM 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.

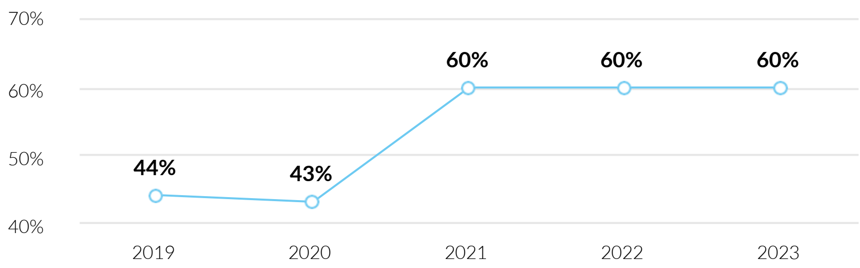
1 https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Espacio_accionista/Politicadeseleccionconsejoadmrev2020vaprobada17dic_en.pdf

/ CAIXABANK BOARD OF DIRECTORS COMPETENCIES 2023 - Order of names according to corporate website page

		José Ignacio Goirigolzarri	Tomás Muniesa	Gonzalo Gortazar	Eduardo Javier Sanchiz	Joaquín Ayuso	Francisco Javier Campo	Eva Castillo	Fernando María Ulrich	Verónica Fisas	Cristina Garmendia	M. Amparo Moraleda	Peter Löscher	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
Online	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 sector - Research	●									●			●		
	Public Service/Relations with Regulators		●						●		●			●	●	
	Corporate governance (including membership of governing bodies)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Audit	●	●	●	●	●	●	●	●		●		●	●	●	●
	Risk management/compliance	●	●	●	●	●	●	●	●	●		●	●			●
	Innovation and Technology	●		●			●	●			●	●	●			
	Environment, Climate Change						●				●	●	●			
International Experience	Spain	●	●	●	●	●	●	●		●	●	●	●	●	●	●
	Portugal	●	●	●	●	●	●	●	●			●				
	Rest of Europe (including European institutions)	●		●	●	●	●	●	●		●	●	●	●		
	Other (USA, Latin America)	●		●	●	●	●	●	●	●	●	●	●	●		
Diversity of gender, geographical origin, age	Gender diversity							●		●	●	●		●		●
	Nationality	EN	EN	EN	EN	EN	EN	EN	PT	EN	EN	EN	AT	EN	EN	EN
	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 and the gender diversity of the Board has progressively increased, and the target set in Recommendation 15 of the GCBG of having at least 40% female directors on the Board has been reached ahead of schedule as of the AGM in May 2020:

/ EVOLUTION OF INDEPENDENCE



(C.1.4)	Number of female directors				% 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	–	–	–	–	– %	– %	– %	– %
Proprietary	1	1	1	2	33.33%	33.33%	33.33%	28.57%
Independent	5	5	5	4	55.55%	55.55%	55.55%	66.70%
Other external	–	–	–	–	– %	– %	– %	– %
Total	**6**	**6**	**6**	**6**	**40.00%**	**40.00%**	**40.00%**	**42.86%**

40%
Women on the Board

43%
Women on the Executive Committee

40%
Women on the Risk Committee

20%
Women on the Appointments and Sustainability Committee

60%
Women on the Remuneration Committee

43%
Women on the Innovation, Technology and Digital Transformation Committee

40%
Women on the Audit and Control 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.

/ EXECUTIVE COMMITTEE

7
Number of members

4
Independent Directors

Average attendance at sessions

Member	No. of meetings in 2023[2]	% 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

Composition

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

Functions

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

2 The first figure refers to the number of meetings attended by the director and the second to the number of meetings held in 2023.
2 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

/ APPOINTMENTS AND SUSTAINABILITY COMMITTEE

5 Number of members

4 Independent Directors

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
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

Composition

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

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

Functions

Its duties include:

- Evaluating and proposing to the Board the assessment of skills, knowledge and experience required of Board members and key personnel.
- Submitting to the Board the proposals for the nomination of the independent directors to be appointed by co-option or for submission to the decision of the AGM, as well as the proposals for the reappointment or removal of such directors.
- Reporting on the appointment and, as the case may be, dismissal of the Coordinating Director, the Secretary and the Deputy Secretaries for approval by the Board.
- Reporting on proposals for appointment or removal of senior executives, being able to effect such proposals directly in the case of senior managers which due to their roles of either control or support of the Board or its Committees, it is considered by the Committee that it should take the initiative. Proposing the basic terms of the contracts of senior executives other than their pay and remuneration, and reporting those terms once they have been established.

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.*

- Examining and organising, under the supervision of the coordinating director and with the support of the Chairman of the Board, the succession of the latter and of the Company's chief executive and, as the case may be, sending proposals to the Board so that the succession process is suitably planned and takes place in an orderly fashion.
- Reporting to the Board on gender diversity issues, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge, and facilitate the selection of female directors, while establishing a representation target for the less represented sex on the Board, as well as preparing guidelines on how this should be achieved.
- Periodically evaluating, at least once a year, the structure, size, composition and actions of the Board and of its committees, its Chairman, CEO and Secretary, making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the coordinating director when assessing the performance of the Chairman. Evaluating the composition of the Management Committee, as well as its replacement lists, to ensure coverage as members come and go.
- Periodically reviewing the Board selection and appointment policy in relation to senior executives and making recommendations.
- Overseeing the compliance with the Company's rules and policies in environmental and social matters, regularly evaluating and reviewing them, with the aim of confirming that it is fulfilling its mission to promote the corporate interest and catering, where appropriate, to the legitimate interests of remaining stakeholders, as well as submitting the proposals it considers appropriate on this matter to the Board and, particularly, submitting the sustainability/corporate responsibility policy for approval. In addition, the Committee will ensure the Company’s environmental and social practices are in accordance with the established strategy and policy.
- Reporting on the sustainability reports made public by the Company, prior to being submitted to the Board of Directors, including the review of the non-financial information contained in the annual management report; the socio-economic impact report and the master plan for socially responsible banking, ensuring the integrity of its content and compliance with applicable legislation and international benchmarks.
- Supervising the Company's activities with regard to responsibility, and submit to the Board the corporate responsibility/sustainability policy for approval.

/ RISK COMMITTEE

5
Number
of members

3
Independent
Directors

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

Composition

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

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

Functions

Its duties include:

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

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

> Ensuring that the pricing policy of the assets and liabilities offered to the clients fully consider the Company's business model and risk strategy. Working with the Board of Directors to determine the nature, quantity, format and frequency of the information concerning risks that the Board should receive and establishing the information that the Committee should receive.

> 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 review 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.
- Reporting 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 incentives policy anticipated in the remuneration systems take into account the risk, capital, liquidity and the probability and timing of the benefits, among other things.
- Assisting the Board of Directors in setting up effective reporting channels, ensuring the allocation of suitable resources the risk management and for the approval and periodic review of the strategies and policies with regard to risk assumption, management, supervision and reduction.
- Any others attributed to it by the law, the By-laws, the Regulations of the Board and other regulations applicable to the Company.

/ REMUNERATION COMMITTEE

5
Number
of members

4
Independent
Directors

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

Composition

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

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.*

Functions

Its duties include:

- Drafting the resolutions related to remuneration and, particularly, reporting and proposing to the Board the remuneration policy for the directors and senior management, the system and amount of annual remuneration for directors and senior managers, as well as the individual remuneration of the executive directors and senior managers, and the conditions of their contracts, without prejudice to the competences of the Appointments and Sustainability Committee in relation to any conditions not related to remuneration.
- Ensuring compliance with the remuneration policy for directors and Senior Managers as well as reporting the basic conditions established in the contracts of these and compliance of the contracts.
- Reporting and preparing the general remuneration policy of the Company and in particular the policies relating to the categories of staff whose professional activities have a significant impact on the risk profile of the Company and those that are intended to prevent or manage conflicts of interest with the customers.
- Analysing, formulating and periodically reviewing remuneration programmes, weighing their adequacy and performance and ensuring compliance.

- Proposing to the Board the approval of the remuneration reports or policies that it is required to submit to the Annual General Meeting, as well as reporting to the Board on any remuneration-related proposals the Board may intend to bring to the Annual General Meeting.
- Ensuring that any conflicts of interest do not impair the independence of the external advice given to the Committee related to the exercise of its functions.
- Consider any suggestions it receives from the Company's Chairman, Board members, executives and shareholders.

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

/ AUDIT AND CONTROL COMMITTEE

5 Number of members

3 Independent Directors

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

Composition

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

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

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

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.

Functions

Its duties include:

- Reporting to the AGM about matters raised that are within the Committee's remit, particularly on the result of the audit, explaining how this has contributed to the integrity of the financial information and the Committee's role in this process.
- Overseeing the process of elaborating and presenting mandatory financial and non-financial information regarding the Company and, where relevant, the Group, reviewing the accounts, compliance with regulatory requirements in this area, the adequate definition of the consolidation perimeter, and the correct application of generally accepted accounting criteria.

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

/ INNOVATION, TECHNOLOGY AND DIGITAL TRANSFORMATION COMMITTEE

7
Number of members

5
Independent Directors

Average attendance at sessions

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

Composition

The Innovation, Technology and Digital Transformation Committee will be formed of a minimum of 3 and a maximum of 7 members. In all cases, the Chairman of the Board of Directors and the CEO will 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.

Functions

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.

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.*

- 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.

/ POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES

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
	CONSEJO EMPRESARIAL ESPAÑOL PARA EL DESARROLLO SOSTENIBLE	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

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
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

/ POSITIONS OF DIRECTORS IN OTHER LISTED OR UNLISTED ENTITIES

Name of Director	Corporate name of the company	Listed	Position	Paid or not
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

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

/ ADDITIONAL PAID ACTIVITIES OTHER THAN THOSE LISTED ABOVE

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

3.1.2. INTERNAL CONTROL FRAMEWORK

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

> adequate identification, measurement and mitigation of the risks to which the Group is or may be exposed,

> the existence of complete, relevant, reliable and timely financial and non-financial information,

> the adoption of sound administrative and accounting procedures and

> compliance with regulations and requirements regarding supervision, codes of ethics and internal policies, processes and standards.

It is integrated into the Group's internal governance system and aligned with the business model, and is in accordance with: **i)** the regulations applicable to financial institutions; **ii)** the EBA Directives on Internal Governance of 2 July 2021, implementing internal governance requirements established in Directive 2013/36/EU of the European Parliament; **iii)** the recommendations of the CNMV on this matter; and **iv)** other regulatory guidelines on control functions applicable to financial institutions.

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

A. First line of defence

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

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

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

B. Second line of defence

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

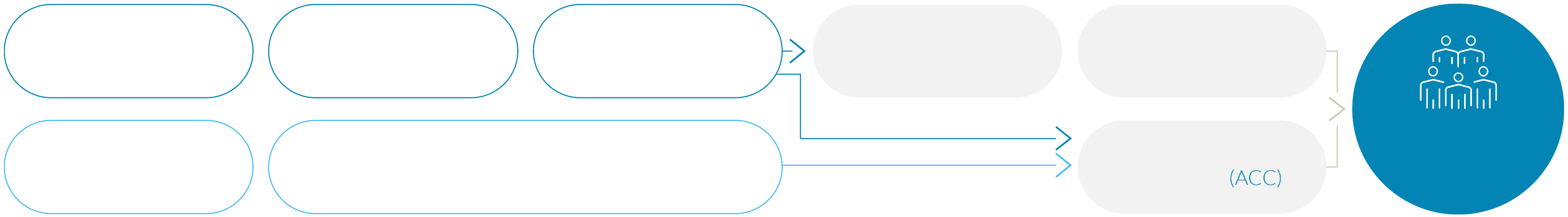
> Establishing, in coordination with the first line of defence, risk management policies that are consistent with the RAF, and for assessing their compliance afterwards.

> Identifying, measuring and monitoring the risks (including emerging risks), and helping to define and implement risk indicators.

> Periodically monitoring the effectiveness of indicators and controls of the first line of defence, as well as indicators and controls inherent to the second line of defence.

> Monitoring control weaknesses that are identified, as well as establishing and implementing action plans to correct them.

> Expressing an opinion on the suitability of the risk control environment.



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

_Risk management function

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

At CaixaBank, the risk management function is carried out by the Corporate Risk Management Function & Planning and Compliance, Control and Public Affairs Division, in accordance with the Risk Function Charter approved by the Board of Directors in January 2022, which is reviewed every two years.

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

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

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

1 Data and information necessary to assess CaixaBank Group's financial and equity position. 2 Information that provides a holistic view of positioning in terms of environmental sustainability and which is directly related to environmental, social and governance aspects (ESG principles).

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

With regard to the reliability of financial information, CaixaBank Group has established and formalised an Internal Control over Financial Reporting System (hereinafter, ICFR[3]), which is defined as the set of processes carried out to provide reasonable assurance regarding the reliability of the financial information published by the Entity in the markets.

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

_Compliance function

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

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

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

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

In accordance with the Corporate internal control policy, the Regulatory Compliance Function is responsible for overseeing the following risks, 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.

3 The ICFR is designed in accordance with the guidance established by the Spanish National Securities Market Regulator (CNMV) in its document "Guidelines on Internal Control over Financial Reporting in Listed Companies". Details of this function are presented in the Annual Corporate Governance Report for 2023, available on the corporate website, along with the activities carried out during the period.

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. The ISS integrates various information channels, including the Whistleblower Channel as the main channel. The Whistleblowing Channel is employed for reporting possible irregularities that may entail breaches involving acts or conduct, past or present, relating to the scope of the Code of Ethics and the Standards of Conduct set out in the Corporate Policy on the Internal Information System.

CaixaBank has also set up the Queries Channel, available to all directors, employees, temporary staff, agents and suppliers. The Queries Channel is an essential tool for preventing and remedying regulatory breaches and is an active part of the Entity's continuous improvement efforts. Specific doubts arising from the application or interpretation of the Code of Ethics and the Rules of Conduct can be formulated through this means of communication.

As a result of CaixaBank's commitment to fostering best practices, the following certifications were renewed in 2023:

- Certification of the Standard ISO 37301 - Compliance Management Systems, an international standard that specifies the requirements and provides guidelines for compliance management systems and recommended practices.
- Certification of the Standard ISO 37001 - Anti-bribery Management Systems, an international standard that specifies the requirements and provides guidelines for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.
- Cetification of the UNE 19601 Standard - Criminal Compliance Management Systems is the drawn up by the Spanish Association for Standardisation (UNE), and it establishes the structure and methodology necessary to implement organisational and management models for crime prevention.

Furthermore, certification processes linked to the above-mentioned standards were undertaken at various Group companies.

C. Third line of defence

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

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

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

- The effectiveness and efficiency of internal control systems in offsetting the risks associated with the Group's activities:
- Compliance with prevailing legislation, especially the requirements of supervisory bodies and the appropriate application of the defined global management framework and risk appetite framework.
- Compliance with internal policies and regulations, and alignment with best practices and uses in the sector, for adequate internal governance of the Group; and
- The reliability and integrity of information, including the effectiveness of the Internal Control over Financial and Non-Financial Reporting (ICFR and ICNFR).

Its main supervisory functions include:

- The adequacy, effectiveness and implementation of policies, regulations and procedures.
- The effectiveness of controls.
- Adequate measurement and monitoring of first line of defence and second line of defence indicators
- The existence and correct implementation of action plans to remedy weaknesses of controls.
- The validation, monitoring and assessment of the control environment by the second line of defences.

Its functions also include:

1. 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 this regard, the 2023 annual audit plan focused on six areas of special relevance: cybersecurity, journey to cloud (migration of technological infrastructures to IBM Cloud), ASG - 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).
2. Periodically reporting on the findings of works carried out and weaknesses detected to the Board of Directors and Delegated Committees, senior management, external auditors, supervisors and all other relevant control and management bodies.
3. Adding value by proposing recommendations to address weaknesses detected in reviews, and monitoring their implementation by the appropriate centres.

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

The control environment and the functions assigned to the various units responsible for risks in the first and second line of defence.

The procedures implemented for measuring, assessing and managing risks, and considering the relevant risk factors.

Compliance with the internal regulations and the regulatory requirements in force.

Economic regulatory capital calculation procedures.

The adequacy of the reporting to Management and Governing Bodies for decision-making and regulatory reporting.

The technology environment and applications used, both as regards information integrity and coherence of data used, as well as confidentiality of information, system availability and business continuity.

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

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

3.1.3. RELEVANT COMMITTEES IN RISK MANAGEMENT AND CONTROL

Below is the organisational diagram for risk management governance purposes:

Annual General Meeting

Directors

Board of Directors (BoD)

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

Executive Committee

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

Risk Committee

It advises the BoD on the risk strategy and global risk propensity, reports on the RAF and proposes the risk policy to the Board.

Audit and Control Committee (ACC)

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

Appointments and Sustainability Committee

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

Executive Committe

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

Innovation, Technology and Digital Transformation Committee

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

Management Committee*

Management Committee

Responsible for drafting the consolidated Strategic Plan and Budget for the Group, which are approved by the BoD.

- ALCO *"Assets and Liabilities Committee"*
- Information Security Committee
- Transparency Committee
- Interest Rate Reference Indexes Technical Contribution Committee
- Privacy Committee
- Sustainability Committee
- Effectiveness Committee
- Regulation Committee
- Information Governance and Data Quality Committee
- Operational Resilience Committee
- Recovery and Resolution Plan Committee
- Capital Committee
- Monitoring Body Internal Code of Conduct
- Internal Control Body
- Incidents Committee
- Diversity Committee

Permanent Lending Committee

Jointly approves asset operations, in compliance with the powers conferred to it by the BoD.

- Large Auctions Committee
- Real Estate Asset Acquisition and Appraisal Committee

Global Risk Committee

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

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

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

A. CaixaBank corporate bodies in the field of risk management

_Management Committee

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

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

_Permanent Lending Committee (PLC)

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

_Global Risk Committee (GRC)

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

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

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

B. Committees reporting to the Management Committee

Some of the most relevant committees in risk management are presented below:

_ALCO "*Assets and Liabilities Committee*"

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

_Transparency Committee

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

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

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

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

_Sustainability Committee

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

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

_Efficiency Committee

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

_Regulation Committee

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

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

_Information and Data Quality Governance Committee (IDQGC)

Its function is to oversee 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.

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

_Internal Compliance Committee

It is responsible for promoting the development and implementation of AML/TF policies and procedures for the Group.

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

_Recovery and Resolution Plan Committee (RRPC)

It is responsible for preparing, approving, reviewing and updating plans that enable the entity to recover in a situation of financial stress.

In the preparation process of the Recovery Plan, the RRPC determines the scope of the plan and the areas that are implicated, it proposes updates at least annually in accordance with the applicable regulations, and it leads the project, supervising and monitoring the drafting process, which is performed by the Project Office. This Office comprises a specialised team from the Solvency and Results Department and it is responsible for the operational coordination of aspects relating to the Recovery and Resolution Plan, as well as for ordinary communications with the supervisor and monitoring regulations in this sphere.

The RRPC also coordinates all information requests sent by both Spanish and European resolution authorities such as the Bank of Spain, FROB or the Single Resolution Board.

_Capital Committee

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

C. Committees reporting to the Global Risk Committee

_Credit Risk Policy Committee

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

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

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

_Global Recovery and 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.

_Operational Risk Committee

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

It focuses on applying, reviewing and disseminating the operational risk management framework, as well as identifying critical points, and establishing operational risk mitigation and control procedures.

_Models Committee

It is responsible for the review and formal approval, as well as for managing, controlling and monitoring credit risk models and parameters (including

acceptance, monitoring and recovery), market risk (including counterparty – credit risk in the Treasury activity), operational risk, liquidity risk, reputational risk, structural balance 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-).

_Impairment Committee

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

_Corporate Criminal Management Committee

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

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

_Reputational Risk Committee

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

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

3.1.4. ORGANISATIONAL STRUCTURE

_Risk Directorate

The Risk Directorate is structured as follows:

- **Retail Lending Office:** responsible for the comprehensive management of the retail portfolio, promoting risk transformation and innovation projects, providing credit risk characterisation models and metrics, accompany the teams in defining the needs in information systems, promote the use of the corporate data model as a single corporate source of reliable data for the use of information and reporting, and conducting end-to-end control of non-performing loan portfolios.
- **Company** Lending Office: responsible for the comprehensive management of the portfolio of all other business segments and specialised sectors (Businesses; Corporate; Institutional; Sovereign, Country and Financial Institution; Real estate; Project Finance, Tourism and Agri-Food).
- **Default and Recovery**: responsible for the end-to-end prevention, management, monitoring and control of non-performing loan portfolios, including positions that have been classified as written-off risk, in the Retail and Business segments. This management involves both the management of the teams of specialists of the recovery function located in the regional network, and the centralised management of the management processes that they decide to outsource at any given time. Includes negotiating solutions with these customers and, where applicable, applying non-amicable solutions to recover the debt (recovery of collateral, insolvency proceedings, legal actions, etc.).
- **Restructuring of Large Corporates and Singular Portfolios:** responsible for managing and monitoring the large corporates portfolio that have operations that evidence signs of deteriorating credit rating, and thus independently of whether the operations have defaults over 90 days old, including positions that have been classified as written-off risk.

  This management involves the centralised oversight of the management processes that are decided to be outsourced at any given time. Includes negotiating solutions with these customers and, where applicable, applying non-amicable solutions to recover the debt (recovery of collateral, insolvency proceedings, legal actions, etc.).
- **Foreclosed Real Estate Assets:** responsible for defining, implementing and monitoring policies associated with property management and integrating the real estate activity into global NPL management. It also monitors and tracks property investments and divestments, verifies compliance with regulatory requirements in real estate activity and reports to Governing Bodies on real estate activity.
- **Corporate Risk Management Function & Planning (CRMF&P):** its responsibilities include coordinating the risk management function in CaixaBank Group; the direct exercise of the second line of defence functions for risks of a financial nature, as well as being responsible for setting the general risk management framework and other common aspects for financial and non-financial risks, and any cross-cutting aspects affecting the risk management activities carried out in the Group's companies.

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

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

It is organised in six areas:

_Market and Structural Risks

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

_*Enterprise Risk Management & Planning*

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

_Planning, Impairment and Regulatory Capital

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

_Regulated Credit Risk Models

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

_Credit Risk Policy and Information

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

_Sectoral Monitoring and Analysis, and Large Exposures

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

_Compliance, Control and Public Affairs Division

The Compliance, Control and Public Affairs Division also performs second line of defence functions under the following organisational structure:

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

Its mission is articulated through the supervision of compliance risk arising from the processes and activities carried out; fostering, championing and promoting the values and the principles enshrined in the Code of Ethics; and promotion of a culture of control and compliance with the laws and regulations in force (both external and internal) that allows and favours their integration into the management of the entire organisation.

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

Internal Control and Validation, which includes:

- **Model validation and risk**, which manages and controls the model risk to ensure that reliable models are available and designed according to best practices and to contribute to agility and efficiency in processes, overseeing the good governance of models. It is the Internal Validation unit that, following the guidelines set by Model Risk, conducts the controls and activities necessary to issue an independent technical opinion on models that allow model risk management to keep levels of exposure to model risk within the outlined tolerance thresholds, at all times.
- **Risk Process Control** performs the Group-wide function of promoting, coordinating and governing the internal operational control activity for all the risks of the Entity, and it provides an overview of the internal control environment of risk processes. It assesses the effectiveness of the controls established by the process owners on a recurring basis and, whenever feasible, in an automated way through control indicators (KCI). It monitors the control framework of each process through a system for generating alerts and action plans.
- **Reliability of information** manages the cross-cutting process for controlling the Reliability of the information that CaixaBank and its Group make available to the various stakeholders (mainly the market, customers, shareholders, supervisors and governing bodies) through a system, the objective of which is to guarantee the sufficiency and operation of the controls established in the information generation processes and process of generating, reviewing and disclosing the documents that make up the perimeter of relevant reports, allowing for the correction of the detected weaknesses in a reasonable time.

_Internal Audit Directorate

To guarantee the independence and powers of the audit function, the Internal Audit Directorate reports to the Audit and Control Committee (Board of Directors' specialist committee) and also reports to the Chairman of the Board of Directors. This ensures the independence and authority of the Internal Audit function, which acts as the third line of defence, overseeing the activities of the first and second lines of defence so as to provide reasonable certainty to the Board of Directors and Delegated Committees.

3.2. STRATEGIC RISK MANAGEMENT PROCESSES

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

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

3.2.1. IDENTIFICATION AND ASSESSMENT OF RISKS (Risk Assessment)

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

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

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

Risk Assessment is one of the main sources for identifying:

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

Shocks resulting from the geopolitical and macroeconomic environment.

New competitors and the application of new technologies.

Cybercrime and data protection.

Changes to the legal, regulatory or supervisory framework.

Extreme events and high-impact operational incidents.

3.2.2. CORPORATE RISK CATALOGUE

The Corporate Risk Catalogue is the taxonomy of Material risks to which CaixaBank Group is exposed.

It facilitates internal and external monitoring and reporting of the risks, as well as its consistency across the Group, and is subject to periodic review, at least on an annual basis.

These risks are grouped into two levels:

> **First-level risks**: these correspond, in the first instance, to the Group's material risks. They are corporate in nature and are grouped into three main categories: cross-cutting risks (financial or non-financial risks, the management and occurrence of which are highly dependent on other risks in the Catalogue), financial risks and operational risk (non-financial).

> **Second-level risks**: at least at CaixaBank, there will be an additional level of disaggregation for each of the above risks, providing a clear understanding of the components of these risks.

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

Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns with the cost of capital.	
Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.	
Potential adverse consequences for the Group arising from decisions based mainly on the results of internal models with errors in the construction, application or use thereof.	
Potential financial loss or lower income for the Group as a result of events that negatively affect the perception that interest groups have of the CaixaBank Group.	
Loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Includes the risk generated by operations in the financial markets (counterparty risk).	1. Loans and receivables, fixed -income and non-debt assets Counterparty credit risk Securitisations Equity portfolio
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.	
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 off the Group's balance sheet not recorded in financial assets held for trading.	
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.	
Loss of value, with impact on results and solvency, of a portfolio (set of assets and liabilities) due to adverse movements in prices or market rates.	
Application of criteria for action contrary to the interests of its customers and stakeholders, or actions or omissions by the Group that are not aligned with the legal or regulatory framework, or with internal policies, regulations or procedures, or with the codes of conduct and ethical standards and good practice.	Conduct and compliance risk Legal and regulatory risk Technology risk Other operational risks
Potential losses or decreases in the CaixaBank Group's profitability as a result of legislative changes, the incorrect implementation of said legislation in the CaixaBank Group's processes, the misinterpretation of legislation applied to operations, incorrect handling of court or administrative rulings or of claims or complaints received.	
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.	
Risk of loss or damage caused by errors or shortcomings in processes, due to external events or due to the accidental or intentional actions of third parties outside the Group. This includes risk factors related to outsourcing, business continuity and external fraud.	

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

The most relevant change to this year's review is:

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

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

3.2.3. RISK APPETITE FRAMEWORK (RAF)

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

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

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

/ RISK APPETITE FRAMEWORK

(advised by the Risk Committee)

Statements and fundamental metrics

Metrics that supplement and implement those of LEVEL 1

Management levers

Maintain a medium-low risk profile (moderate), with a comfortable capital adequacy, to strengthen customers' trust through financial soundness.

Be constantly in a situation to appropriately fulfil its funding obligations and requirements, even under adverse market conditions.

Have a stable, diversified funding base to preserve and protect the interests of its depositors.

Generation revenue and capital in a balanced and diversified manner.

Align the business strategy and customer relationship with responsible social action by applying the highest ethical and governance standards, as well as by considering potential impacts on climate change and the environment.

Promote an internal risk culture that is integrated into management through policies, communication and staff training.

Pursue operational excellence, quality and resilience so as to continue providing financial services to our customers in accordance with their expectations, even in adverse scenarios.

Business profitability	Profit ratios
Own funds and capital adequacy	Regulatory solvency ratios
Model	Quantitative metrics on non-financial risks (i.e. reputational)
Reputational	

Credit	Calculations based on advanced models and methodologies
Actuarial	Accounting parameters (cost of risk and NPL ratio)
Structure rate	Indicators that encourage diversification (e.g. by borrower, sector)
Liquidity and funding	Regulatory liquidity metrics and internal metrics that ensure that comfortable liquidity levels are maintained
Market	

Conduct and compliance	Quantitative metrics on non-financial risks (i.e. operational)
Legal and regulatory	Metrics of the number of compliance incidents
Technological	
Other operational risks	

Detailed metrics that derive from the factorial decomposition of Level I metrics or from a greater breakdown.

They also incorporate more complex and specialised risk measurement elements

Other "*key risk indicators*"

Limits, policies and powers

Methodologies for measuring risks and evaluating assets and liabilities

Other risk management and control tools and processes

The Global Risk Committee promotes an action plan and draws up a schedule. The Risk Committee is reported on the matters.

The Global Risk Committee monitors the action plan and communicates to the Risk Committee.

Recovery Plan
Governance Process of the Recovery Plan to reduce the possibility of bankruptcy.

Trend of metrics and projection.
Non-compliance and action plans.

Trend of metrics and projection.
Non-compliance and action plans.

3.3. RISK CULTURE

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

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

The actions and decisions that involve undertaking risk are:

> Consistent with the corporate values and the core principles of the Group's activity.

> Consistent with the Group's risk appetite and risk strategy.

> Based on a thorough knowledge of the risks involved and how to manage them, including environmental, social and governance factors.

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

A. Responsibility

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

All employees must be fully aware of their risk management responsibilities. 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 bank's policies, procedures and controls and will promptly report, within or outside the bank, any cases of non-compliance identified.

B. Communication

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

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

In the risk news channel on the intranet during the year 2023, news items have been published explaining the most relevant projects and disseminating risk management concepts in a generic way. Among these initiatives, 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.

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

C. Training

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

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

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

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

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

The financial system and the risks in the economic environment and banking business.

The organisation and operation of risk management in the Group.

The processes and tools associated with lending transactions, covering the admission and monitoring, through to renegotiation and recovery, where necessary.

Different credit products and the risks inherent to each one, together with legislation applicable to credit agreements.

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

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

  This postgraduate course began with its first edition in 2015, and reached its 8th Retail edition in 2023. In total, there are 2,263 employees in this speciality.

  During 2023, the 4th edition of the postgraduate course in its business speciality was completed. In total, 734 employees completed this specialisation course.

- **Specialist training in risks for AgroBank:** intended for employees of the AgroBank branch network. Since 2018, 2,108 employees have completed this training.
- **Specialist training in risks for Private Banking branches:** aimed at employees of the Bank's Private Banking network. Since this initiative was launched in 2018, a total of 684 employees have completed it.

  Specific training courses were also run on the following topics:

- **Training on the new Real Estate Credit Contracts Act 5/2019:** Specialisation course at the Barcelona School of Management-Pompeu Fabra University, which assisted in designing the content and certifying the courses. During the year 2023, 29,167 employees were certified throughout the organisation with this or equivalent certificates.
- **Documentary Compliance and Data Quality training:** this training was taken by more than 27,724 professionals, seeking to strengthen the institutional awareness of risk aspects such as documentary integrity and the quality of data entered into the systems.
- **Basic Financial-Economic Analysis Course:** aimed at the retail network and company centres, included in Welcome Banca Empresas, Welcome BusinessBank. Completed by the end of 2023 for a total of 500 employees.
- **Training in Risk Management and Business Banking:** during 2023, a training course on risk policies continued to be developed specifically for the group of professionals in the Risks area from the integration with Bankia. Completed to date by 645 employees.
- **Higher course in recovery management:** aimed at default teams. During 2023, 479 managers attended this training course specialising on this matter.
- **ESG training:** The ESG 360° Training Plan, aligned with our strategic priority of Sustainability, was officially approved for implementation in 2023. The plan consists of 4 blocks:

i) general training, which includes compulsory and core training, such as compulsory training on risks associated with climate change; ii) recommended specialist training to cover the needs of various segments or areas of the Entity, including training for managers; Iii) specialist training that addresses ad hoc requests based on specific team needs, such as sustainability and climate risk certifications; and iv) self-guided training through the Entity's sustainability school. In 2023, 35,489 employees received ESG training.

D. Performance assessment and remuneration

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

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

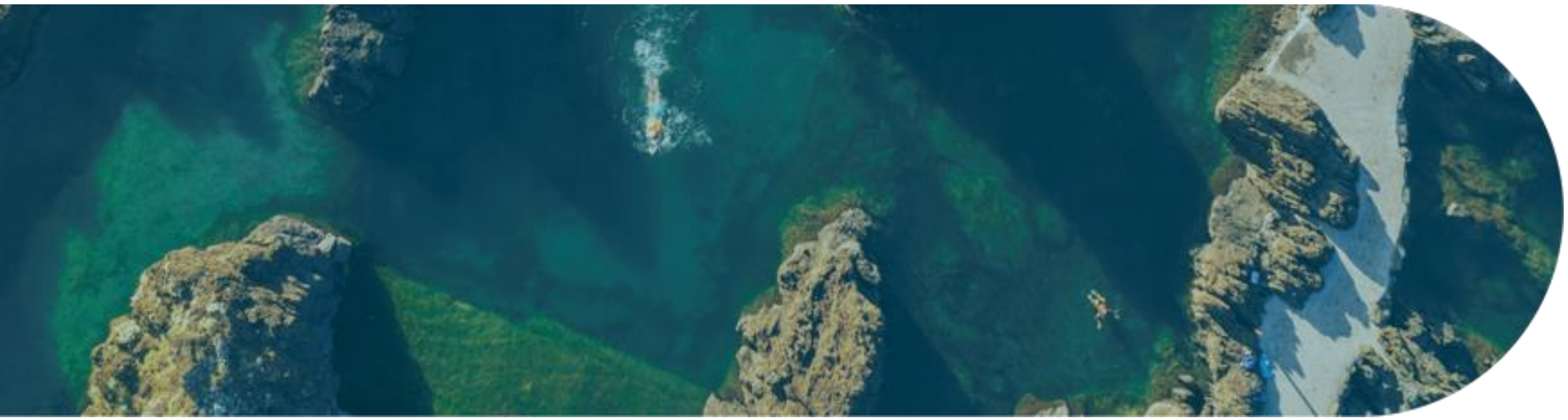
3.4. ESG CROSS-CUTTING FACTOR (SUSTAINABILITY)

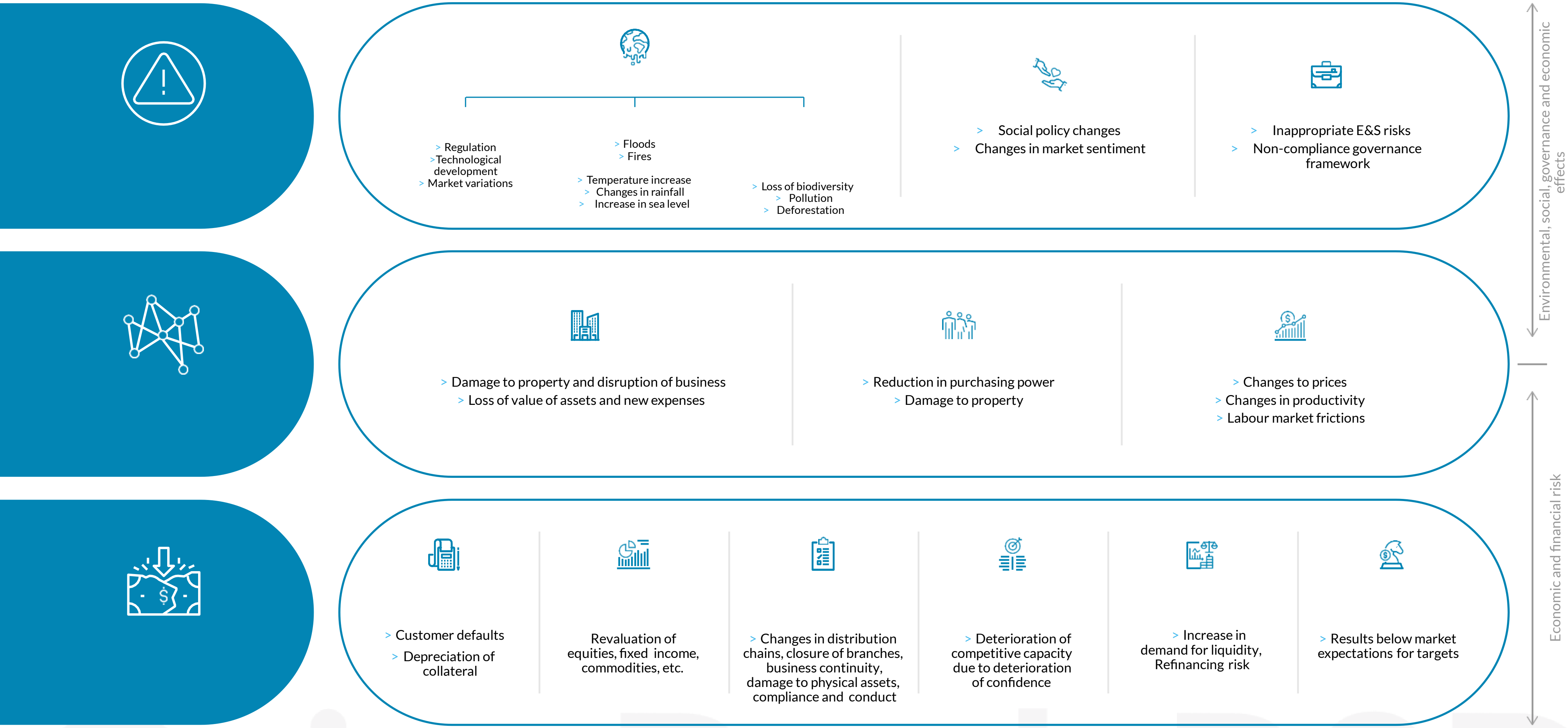
As presented in section 3.2.2, **sustainability/ESG risk is considered a cross-cutting factor** affecting several risks in the Entity's Corporate Risk Catalogue.

A. Treatment of ESG risks and management standards

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

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

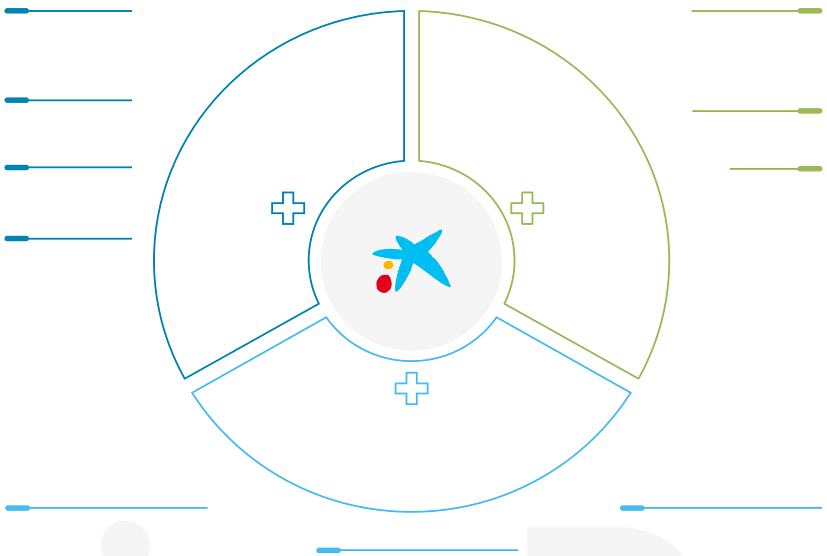



> Regulation
> Technological development
> Market variations
> Floods
> Fires
> Temperature increase
> Changes in rainfall
> Increase in sea level
> Loss of biodiversity
> Pollution
> Deforestation
> Social policy changes
> Changes in market sentiment
> Inappropriate E&S risks
> Non-compliance governance framework
> Damage to property and disruption of business
> Loss of value of assets and new expenses
> Reduction in purchasing power
> Damage to property
> Changes to prices
> Changes in productivity
> Labour market frictions
> Customer defaults
> Depreciation of collateral
Revaluation of equities, fixed income, commodities, etc.
> Changes in distribution chains, closure of branches, business continuity, damage to physical assets, compliance and conduct
> Deterioration of competitive capacity due to deterioration of confidence
> Increase in demand for liquidity, Refinancing risk
> Results below market expectations for targets
Environmental, social, governance and economic effects
Economic and financial risk

B. 2022–2024 Strategic Plan

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

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



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

- **Promoting the sustainable transition of companies and society**, offering sustainable solutions in financing and investment, with a focus on energy efficiency, mobility and sustainable housing; ESG advice with a commitment to decarbonise the Group's credit and investment portfolio. CaixaBank, as a founding member of the United Nations Net Zero Banking Alliance (NZBA) initiative, published in October 2022 its first decarbonisation targets by 2030 for the Oil & Gas and Electricity. In 2023, targets were published for the automotive, iron and steel sectors. In addition, a coal phase-out target was published.
- **Leading positive social impact and promoting financial inclusion** through MicroBank, a Group company (Social and ethical banking | MicroBank |CaixaBank), the Group employees' volunteering and social action, promoting microfinance solutions and maintaining its commitment to the rural world, adapting the service channels to the needs of the different customer groups.
- **Promoting a responsible culture by being a benchmark in governance** through best practices in culture, reporting and responsible marketing, accompanied by effective and transparent communication on ESG issues.

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

/ COMMITMENTS OF THE SUSTAINABLE BANKING PLAN 2022–2024

Global

€ mobilised in **sustainable finance**[1]

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

Environmental

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

Social

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

Good Governance

43% of women in managerial positions[4]

1Sustainable finance mobilisation is the sum of the following items: Sustainable Retail financing, as the sum of the formalised amount of: green bonds (with "A" or "B" energy efficiency certificate), financing for renovation of homes, financing of hybrid/electric vehicles and microloans granted by MicroBank. Sustainable Corporate financing, as the sum of the formalised amount of: sustainable financing for customers in the Business, Developer and CIB (Corporate and Institutional Banking) segments. Amount of CaixaBank's proportional share of its customers' issuance and placement of sustainable bonds (green, social or mixed); Net increase in Assets under management (AuM) in CaixaBank Asset Management in products classified under Art. 8 and 9 of the SFDR. The change includes the market effect. Gross increase in Assets under management (AuM) in VidaCaixa, in products classified under Art. 8 and Art. 9 of the SFDR. The calculation considers gross contributions to Pension Funds, Voluntary Social Welfare Schemes and Unit Linked. In 2023 and 2024, it will also include contributions from dependency insurance.

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

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

4% of women in managerial positions from deputy managers of large branches and up (category of branches A and B). The initial target set for 2024 of 42% to 43% with the update of the Equality Plan has been updated in 2023.

3.4.1. ENVIRONMENTAL RISK

A. Business strategy and processes

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

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

Considering the complementarity of emissions reduction with economic growth, the transition to a carbon-neutral economy not only involves risks for companies, but also business opportunities. To contribute to its materialisation, it is necessary to continue offering viable solutions that meet the expectations and needs of our customers and stakeholders. As part of these solutions, CaixaBank has been actively involved in financing renewable energy, infrastructure and sustainable agriculture projects for years, among other initiatives. Socially responsible investment is also promoted through the asset manager and pension plan manager (For further information, see section "Sustainable Business" of CaixaBank's 2023 Consolidated Management Report).

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

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

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

Support viable projects that are compatible with a carbon-neutral economy and climate change solutions.

Manage climate change risks and move towards emission neutrality in the lending and investment portfolio.

Minimise and offset the operational carbon footprint.

Promote dialogue on sustainable transition and collaborate with other organisations to move forward together.

Report progress in a transparent manner.

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

CaixaBank has a Financing Framework linked to the SDGs (CaixaBank Sustainable Development Goals (SDGs) Funding Framework), under which it issues financial instruments, such as bonds, that finance the bank's green, social or sustainable financing activity. To encourage the origination of green/social/sustainable transactions by the Bank's business teams, the Entity has an internal incentive mechanism in place to promote sustainable financing.

1 United Nations Environment Programme Finance Initiative.

The application of this incentive for green assets eligible for the Framework came into force in the financial year 2022 and its extension to social assets has come into force in the financial year 2023. As a result, the business areas are more aware of the positive impacts that can be generated through financing activities, including the financing of activities that contribute to mitigating and adapting to climate change[1].

In line with its sustainable banking model, CaixaBank is committed to integrating sustainable criteria into its investment, understood as investment that not only offers economic returns for investors, but also promotes management that is coherent with the creation of value for society at large, pursuing a social and environmental benefit[2].

_Targets, goals and limits

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

1 For further details, see section "Mobilisation of sustainable finances" and section "Green Taxonomy" under section Sustainable Business of the Management Report of December 2023.
2 For further details, see section "Responsible investment" in section Sustainable Business of the Management Report of December 2023.

With regard to the target of net zero emissions, in April 2021 **CaixaBank adhered, as a founding member, to the Net Zero Banking Alliance** promoted by the UNEP FI, by means of which it commits to achieving net zero emissions by 2050 and publishing intermediate decarbonisation targets by 2030, within the first 18 months of the adherence in the more material sectors and within 36 months in all priority sectors.

The first decarbonisation targets for 2030 for the power generation and oil and gas sectors were disclosed in October 2022. In 2023, decarbonisation targets were published for the automotive, iron and steel sectors. In addition, a coal phase-out target was published.

Sector	Scope of emissions	Metric	Base year	Base year metric	2021	2022	Reduction target 2030	Target metric 2030	Reduction 2022 compared to base year	Year of publication
Electricity	1	Physical intensity	2020	136 kg CO_2e/ MWh	111 kg CO_2e/ MWh	118 kg CO_2e/ MWh	-30.00%	95 kg CO_2e/ MWh	-13%	2022
Oil & Gas	1,2,3	Calculation of financed emissions	2020	9.08 Mt CO_2e	7.5 Mt CO_2e	7.4 Mt CO_2e	-23.00%	6.99 Mt CO_2e	-19%	2022
Automotive	3[1]	Physical intensity	2022	154 g CO_2/vkm			-33.00%	103 g CO_2/vkm		2023
Iron and steel	1+2	Physical intensity	2022	1,230 Kg CO_2 e/t steel			'-[10-20]%	1,107-984 Kg CO_2 e/t steel		2023
Coal	N/A	Total exposure	2022	€2,845 M (€213 M considering mitigating factors[2])			-100.00%	€0m		2023

For details on the design of the objectives, see section "Decarbonisation targets" of "CaixaBank's 2022 - June 2023 Climate Report".

1 Includes Scope 3 category 11 emissions: Use of sold products, tank-to-wheel.
2 Mitigating factors are considered to be phase-out commitments <=2030 or only renewable financing.

_Environmental Management Plan

In addition, CaixaBank's 2022-2024 Sustainable Banking Plan includes the **2022-2024 Environmental Management Plan**[1], with eight lines of action that aim to reduce the direct impact of CaixaBank Group's activity:

01

Governance in Environmental Management at Group level.

02

Carbon Footprint **mitigation strategy.**

03

Environmentalisation of procurement and contracts.

04

Environmentalisation of sales of non-financial products.

05

Commitment to the **circular economy.**

06

Sustainable Mobility.

07

Promotion of efficiency.

08

Renewal of voluntary certifications and extension of scope.

1 For more information, see section "Environmental Management Plan" of CaixaBank's Consolidated Management Report of 2023.

The **2022-2024 Environmental Management Plan sets quantitative targets**[1] for all the years of the plan, aligned with the climate strategy and focused on the reduction of direct impacts:

Target	Indicators	2022 target	2022 actual	2023 target	2023 actual	2024 target
Minimising and offsetting the carbon footprint	Scope 1 (vs 2021[2])	-7.00%	-10.00%	-10.00%	-21.00%	-15.00%
	Scope 2 (MARKET-BASED) (vs 2021)	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
	Scope 3 operational perimeter calculated 2021[3]	-12.00%	-38.00%	-15.00%	-35.00%	-18.00%
	Global CO_2 emissions reduced (vs 2021)	-12.90%	-32.00%	-16.00%	-33.00%	-19.00%
	Carbon Neutral[4]. CO_2 emissions offset: Scopes 1, 2 and 3.6 (corporate trips)	100.00%	100.00%	100.00%	100.00%	100.00%
Consumption of 100% renewable energy	Renewable energy consumption	100.00%	100.00%	100.00%	100.00%	100.00%
Reduction of paper consumption/ waste	Reduction of paper consumption (vs 2021)	-8.00%	-34.60%	-12.00%	-27.70%	-15.00%
Implementation of energy efficiency measures	Savings in energy consumption (vs 2021)	-6.00%	-14.10%	-8.00%	-22.80%	-10.00%
Renewal of certifications and extension of the perimeter	Environmental certifications in main buildings (vs 11 certifications 2021[5])	200.00%	200.00%	300.00%	300.00%	400.00%

1 The targets related to reducing emissions in scopes 1 and 2, the Carbon Neutral target, 100% renewable energy consumption and its reduction and the number of certifications take into account the entire Group (including 16 subsidiaries) and scope 3 and the reduction in paper consumption are limited to CaixaBank, S.A.

2 For the calculation of the scope 1 target, CaixaBank's cooling gas emissions data take the average for the period 2019-2021 as the baseline year.

3 The scope 3 (operational) target was calculated by taking into consideration the calculation perimeter prior to the rescaled operational carbon footprint, including various scope 3 categories irrespective of which are material. The corporate travel issuance data, included in this target pertain to CaixaBank, S.A. and take as the baseline year 2019 (prior to COVID-19 restrictions).

4 The carbon neutral perimeter includes CaixaBank Group's scopes 1, 2 and 3.6 (corporate travel). Emissions that could not be avoided, and offset them by purchasing credits on the voluntary emissions offset market, as explained in the section Carbon footprint mitigation strategy.

5 In 2022 CaixaBank sold the certified building located at Paseo de la Castellana 51, transferring most of its employees to the building at Castellana 189, which is also ISO 14001 certified. The baseline data on which we assess the targets has changed to 10 certifications on which two new buildings belonging to BPI were added in 2022 and a third belonging thereto in 2023.

B. Governance

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

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

The highest management body with responsibility for managing sustainability risk, including climate and environmental risk, is the Sustainability Committee, a representative body of the Management Committee, to which it reports directly. In addition, when applicable, it reports to the Appointments and Sustainability Committee, and in matters related to the sustainability risk policies to the Global Risk Committee, which submits them to the Risk Committee. Both the Appointments and Sustainability Committee and the Risk Committee are representative committees of the Board of Directors. A list of the main decision points of the various aforementioned governing bodies can be found in section 03. “Corporate governance” in section "Sustainability Governance" and subsection "Governing Bodies" of the 2023 Consolidated Management Report.

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

The Sustainability Department is responsible for coordinating the definition, updating and monitoring of the Group's sustainability strategy, including the implementation of these Principles. With this objective, and to coordinate and monitor the implementation of the Sustainability Master Plan, an internal weekly work group has been set up to monitor the Plan, in which the entire Sustainability Management is involved. Additionally, the Sustainability Committee reviews the degree of progress in implementing the Master Plan, including the first level KPIs, on a quarterly basis. The Appointments and Sustainability Committee is informed every six months of the progress and status of the Master Plan (in 2022, the first year of implementation of the Master Plan, the Appointments and Sustainability Committee and the Board of Directors were informed in the fourth quarter).

Members of committees may request the establishment of new actions in the event that the objectives are not achieved or new areas of priority attention are identified. A list of the main decision points of the aforementioned management bodies can be found in the section "Sustainability Governance" and subsection "Management Bodies" of the 2023 Consolidated Management Report.

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

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

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

In March 2024, the Board of Directors approved the update to the **Corporate Policy on Sustainability/ ESG Risk Management**, which consolidates the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence Sector and **establishes the criteria for ESG analysis in the processes of customer admission and approval of the Entity's credit financing operations**. This policy governs the ESG risk management, including climate risks, in admission processes and establishes general and sectoral exclusions linked to activities that may have a significant impact on human rights, the environment and the climate, in which CaixaBank will not assume credit risk. General exclusions apply to all customers (no new projects that have a negative impact on natural or cultural heritage, high-value biodiversity areas or areas susceptible of suffering water stress, or companies on which there is solid evidence that they use child or forced labour, have participated in violations of human rights or do not have health and safety policies in place to protect their workers are provided financing), while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fisheries, livestock and forestry sectors.

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

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

_Remuneration

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

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

With the aim of aligning the variable remuneration with the sustainability and good corporate governance goals, in 2022 the weight of metrics linked to ESG factors, such as sustainability, quality and conduct and compliance, was increased in the annual and long-term variable remuneration schemes. In this regard, in 2023 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, the rest of the Identified Staff and the Central Services staff. As of 2024, these ESG factors will be included in the determination of the variable remuneration of the entire CaixaBank workforce.

In 2023, in the annual variable remuneration scheme of the members of the Management Committee, the quality, compliance and sustainability metrics together weigh 15% (5% each) when calculating the variable remuneration to be received. The rest of the metrics are profitability (10%), efficiency (10%), variation in troubled assets (5%) and risk appetite (15%). For Executive Directors, the weight of these metrics is double in all goals, except for risk appetite, which increases to 20%, as their variable remuneration fully depends on the corporate goals.

1 See section 3.1.2 Internal control framework.

In the multiannual variable remuneration scheme, each of the metrics has a weight of 25%, these being the CET1, the multiannual ROTE, the indicator of the relative performance of the action and the mobilisation of sustainable finance.

Both for annual variable remuneration and for the multiannual variable remuneration, the sustainability metric selected is the mobilisation of sustainable finance, understood as new production. This metric is one of the level one KPIs of the Bank's Sustainability Master Plan and Strategic Plan, set at €64,000 million in cumulative terms in the 2022-2024 period.

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

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

C. Risk management

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

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

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

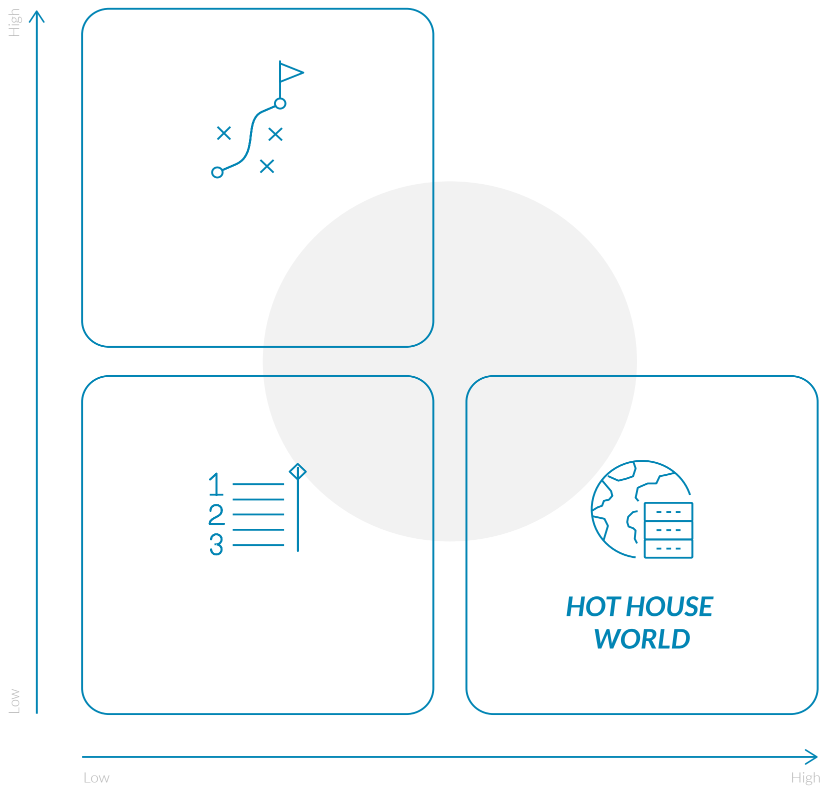
The financial materiality analysis (outside-in) focused on the qualitative assessment of the main impacts that ESG factors may have on the traditional risks, such as, credit, liquidity, market, operational, reputational or business return, across the different portfolios.

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

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

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

- **Orderly transition:** An orderly transition scenario involves introducing climate policies early and with increasing depth and scope so that the 1.5°C[1] target is achieved. Both the physical and the transition risks are relatively moderate.
- **Disorderly transition:** A disorderly transition scenario implies a significant increase in transition risks due to delays in climate policies or divergences between countries and sectors. It involves the adoption of measures from 2030 or at a relatively late stage with respect to the time frames of current climate and environmental regulations. This increases the risk of transition, but maintains the physical risk at a relatively low level when reaching the target of 1.5°C[1].
- "Hot House World" (high global warming level): This implies the application of very limited climate policies and only in some countries, areas or sectors, so that global efforts are insufficient to avoid global warming with significant incremental physical climate effects. In this scenario, the risk of transition is limited, but the physical risk is very high and with irreversible impacts.



Source: NGFS

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

1 Goal of limiting the temperature increase in 2100 to 1.5°C above pre-industrial levels.

/ CLIMATE RISK ANALYSIS MATRIX - ORDERLY TRANSITION SCENARIO

		CPMPLP			CPMPLP	
CIB SEGMENT	Medium-low risk	Medium risk	Medium risk	Low risk	Medium-low risk	Medium risk
BUSINESS SEGMENT	Medium-low risk	Medium-low risk	Medium risk	Medium-low risk	Medium-low risk	Medium risk
MORTGAGE SEGMENT	Low risk	Medium-low risk	Medium risk	Low risk	Low risk	Medium risk
CONSUMPTION SEGMENT	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
OPERATIONAL	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
MARKET	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium-low risk
REPUTATIONAL	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
LIQUIDITY	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
BUSINESS/STRATEGY	Medium-low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk

In addition, the results of the risk analysis in the disorderly transition scenario and the *Hot House World* scenario are presented.

/ CLIMATE RISK ANALYSIS MATRIX - DISORDERLY TRANSITION SCENARIO

		CPMPLP			CPMPLP	
CIB SEGMENT	Medium-low risk	Medium-high risk	Medium-high risk	Low risk	Medium-low risk	Medium risk
BUSINESS SEGMENT	Medium-low risk	Medium-high risk	Medium-high risk	Medium-low risk	Medium-low risk	Medium risk
MORTGAGE SEGMENT	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium risk
CONSUMPTION SEGMENT	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
OPERATIONAL	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
MARKET	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium-low risk
REPUTATIONAL	Low risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
LIQUIDITY	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
BUSINESS/STRATEGY	Medium-low risk	Medium risk	Medium risk	Low risk	Low risk	Low risk

/ CLIMATE RISK ANALYSIS MATRIX - "HOT HOUSE WORLD" TRANSITION SCENARIO

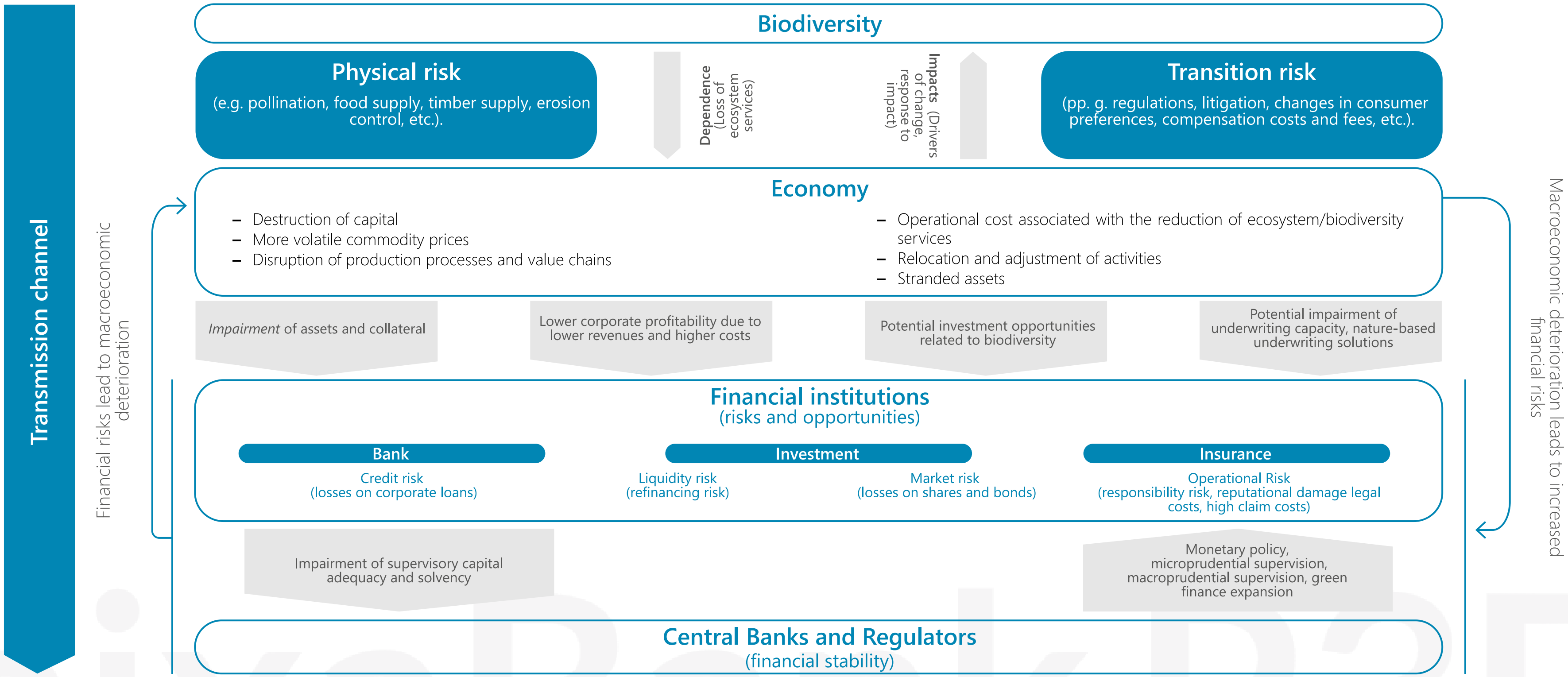
		CPMPLP			CPMPLP	
CIB SEGMENT	Low risk	Medium-low risk	Medium-low risk	Low risk	Medium risk	Medium-high risk
BUSINESS SEGMENT	Low risk	Medium-low risk	Medium-low risk	Medium-low risk	Medium risk	Medium-high risk
MORTGAGE SEGMENT	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium-high risk
CONSUMPTION SEGMENT	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
OPERATIONAL	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
MARKET	Low risk	Medium-low risk	Medium-low risk	Low risk	Medium-low risk	Medium risk
REPUTATIONAL	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Low risk
LIQUIDITY	Low risk	Low risk	Low risk	Low risk	Low risk	Medium-low risk
BUSINESS/STRATEGY	Low risk	Medium-low risk	Medium-low risk	Low risk	Low risk	Medium-low risk

Low risk   Medium-low risk   Medium risk   Medium-high risk   High risk   ST. Short term (up to 4 years) MT. Medium term (4 to 10 years) LT. Long term (over 10 years)

_ Identification and assessment of other risks related to nature

The analysis of environmental risks not arising from climate change has focused on the impacts on nature (loss of biodiversity, water, deforestation, pollution, etc.). This analysis is considered of particular relevance given the close relationship with climate change and the transition to a decarbonised economy. To perform this analysis, a methodology similar to that used to analyse climate risk analysis has been used, in which a distinction is made between physical and transition risks, related respectively to the direct impact of damage to nature and the fight to avoid it. Both kinds of risk have an impact on the main prudential risks.

Under these criteria, it is considered that the main impacts of other environmental risks are concentrated in the medium and long term in the legal entities portfolio, together with reputational risks. Nature can impact credit risk through 5 drivers: Changes in land use, use and exploitation of natural resources, climate change, pollution and invasive species.



_Environmental risk management

Following the assessment of these risks and given their lesser materiality, the phased deployment of ESG risk management at CaixaBank has prioritised climate risks as detailed below. 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:

- Incorporation of environmental risks in the risk acceptance processes through the application of the Corporate Sustainability/ESG Risk Management Policy. The environmental risks covered by this policy include natural heritage and biodiversity. CaixaBank recognises that its customers' economic activities may have substantial impacts on areas of high biodiversity value, sensitive ecosystems, areas susceptible to water stress, or national and internationally protected areas. Consequently, the Entity includes this consideration in its sustainability risk management, with the aim of minimising the impact of its portfolio on the natural environment.
- Application of the Equator Principles to certain operations with potential environmental and social risks, including those related to human rights, climate change and biodiversity.
- Management and disclosure of climate risks and opportunities: CaixaBank aims to align disclosure on nature-related risks and opportunities according to the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD). In this regard, during 2022 and 2023, CaixaBank has participated in one of the pilot projects launched by TNFD and coordinated by UNEP FI, which is working on the draft TNFD framework.

CaixaBank's climate risk management and analysis is in accordance with best market practices, the regulatory framework, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Commission's Non-financial reporting Directive (NFRD). The supervisory expectations for risk management and risk communication in the European Central Bank's Guide on climate-related and environmental risks of November 2020 are also particularly relevant, and action plans and implementation schedules have been established to ensure that their processes are aligned with supervisory expectations. Therefore, in general terms, the actions indicated below are aimed at integrating ESG risks into the general management of the organisation's risks.

_Corporate policy on sustainability/ESG risk management

In March 2024, the Board of Directors approved the update to the Corporate Policy on Sustainability/ ESG Risk Management, which consolidates the previous Environmental Risk Management Policy and Corporate Policy on Relations with the Defence Sector and establishes the criteria for ESG analysis in the processes of customer admission and approval of the Entity's credit financing operations.

In addition, this policy regulates the management of ESG risks, including climate risks, in the customer admission and monitoring processes and includes the following lines of action:

01
Defining and managing an internal ESG risk management plan in line with the Group's strategy.

02
Defining and managing the implementation of a framework of admission, monitoring and mitigation policies to maintain a risk profile in line with this strategy.

03
Developing the ESG risk analysis tools necessary for decision-making in client admission and risk concession processes, whether in corporate or project format.

04
Monitoring actions and operations with a potential significant impact on ESG risks.

05
Incentivising ESG risk mitigation practices in the portfolios under the scope of this Policy or other types of actions (such as, inter alia, the issuance of green and social bonds).

06
Promoting the development of systems for identifying, marking transactions for and measuring exposure to ESG risks, in accordance with the evolution of the regulatory framework, social sensitivity to these risks and best practices in the market.

07
Assigning roles linked to ESG risk management in the current organisational structure, with the necessary segregation of functions to maintain independence between the areas responsible for the processes of defining strategy, analysis and approval of operations and monitoring and control of these risks.

08
Establishing a system of powers for the admission of ESG risks, which allows them to be incorporated in an agile but rigorous manner into the ordinary decision-making processes.

This policy establishes general and sectoral exclusions linked to activities that may have a significant impact on human rights, the environment and the climate, in which CaixaBank will not assume credit risk. General exclusions apply to all customers, while sectoral exclusions apply to certain activities in the defence, energy, mining, infrastructure and agriculture, fisheries, livestock and forestry sectors.

For the energy sector, the following financing restrictions stand out:

Oil	Gas
Companies with revenues >50% from exploration, extraction, transportation, refining, coking and oil-fired power generation, unless they promote energy transition with a robust transition strategy or operations are geared towards financing renewables.	Companies with income >50% from exploration, extraction/production, liquefaction, transport, regasification, storage and electricity generation with natural gas, unless they promote the energy transition with a solid transition strategy or operations are aimed at financing renewable energies.
Operations requested by new or existing customers, with medium-term maturity dates, the purpose of which is exploration, extraction, transport, refinery, coking plants or generating energy from oil.	Operations requested by new or existing customers, with long-term maturity dates, the purpose of which is the exploration, extraction, liquefaction, transport, regasification, storage or generation of electricity with natural gas.

In addition, for the coal sector, the 2030 coal phase-out has been approved.

Furthermore, CaixaBank will not assume credit risk in new projects related to the exploration or production of oil and gas in the Arctic region; tar sands; extraction by *fracking*; construction, development or expansion of coal-fired power plants; coal extraction involving the removal of mountain tops; construction, development or expansion of nuclear power plants. The scope of the policy affects: (i) the admission of new loans and guarantees; (ii) the purchase of fixed-income and equity securities; and (iii) investment in companies through the investee portfolio. This analysis process, and within the framework of applying the Equator Principles, which CaixaBank signed up to in 2007, includes a review of issues related to the categorisation of and compliance with these principles.

Since the approval of this policy to the present date, CaixaBank is analysing its customer portfolio with higher inherent ESG risk to comply with ESG risk management commitments and, especially, of those exclusions envisaged in the policy related to the defence sector, high environmental risk or human rights (including workers' health and safety), among others. In other words, a holistic due diligence analysis is being carried out of customers with an ESG vision. Thus, during the first quarter of 2023, CaixaBank initiated a process of prioritisation of the customers in its portfolio, starting with customers linked to the defence sector and customers with tax domicile in high-risk countries from a sustainability perspective.

Additionally, when an asset transaction is requested, and provided that the requirements established for the implementation phase applicable at any given time are met, an environmental and social risk analysis is performed, which incorporates not only aspects strictly defined in the policy, but also others related to the company's control environment in the ESG area, the existence or not of environmental and social controversies, its decarbonisation strategy, as well as compliance with the Equator Principles, where applicable. As a result of this analysis, an Environmental Risk sanction is issued, which may be decisive for the approval of the risk.

Finally, in 2023, training was provided in all the Risk Approval Centres with the aim of reporting on the circuits/controls implemented in the financing application process.

_Management of ESG disputes

In 2023 CaixaBank approved a new circuit for intragroup coordination in relation to serious ESG controversies linked to companies with which the Group has or seeks to have a position and which could potentially involve a violation of the Corporate Sustainability Risk Management Policy or other policies. To this end, a delegated working group of the Sustainability Committee has been set up to analyse and give an opinion on the seriousness of the potential violation. Alerts on potential controversies may come from external or internal sources. This working group analyses any alert that corresponds to issuers with which CaixaBank has an active position on its own account(ALM, Treasury & Funding or Investees); has a contractual relationship; is a customer or is in the process of studying or is in the active positions of customers with advised portfolios.

Following this analysis, the working group decides or submits for decision to the Sustainability Committee (or Management Committee) the seriousness of the controversy and proposes response strategies for each of the Group's units with a position in the company related to the controversy.

_Equator Principles

The Equator principles were established to identify, assess and manage potential environmental and social risks, including those related to Human Rights, climate change and biodiversity.

Scope

- Project finance and project finance advisory services where total project capital costs are US$10 million or more.
- Project-related corporate loans with a total aggregate loan amount of at least US$50 million and an individual commitment by CaixaBank of at least US$50 million, and a loan term of at least two years.
- Bonds linked to projects in an amount of at least US$10 million.
- Bridge Loans with a term of less than two years that are intended to be refinanced by project finance or a project-related corporate loan that meet the aforementioned criteria.
- Refinancing and acquisition of Projects provided that they meet certain requirements (the original project was financed under the Equator Principles, there being no material changes in the scope of the project and it had not yet been completed when signing the facility).

CaixaBank voluntarily applies this procedure to syndicated operations with a term of 3 years or more and when CaixaBank's individual commitment is between €7 million and €35 million. The procedure also applies to other operations to finance investment projects with a minimum term of 3 years and a minimum amount of €5 million when the holder is a medium-sized, large or very large legal entity.

Scope of application

- Projects entailing potentially significant and irreversible risks or impacts for which no viable action plan can be envisaged, or which conflict with corporate values, are rejected.
- In other instances, an independent expert is appointed to evaluate each borrower's social and environmental management plan and system. Projects are classified as category A, B or C according to the risks and potential impacts detected in the due diligence process carried out by teams from the commercial and risk areas, together with external experts.

In 2023, the Bank financed 10 projects for a total investment of €7,949 M, with a stake of €841 M. The assessment carried out to categorise the projects was performed with the support of an independent expert.

The operations financed are shown in the following table:

	2023		2022	
	Units	€	Units	€
Category A[1]	3	346	1	536
Category B[2]	3	225	2	439
Category C[3]	4	270	4	311
Total	**10**	**841**	**7**	**1,286**

1 Projects with significant potential environmental/social impacts.
2 Projects with limited and easily mitigated potential ESG impacts.
3 Projects with minimal or no adverse social or environmental impacts, including certain projects of financial intermediaries with minimal or no risks.

_New scenario measurement and analysis framework:

Qualitative scenario analysis and climate stress exercises

CaixaBank conducts qualitative scenario analyses for climate risks in the form of heat maps.

For transition risk, the **qualitative analysis** focuses on **identifying the segments potentially most affected by the transition risk** in sectors with portfolio material risks. Specifically, the analysis to date has been conducted for the most intensive sectors in emissions: energy (oil and gas, and electricity), transport, construction, cement, iron and steel, aluminium and agricultural sectors, identifying the greatest impacts by studying the main risk variables and establishing heat maps for different time horizons (2025, 2030, 2040 and 2050) for transition scenarios compatible with the Entity's decarbonisation commitments (1.5°C scenarios in geographies committed to zero net emissions in 2050). The heat maps for these sectors incorporate a granular analysis by activity at NACE level within each sector's value chain.

With regard to the assessment of physical risks derived from climate change, and given that Spain is one of the regions of Europe that will potentially be more affected by the physical risks of climate change, a qualitative analysis has been carried out on the mortgage portfolio and the portfolio of legal entities according to the customers' economic activity. The impact on the mortgage portfolio is considered to be of low materiality, given that mortgage guarantees are mainly located in low risk areas (urban environment). As for the effect of the climate events on the companies' financial statements, the probability of which depends on the location of production centres and the nature of the activity, the most impacted sectors are agriculture (droughts), construction (heat waves) and transport (coastal floods). Among the most exposed sectors in CaixaBank, construction is the one most subject to physical risks. The quantitative analyses carried out on these portfolios confirm the conclusions of the qualitative analysis.

In 2023 the EBA published the final templates that will be used to collect climate-related data from European Union (EU) banks, in the context of the one-off analysis of the Fit-for-55 **climate risk scenario**.

Its aim is to assess the resilience of the EU banking system to the potential impact of climate risks, in line with the mandate of the European Commission in the area of its Renewable Sustainable Finance Strategy.

At the same time, extreme operational risk scenarios have been developed that are linked to physical risk, assessing the potential damage of certain meteorological events to material assets; and transitional risks, through potential fines for non-compliance with sustainability disclosure regulations, both resulting in a limited impact.

Development of a quantitative framework for measurement and monitoring

CaixaBank has developed a framework for measuring, forecasting and monitoring the impacts of climate risk on credit risk, with the aim of reinforcing the comprehensive process of assessing climate risks in line with the materiality assessment.

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

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

Specifically, models have been developed that provide the probability of default (PD) and loss given default (LGD) forecasted in the long term (2050) and under three scenarios (orderly transition, disorderly transition and hot house world).

This measurement framework is the basis for integrating climate risk in both capital requirements and the severely adverse scenario for the ICAAP. This methodology has also allowed quantifying the exposure potentially affected by climate risk with an impact on liquidity risk, the latter within the scope of the ILAAP.

Data source used in the measurement

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

Customer information:

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

External suppliers data:

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

CaixaBank has identified data availability as one of the main working points to strengthen sustainability risk analyses. As part of the Sustainability Master Plan, a comprehensive project involving a sustainability data model is being developed. It is a cross-cutting project that focuses on the needs of sustainability data at a corporate level. The functional requirements are currently in development, with the aim of achieving a strategic environment for generating reports and managing data reinforced by the system. In addition to the system's improvements achieved within the scope of the data model, other initiatives have been carried out to obtain massive data from databases/external suppliers, such as obtaining energy efficiency certificates (EPCs) from the stock of properties in the real estate portfolio, including the use of proxies in cases where EPCs do not exist or are not available.

Climate risk metrics

The lending portfolio is managed with the intention of aligning its indirect impact on climate change with the Bank's risk appetite and its commitment to sustainability goals. To that end, metrics related to climate risk are monitored. Since 2022, a metric has been incorporated into the Risk Appetite Framework (RAF) that aims to monitor the concentration of the portfolio in carbon-intensive sectors of the corporate segment, without prejudice to other key indicators that are internally monitored as a complement of the RAF.

Other climate risk metrics

Under Pillar 3, in addition to monitoring financed emissions, decarbonisation and sustainable mobilisation metrics, the Company monitors the following climate risk metrics every six months:

- Exposures subject to transition risk by intensive sector;
- Energy efficiency of the mortgage portfolio;
- Exposures to the 20 leading carbon-intensive companies;
- Exposures subject to physical risk; and
- Other actions to mitigate climate change that are not covered in the EU taxonomy.

Quantitative information on ESG risk metrics is detailed in section 8.1.4.

_Financed emissions and decarbonisation targets

CaixaBank is measuring the emissions linked to its financing and investment (scope 3 of carbon footprint category 15), with a view to ascertaining the overall impact in terms of the financing activity's carbon footprint. This information enables CaixaBank to draw up decarbonisation pathways that allow achieving net zero emissions by 2050, in line with the commitment of the Net Zero Banking Alliance.

Information on these metrics can be found in table 8.39.

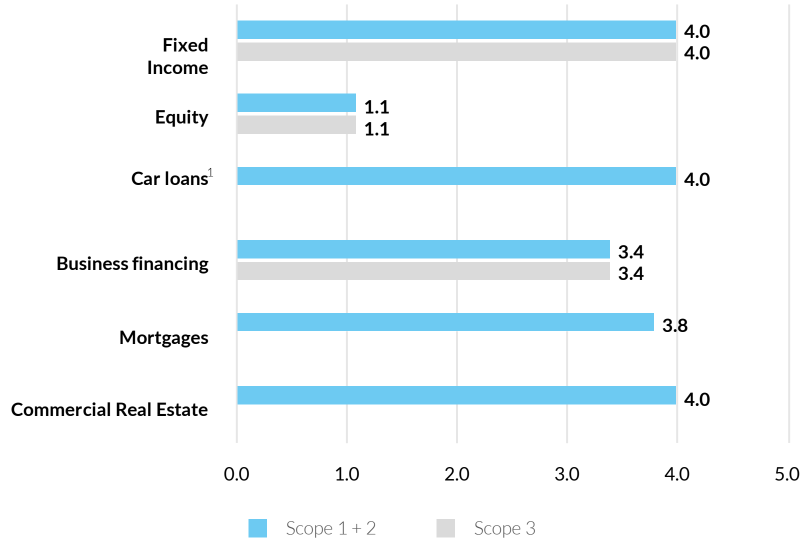
Calculation method

The calculation has been performed under a bottom-up approach following the methodology developed by PCAF and described in "The Global GHG Accounting and Reporting Standard for the Financial Industry":

- emissions associated with the mortgage portfolio have been calculated using information from the energy performance certificate (actual or estimated) of the properties financed;
- emissions associated with the remaining financing and investment portfolio have been calculated from carbon footprint information (scope 1, 2 and 3) reported by the financed companies/projects, or from sectoral proxies.

In all cases, the allocation of emissions financed by CaixaBank has been carried out based on the allocation factor defined by the PCAF for each type of asset and the best data available in each case.

PCAF establishes a ranking of the quality of the data used in the calculations of funded emissions2, with a score of 1 for the highest quality data and a score of 5 for the lowest quality data. The data quality score by asset type is as follows:



1 Corresponds only to Scope 1.

Decarbonisation targets

Since the publication of its first decarbonisation targets for the electricity generation and oil and gas sectors in October 2022, CaixaBank has been working to achieve them. The targets set by the Bank are based on existing best practice and data available when they are set. However, climate science, methodologies and data availability are still evolving. Cross-cutting methodological and data improvements have been made that affect all sectors and are part of the normal dynamics of the trend in metrics: treatment of economic groups, risk perimeter, improvement of data quality, and the inclusion of BPI and the investment portfolio in the metrics. These changes have, in addition, a non-significant impact on the metrics, although they greatly improve the data robustness considering the use of this data.

To date, the following decarbonisation targets have been published:

Details of the design decisions and other characteristics of each of the targets can be found in CaixaBank's 2022- June 2023 Climate Report.

Governance of decarbonisation targets

The decarbonisation targets have been approved by the governing bodies. A progress report is presented to the Sustainability Committee on a quarterly basis. Additionally, both the Management Committee and the corresponding governing bodies (Appointments and Sustainability Committee, Risk Committee) are informed annually on the trend in metrics. At operational level, weekly reviews are carried out on the Risk Management Function, Business and Climate Risk areas to review the risk proposals that fall within the scope of the goals set for the purposes of the NZBA, to assess their alignment with the goals set.

Sector	Scope of emissions	Metric	Scenario	Base year	Base year metric	Reduction target (2030)	Target metric (2030)	Risk considered
Electricity	1	Physical intensity	IEA Net Zero 2050[1]	2020	136 kgCO_2e/MWh	-30%	95 kgCO_2e/MWh	Exposure (granted limit)
Oil & Gas	1, 2, 3	Calculation of financed emissions	IEA Net Zero 2050[1]	2020	9.08 Mt CO_2e	-23%	6.99 Mt CO_2e	Risk drawn down
Automotive	3[2]	Physical intensity	IEA Net Zero 2050[1]	2022	154 g CO_2/vkm	-33%	103 g CO_2/vkm	Exposure (granted limit)
Iron and steel	1+2	Physical intensity	IEA Net Zero 2050[1]	2022	1,230 kg CO_2e/t steel	-[10-20]%	1,107-984kg CO_2e/t steel	Exposure (granted limit)
Coal	N/A	Total exposure	N/A	2022	€2,845 M (€213 M considering mitigating factors[3])	-100%	€0m	Risk drawn down

1 Net Zero by 2050. A Roadmap for the Global Energy Sector from May 2021.
2 Includes Scope 3 category 11 emissions: tank-to-wheel.
3 Mitigating factors are considered to be phase-out commitments <=2030 or only renewable financing.

3.4.2. SOCIAL RISK

A. Business strategy and processes

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

In order to reduce and mitigate the impact of climate change and reduce exposure to social risks, CaixaBank has adhered to multiple initiatives that evidence its commitment. For more details about CaixaBank Group's ESG alliances and affiliations, see CaixaBank Group's 2023 Management Report (page 19 – 21).

Through the issuance of social bonds, for a total of EUR 5,000 million in 5 social bonds issued in the 2019-2023 period, the company contributes to the development of society by fighting poverty and promoting employment creation in the most disadvantaged areas.

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

Customers

- Social Value Project, Inclusive Finance, MicroBank, Convenience banking, Financial culture, Employment and entrepreneurship, Social projects, Social bonds.
- Statement of Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors, in anticipation of the regulatory requirement in 2023.
- Suppliers. Incorporation, as of 2020, of new certifications and sustainability criteria in the supplier registration and approval process.

Investors and shareholders

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

Society, industry players, NGOs and other entities

- Committed to vulnerable groups: Commitment to providing personalised services to the community of Senior Citizens and not to abandon municipalities (≈360,000 customers with insertion, social and vulnerable basic payment accounts).
- Participation in events as speakers to raise awareness on the importance of sustainability and the Sustainability Development Goals (SDGs).
- Participation in work groups of the United Nations Environment Programme - Finance Initiative (UNEP FI) to advance in measuring the impact; financial inclusion and other international programmes.
- Regular meetings with other organisations and participation in think tanks and initiatives such as CECA, WSBI, SpaiNAB, Forética and Seres to share knowledge about sustainability and advance its implementation.
- Working with the "la Caixa" Banking Foundation and the SDG Observatory to promote the implementation of the SDGs among Spanish companies, by continuously monitoring their fulfilment.
- Publications and dissemination activities: publication of Sustainability, socio-economic impact and contribution to the United Nations SDGs and the CaixaBank Chair of Sustainability and Social Impact with IESE Business School.
- Active dialogue with non-governmental organisations and other civil society entities.

Employees

- CaixaBank considers the relationship with its employees as one of its main human rights responsibilities. The policies for the selection, management, promotion, remuneration and development of people are based on respect for sexual identity, gender expression, sexual orientation, ethnic origin, nationality, beliefs, religion, political opinion, affiliation, age, marital status, disability and other situations protected by law (like sensitive medical conditions, being part of the workers' representatives or due to the social context, among others), and avoid indiscriminate use of technology that could jeopardise the safety and equality of employees. Internal Audit checks that the Worker's Legal Representatives participate in the legally established processes, such as in the Equality or Occupational Risk Prevention Plan.
- Training in sustainability for CaixaBank Group's staff and regular publication of content on the intranet or corporate website.

To see the main policies on ethics and integrity approved by the Board of Directors, refer to section "Ethical and responsible conduct" of the 2023 Consolidated Management Report.

Of the ESG targets, goals and limits of the Sustainable Banking Plan for 2024, one of the most relevant for the environmental strategy includes reaching 413,300 beneficiaries of MicroBank -CaixaBank Group's social bank-. With regard to the target of the percentage of women in managerial positions, in 2023, as a result of the update of the Equality Plan, the initial target set for 2024 of 42% to 43% was also updated, which was met in December 2023.

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

1 See the report Responsible Banking Principles in the section "UNEPFI" of the Consolidated Management Report of December 2023.

B. Governance

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

C. Risk management

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

/ MATRIX OF SOCIAL RISK ANALYSIS

	ST	MT	LT
CIB SEGMENT	Medium-low risk	Medium-low risk	Medium-low risk
BUSINESS SEGMENT	Medium-low risk	Medium-low risk	Medium-low risk
MORTGAGE SEGMENT	Low risk	Low risk	Low risk
CONSUMPTION SEGMENT	N/A	N/A	N/A
MARKET	Low risk	Low risk	Low risk
OPERATIONAL	Low risk	Low risk	Low risk
REPUTATIONAL	Medium-low risk	Medium-low risk	Medium-low risk
LIQUIDITY	Low risk	Low risk	Low risk
BUSINESS/STRATEGY	Low risk	Low risk	Low risk

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

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

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

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

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

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

For more information, see section "Ethical and Responsible Conduct" of CaixaBank's Consolidated Management Report of 2023.

3.4.3. GOVERNANCE RISK

A. Governance

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

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

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

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

B. Risk management

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

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

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

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

For more information about policies, see section “Ethical and Responsible Conduct” of CaixaBank's Consolidated Management Report at December 2023.

In addition to the principles of ethics and integrity, governance risks are assessed in the admission processes by applying the general criteria established in the Corporate Sustainability/ESG Risk Management Policy, the update of which was approved by the Board of Directors in March 2024.

As a first step in the integration of this type of risks into the Entity's risk management mechanism, an assessment has been conducted on the financial materiality of governance risks, which arise from a negative impact due to weaknesses of commercial counterparties or companies in which an investment has been carried out, such as transparency, conducts in the markets, anti-corruption policies, compliance with tax obligations or other conducts considered ethical by relevant stakeholders. The assessment of the impact of governance risk on credit risk stands out, which is linked to the damage that may result from inappropriate decision-making by counterparty governing bodies.

According to the conducted assessment, there is a medium-low impact on the CIB and business segments for credit risk and medium-low impact on reputational risk **in the short, medium and long term**.

/ GOVERNANCE ANALYSIS MATRIX

		ST	MT	LT
Credit risk	CIB SEGMENT	Medium-low risk	Medium-low risk	Medium-low risk
	BUSINESS SEGMENT	Medium-low risk	Medium-low risk	Medium-low risk
	MORTGAGE SEGMENT	N/A	N/A	N/A
	CONSUMPTION SEGMENT	N/A	N/A	N/A
Other risks	MARKET	Low risk	Low risk	Low risk
	OPERATIONAL	Low risk	Low risk	Low risk
	REPUTATIONAL	Medium-low risk	Medium-low risk	Medium-low risk
	LIQUIDITY	Low risk	Low risk	Low risk
	BUSINESS/STRATEGY	Low risk	Low risk	Low risk

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

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

C. Methodology for assessing and sanctioning ESG risks when assessing customers and financing operations

_Determination of the ESG risk level

As with other risks that affect CaixaBank, the need to assess the ESG risks of customers, operations and assets is initiated by assessing the inherent risk, which is estimated based on certain characteristics, such as the NACE that is most representative of the Group's activity, the country of residence when its of high ESG risk or the intended use of the funds.

_ESG risk assessment process

The assessment of ethical matters, the strategy and risk management, inclusions, transparency, conflict management an internal communication regarding critical issues is conducted by means of ESG risk analyses that are integrated into the customer onboarding process (ESG onboarding) and the approval process for financing operations; for all customers and operations under the scope of the Corporate sustainability/ ESG risk management policy.

a. In the customer onboarding process, an analysis of the ESG risk of customers is carried out to determine whether or not they comply with the criteria of this Policy relating to Human Rights, Health and Safety Policies, with a special focus on defence.

b. In the approval process for financing operations, an analysis of the ESG risks associated with the customer's activity is carried out, which complements that carried out in the customer onboarding process and aims to ensure compliance with the Policy. If the financing is intended for specific projects, an assessment is carried out according to the type of asset to be financed.

The analysis takes into account environmental, social and governance risk, which incorporates aspects related to the company's ESG control environment, the existence or not of ESG[1] controversies, decarbonisation strategy, as well as compliance with the Equator Principles where applicable.

In other words, a holistic due diligence analysis is carried out of customers with an ESG vision.

For all customers and projects analysed, it is assessed whether environmental mitigation actions are in place to minimise or mitigate the environmental and social impacts arising from the activities.

To complete this analysis, information is consulted through public sources and external ESG information providers, especially for information on disputes in the criteria subject to exclusion in this Policy. In addition, a Disputes Working Group made up of ESG experts and the Reputational Risk Service has been set up.

CaixaBank makes the utmost effort to obtain sustainability information from its customers, and it also uses information from external ESG information providers as a basis for decision-making. However, CaixaBank still depends on the availability and reporting of updated and quality information.

If, during the analysis process, insufficient evidence is found to answer the various questions or if clarification with the customer is necessary, additional documentation or a signed statement from the customer may be requested, taking into account criteria of materiality and proportionality.

_Consequences of ESG risk assessment

As a result of the ESG risk assessments, CaixaBank may determine a sanction that will be decisive for the onboarding of the customer (ESG Onboarding) and also for the granting of financing operations to customers or project financing (Environmental Risk Report).

In addition, the idiosyncratic component of each company is the most relevant in the governance risk's impact on credit risk; therefore, its assessment is included in the internal rating models applied by the Corporate Rating.

The CSRD will contribute to this rating process, as it will enable us to obtain more information on the customers' ESG risk management.

1 For example, disputes related to nature (biodiversity, land use, etc.), energy and climate change, water stress, pollution and waste, impact on local communities, human rights, civil liberties, child labour, discrimination, freedom of association, occupational health and safety, quality of products and services, consumer relations, supply chain management, anti-competitive practices, privacy and data security, fraud and bribery, controversial investments, governance structures or others related to the environmental, social or governance scopes

Cross-cutting Risks

4 Capital

5 Business profitability risk

6 Model risk

7 Reputational risk

04

Capital

Capital

12.39%
CET1
(€28,313M)

14.36%
Tier 1
(€32,800M)

17.12%
Total Capital
(€39,109M)

26.84%
MREL
(€61,300M)

The goal of capital management in the CaixaBank Group is to **ensure both compliance with regulatory requirements and to ensure that internal capital objectives are met**, taking into account the status of the market and the risk profile assumed by The Group Risk Profile, among others.

One of CaixaBank's strategic objectives is to maintain a comfortable level of capital adequacy, with sufficient headroom to cover any unexpected losses. In this regard, the Group has a financial and capital planning process that includes both short-term budgeting and its extension to the medium and long term through the central scenario of the internal capital adequacy assessment process, hereinafter ICAAP, which is complemented by internal stress scenarios.

The Board of Directors determines the Group's general risk management policies, risk appetite and capital objectives.

Meanwhile, the Management Committee, through the Capital Committee, manages capital at the highest level, in accordance with the strategies established by the Board.

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

As of 31 December 2023, the Group has capital ratios comfortably Above SREP minimun requirements and therefore no automatic limitation applies, as referred to in the solvency rules, on dividends, variable remuneration and interest distributions to holders of additional Tier 1 capital securities. CaixaBank has a spread of 387 b.p.s., or €8,837 billion, over the MDA threshold.

The Board of Directors agreed to a cash distribution of €39.19 cents/share, equivalent to 60% of the consolidated net profit in 2023, payable in April 2024.

In addition, in 2023, a €500 million share buyback programme was carried out, and completed on 3 January 2024, with the repurchase of 129 million shares (1.72% of the share capital).

A. Annual evolution

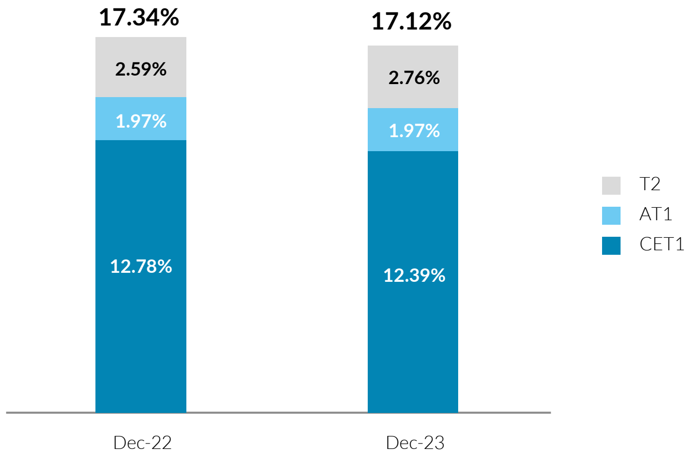
At the end of 2023, the CaixaBank Group continued to maintain a solid solvency position, considering the extraordinary impact of the first application of IFRS 17 (-20 b.p.) and the total repurchase of the second SBB (share buyback) programme initiated in September 2023 for EUR 500 million (-23 b.p.). The regulatory ratios on risk-weighted assets were 12.39% CET1, 14.36% Tier 1 and 17.12% total capital, with a margin of 387 basis points, i.e. EUR 8,837 million, over the MDA threshold.

The organic evolution of CET1 for the year was +203 bps, -146 bps because of the dividend scheduled to be paid in April 2023 (60% payout) and the coupon payments on issues eligible as Additional Tier 1 (AT1), and -24 bps because of market evolution and others.

The phased impact of IFRS 9 at 31 December 2023 is +2 basis points (-28 basis points compared to 2022).

The MREL ratio, considering all liabilities eligible by the Single Resolution Board, reaches 26.84% of risk-weighted assets, above the requirement (including CBR)1 of 24.31% coming into force by January 2024.

/ **CAPITAL RATIOS** - In %



1 Combined buffer requirement

Table 4.1. CaixaBank Solvency

Amounts in millions of euros and in %	31/12/23	31/12/22
CET1	28,313	27,494
Additional Tier 1	4,488	4,238
TIER 1	32,800	31,732
TIER 2	6,309	5,575
TOTAL CAPITAL	39,109	37,307
RWA	228,428	215,103
of which credit(1)	188,636	175,184
of which shareholder	18,837	19,978
of which market	983	€1,130
of which operational	19,973	18,810
CET1 Ratio	**12.39%**	**12.78%**
TIER 1 ratio	**14.36%**	**14.75%**
TOTAL CAPITAL ratio	**17.12%**	**17.34%**
Subordinated MREL ratio	**23.25%**	**22.48%**
MREL ratio	**26.84%**	**25.94%**
MREL ratio over LRE	**10.88%**	**9.90%**
MDA buffer(2)	8,837	9,565
Leverage Expos.	563,578	563,692
Leverage ratio	**5.82%**	**5.63%**
Ind. CET1 ratio	**12.07%**	**12.89%**
Ind. MDA buffer(2)	10,703	11,656

(1) Including counterparty risk and securitisation.
(2) The applicable MDA buffer is either the non-consolidated or the consolidated, whichever is lower.

4.1. CAPITAL MANAGEMENT

4.1.1. CAPITAL OBJECTIVES AND POLICY

One of CaixaBank's strategic objectives is to **maintain a suitable capital positiub, with sufficient headroom to face both standardised and stressed financial planning scenarios.**In this regard, the Group has a financial and capital planning process in place that includes budgeting in the short, medium and long term through the central ICAAP scenario, complemented by internal stress scenarios.

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

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

CaixaBank has a corporate capital and solvency risk management policy, approved by the Board of Directors in 2023.

The acc, control and capital management is responsible for monitoring and controlling the Group's own funds and solvency, as the first line of defence. The Corporate Risk Management Function & Planning department is the second line of defence in the control framework for this risk.

The main processes involved in the management and control of solvency and capital risk are as follows:

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

This year's capital management was impacted by the share buyback programme approved by the Board of Directors in September 2023, which consisted of a share buyback ("SBB") in a monetary amount of EUR 500 million, with the purpose of reducing share capital through the redemption of shares.

On 3 January 2024, CaixaBank reached the aforementioned maximum planned investment with the acquisition of a total of 129,404,256 treasury shares, representing 1.72% of the share capital. The redemption of these shares will be submitted for approval at the 2024 Ordinary General Shareholders' Meeting.

The internal target for the CET1 capital adequacy ratio is between 11.50% and 12.00% (excluding the transitional IFRS9 adjustments), which implies a margin of between 300 and 350 basis points in relation to the SREP requirements.

Regarding the distribution of the 2023 dividend, the Board of Directors has resolved to distribute a cash dividend of EUR 0.3919 gross per share out of 2023 profits, to be paid in April 2024.

With this payment of dividends, the amount of shareholder remuneration for the financial year 2023 will be equivalent to 60% of consolidated net profit.

At the same meeting on 1 February 2024, the Board of Directors approved the dividend plan for the financial year 2024 consisting of a cash distribution of between 50% and 60% of the consolidated net profit, to be paid out in two cash payments: an interim dividend to be paid during November 2024 of 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 year end 2023 %CET1 closer to 12%. Specific details of the share buy back, including the maximum investment, will be disclosed once the regulatory approval is obtained.

4.2. SREP AND BUFFERS

4.2.1. MINIMUM REQUIREMENTS (PILLAR 1 and PILLAR 2R)

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

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

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

For 2023, the ECB has set a Pillar 2R requirement for CaixaBank of 1.65%, which is covered of 0.93% by CET1, 0.31% by AT1 and 0.41% by Tier 2. In 2024, the Pillar 2R requirement is set at 1.75% following communication received by the Supervisor in December 2023.

4.2.2. CAPITAL BUFFERS

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

The capital conservation buffer is established to ensure that banks accumulate capital reserves out of stress periods that can be used in the event of hypothetical losses during stress situations. The surcharge for companies is 2.50% of RWAs.

The countercyclical buffer is the capital buffer that must be accumulated during expansion periods to strengthen solvency and neutralise the procyclical impact that capital requirements have on credit. In general, this varies between 0.00% and 2.50%, with the competent authorities determining the buffer to be applied to RWAs for exposure in their territory each quarter. Therefore, each entity has its own specific requirements, based on the geographic composition of its portfolio (the weighted average of the percentages of the countercyclical buffers applied in the territories in which it operates). In December 2023, the Bank of Spain and the Bank of Portugal maintained the countercyclical buffer for credit exposures in Spain and Portugal, respectively, at 0%. For CaixaBank, this buffer is 0.10%, both at consolidated and individual level, due to exposures located in other jurisdictions.

Bank of Spain Circular 5/2021 provides for the possibility that this authority may require a countercyclical buffer to an entity's exposures to a certain sector, in addition to global exposures. At 31 December 2023, CaixaBank had no such requirement.

The buffer for sistemically important institutions is set according to whether an institution is considered globally or domestically systemically important. Since 2016, CaixaBank has been identified annually as an "other systemically important institution" (OEIS). The capital surcharge has been set at 0.50% in 2023 and will remain at that level from January 2024. This buffer does not apply at the individual level.

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

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

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

The buffer for classification as a G-SIB ranges between 1.00% and 3.50% of RWAs, while for an O-SII it can generally reach up 1.75% of the total RWA. If an entity is identified both as a G-SII and an O-SII, the higher of the two buffers will be applied.

The CaixaBank Group's main indicators of global sytemic importance at 31 December 2023 can be found in Annex X.

Sytemic risk buffers exist to prevent long-term sytemic or non-cyclical macro-prudential risks that are not covered by the CRR. These risks may disturb the financial system, with potentially serious consequences, as well as disturbing the real economy. The competent authorities may require this buffer either against the entire financial sector, or against one or several subsectors for all exposures or a subset thereof, and, in general, for exposures in third countries and those located in other European Union member states. The buffer will be set in steps of 0.50% percentage points or multiples thereof over RWAs. Different requirements may be established for different subsets of entities and exposures.

The sytemic risk buffer must be added, i.e. it is cumulative, to the G-SII or O_SII buffer. Currently, the sytemic risk buffer is 0.00% for CaixaBank

Elsewhere, the Bank of Portugal announced in November 2023 the establishment of a systemic risk buffer of 4.00%, which will affect Portuguese institutions using the IRB (Internal Ratings Based) method for calculating capital requirements for credit risk, on exposures consisting of retail exposures secured by residential real estate located in Portugal. This buffer will be applicable from October 2024.

Table 4.2. Buffers requirement

In %	
Capital buffer	**2023**
Capital conservation	2.50%
Specific countercyclical (1)	0.10%
Systemic by O-SII2 (2)	0.50%

(1) At discretion of the competent authorities where exposures are located.
(2) At discretion of the competent authority. Does not apply at the individual level.

4.2.3. MINIMUM SREP REQUIREMENTS

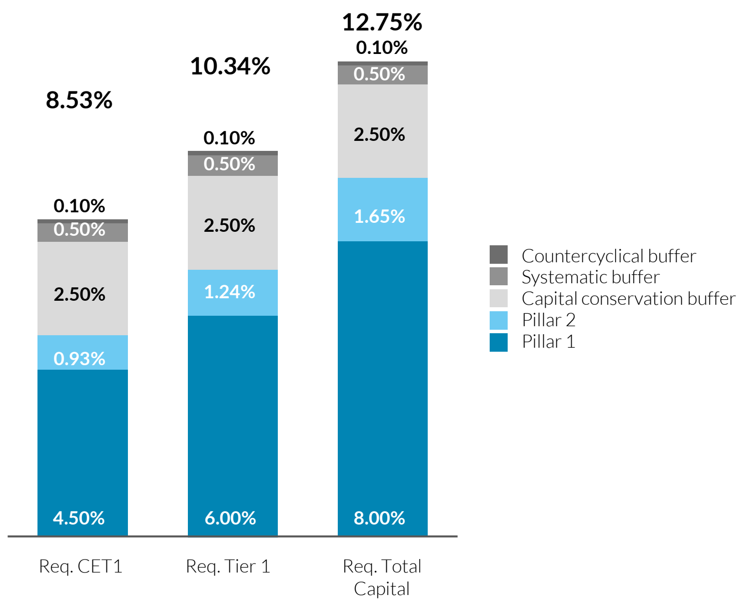
Following the 2023 SREP process, **the minimum CET1 requirement applicable to CaixaBank at December is 8.53%**, which includes the Pillar 1 regulatory minimum (4.50%), the Pillar 2R requirement (0.93%), the capital conservation buffer (2.50%), the Other Systemically Important Entity buffer (0.50%) and the countercyclical buffer (0.10%).

Similarly, on the basis of the Pillar 1 minimum requirements for Tier 1 capital (6.00%) and Total Capital (8.00%), the requirements amount to 10.34% and 12.75% respectively.

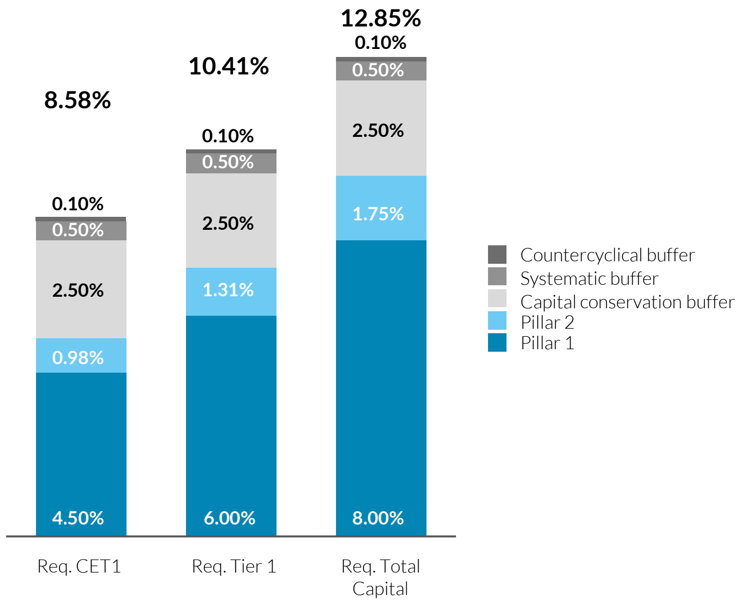
Pillar 2R and the O-SII buffer do not apply on an individual level, which means that the individual CET1 minimum requirement is 7.10%.

The ECB's decision indicates the regulatory CET1 level below which the CaixaBank Group would be required to limit dividend payments, as well as variable pay and interest to holders of additional Tier 1 (AT1) capital instruments. This threshold, known as the maximum distributable amount trigger level (or MDA trigger), is the minimum CET1 requirement to which potential Tier 1 or Tier 2 capital shortfalls against the implied minimum Pillar 1 and Pillar 2R levels of 1.81% and 2.41%, respectively, must be added at any point in time. **At December 2023, CaixaBank does not have any of these deficits, so the applicable MDA level at December 2023 is 8.53%. This requirement, compared with the current levels of the CET1 ratio, shows that none of the limitations referred to in the solvency regulations apply.**

/ MINIMUM REQUIREMENTS 2023



/ MINIMUM REQUIREMENTS 2024



As concerns the countercyclical buffer, the following table provides a geographical breakdown of exposure by country of origin. The exposures are greater in Spain, where a 0.00% surcharge applies.

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

Amounts in EUR millions and %

	General credit exposures (1) (2)		Relevant credit exposures - Market risk				Own funds requirements						
Country	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of exposures in the held-for-trading book using the standard method	Exposure value of the held-for-trading book for internal models	Securitisation exposures	Total value of exposures	Relevant credit exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions of the banking book	Total	Risk-weighted exposures	Weighting of the own fund requirements	Countercyclical capital buffer percentage
Spain	37,706	261,367	13	200	1,244	300,529	11,130	1	13	11,144	139,298	75.03%	– %
Portugal	13,542	16,489	6	–	507	30,544	1,313	–	17	1,331	16,633	8.96%	– %
Germany	514	7,663	34	37	–	8,247	336	14	–	351	4,382	2.36%	0.75%
France	741	6,445	49	11	–	7,246	325	4	–	329	4,111	2.21%	0.50%
United Kingdom	1,090	6,026	53	3	–	7,172	315	3	–	319	3,983	2.15%	2.00%
Italy	1,467	2,868	12	18	–	4,365	220	2	–	222	2,776	1.50%	– %
US	777	2,977	1	–	–	3,756	177	–	–	177	2,215	1.19%	– %
Luxembourg	761	1,228	11	–	–	1,999	125	1	–	126	1,572	0.85%	0.50%
Netherlands	132	3,046	25	10	–	3,213	92	2	–	93	1,166	0.63%	1.00%
Mexico	322	907	–	–	–	1,229	80	–	–	80	996	0.54%	– %
Angola	15	339	–	–	–	354	69	–	–	69	859	0.46%	– %
Poland	440	1,404	–	–	–	1,843	68	–	–	68	845	0.46%	– %
Ireland	381	719	6	–	–	1,106	63	–	–	63	794	0.43%	1.00%
Canada	82	1,082	–	11	–	1,175	50	–	–	50	627	0.34%	– %
Australia	181	729	–	–	–	909	43	–	–	43	542	0.29%	1.00%
Other	1,293	6,122	36	6	–	7,455	387	2	–	389	4,863	2.62%	0.32%
Total	**59,443**	**319,410**	**245**	**295**	**1,750**	**381,143**	**14,794**	**30**	**30**	**14,853**	**185,663**	**100.00%**	**0.10%**

(1) Does not include EAD for Credit Value Adjustment (CVA).
(2) For the calculation of the countercyclical capital buffer, and as specified in Delegated Regulations 2015/1555, pertinent credit exposures shall include all categories of exposures other than those referred to in article 112, letters a) to f) of Regulation (EU) No. 575/2013.

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

Amounts in EUR millions and %	Gross
Total amount of risk exposure	228,428
Specific counter-cyclical buffer percentage of each entity	0.10%
Specific counter-cyclical buffer requirement of each entity	224

4.2.4. MREL REQUIREMENTS

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

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

In March 2023, the Bank of Spain notified CaixaBank of the minimum requirements for Total and Subordinated MREL, based on the information as of 31 December 2021. According to this, starting on 1 January 2024, CaixaBank, on **a consolidated basis**, will have to reach a minimum volume of total **MREL of 24.31%[1] of RWA, including the combined capital buffers requirement** ("CBR") currently expected for that date. In relation to the intermediate requirement, the Group must reach a total MREL requirement of 22.43%[2] including CBR from 2022 onwards.

In relation to the requirement at the subordinated level, CaixaBank must achieve, as of 1 January 2024, at the consolidated level, a Subordinated MREL requirement of 18.47%[3] of RWA, **including CBR**, and an intermediate requirement, as of 1 January 2022, of 16.60%[4] of RWA, including CBR.

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

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

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

Table 4.5. Total and Subordinated MREL Requirements

Requirement in % RWAs	2023	2024
Total MREL	22.43%	24.31%
Subordinated MREL	16.60%	18.47%

Requirement in % LRE	2023	2024
Total MREL	6.09%	6.19%
Subordinated MREL	6.09%	6.19%

1 In addition to the 21.21% RWA requirement, there is a combined buffer requirement (3.10% RWA in December 2023).
2 In addition to the 19.33% RWA requirement, there is a combined buffer requirement (3.10% of RWAs in December 2023).
3 In addition to the 15.37% RWA requirement, there is a combined buffer requirement (3.10% of RWAs in December 2023).
4 In addition to the 13.50% RWA requirement, there is a combined buffer requirement (3.10% of RWAs in December 2023).

In compliance with Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 regarding the public disclosure of information on MREL, Annexes XI, XII, and XIII of this document include either key indicators and composition of MREL, as well as the ranking of creditors of the resolution institution.

4.3. REGULATORY CAPITAL

4.3.1. ELIGIBLE OWN FUNDS

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

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

Annex I details CaixaBank Group's eligible own funds at 31 December 2023.

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

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

Table 4.6. Eligible own funds

Amounts in millions of euros	31/12/23	31/12/22
CET1 instruments	33,675	33,462
Shareholders' equity	38,206	36,639
Capital	7,502	7,502
Result	4,816	3,145
Reserves and other	25,888	25,992
Minority interests and OCI	(1,876)	(2,386)
Eligible correction Minority interests and OCI	289	476
Other adjustments [1]	(2,943)	(1,267)
CET1 deductions	(5,362)	(5,968)
Intangible assets	(3,489)	(3,463)
Deferred tax assets	(1,544)	(1,901)
Other CET1 deductions	(330)	(604)
CET1	**28,313**	**27,494**
AT1 instruments	4,488	4,238
AT1 deductions	–	–
TIER 1	**32,800**	**31,732**
T2 instruments	6,309	5,575
Subordinated financing	5,479	4,905
Excess IRB provisions	830	670
T2 Deductions	–	–
TIER 2	**6,309**	**5,575**
TOTAL CAPITAL	**39,109**	**37,307**
Senior non-preferred debt issues (SNP)	14,001	11,048
SUBORDINATED MREL	**53,110**	**48,355**
Other computable instruments. MREL	8,190	7,448
MREL	**61,300**	**55,803**

(1) Includes mainly the dividend forecast, the total amount of the share buy-back programme ending in January 2024 (EUR 500 million), the IFRS 9 transitional adjustment and AVAs.

AS of 31 December 2023, CaixaBank Group had €38.206 billion on shareholders' equity (EUR 1.567 billion more than in 2022, after deducting the EUR 500 million share buyback programme completed in January 2024). The OCI (accumulated other comprehensive income) is added to the own funds, also includes the phasing adjustment for the IFRS9 regulation. Instruments eligible as CET1 are further reduced by other elements. These primarily include the expected amount of outstanding dividends, which is charged to the financial year, and additional valuation adjustments (AVAs).

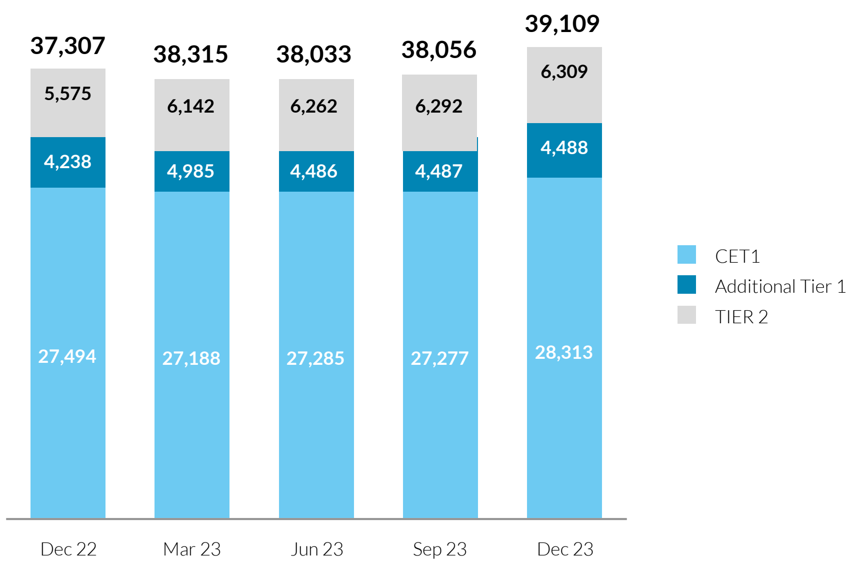
The amount of the charget to 2023 profits (€2.889 billion) is equivalent to 60% of the consolidated net result.

CET1-eligible instruments amount to EUR 33.675 billion (EUR 213 million more than in 2022).

Other deductions from the regulatory CET1 include, among others, 3,89MM€ in intangible assets, deferred tax assets arising from tax losses and other tax credits, as well as the deduction of irrevocable commitments to the Single Resolution Fund (SRF) and Deposit Guarantee Fund (DGF).

As a result, regulatory CET1 stands at EUR 28.313 billion (EUR 819 million more than in 2022**), and the CET1 ratio stands at 12.39% of RWAs.**

/ **REGULATORY CAPITAL DEVELOPMENT** - Amount in millions of euros



Additional Tier 1 (AT1) capital is composed of issuances of eligible hybrid instruments[1]. In 2023, a EUR 500 million issue of Tier 1 instruments was redeemed and a new issue of EUR 750 million was completed. CaixaBank currently has five preferred debt issues for an accounting amount of EUR 4.488 billion, which characteristics are detailed in Annex IV. Subsequent to year end, in January 2024, a new issue of AT1 was completed for EUR 750 million and, in turn, EUR 605 million of a previous AT1 issue was repurchased through a buy-back operation (impact +6 b.p. on the Tier 1 ratio).

Tier 1 capital stands at EUR 32.8 billion (EUR 1.068 billion more than in 2022) and the Tier 1 ratio is 14.36% of RWA.

1 For further information on issues, see: [*https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/perpetual-contingent-convertible-at1-preferred-securities.html*](https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/perpetual-contingent-convertible-at1-preferred-securities.html)

The components of Tier 2 own funds include subordinated debt[1] and the surplus of provisions over expected credit risk losses on exposures for which capital requirements are assessed under the IRB approach. In 2023, a EUR 1 billion issue of Tier 2 instruments was redeemed and two new issues were completed for a nominal amount of EUR 1.564 billion.

As of 31 December 2023, CaixaBank had 9 own eligible debt issues, for a total eligible amount of EUR 5.479 billion. The details of these issues are provided in Annex IV of this document.

Total Capital amounted to EUR 39.109 billion (EUR 1.802 billion more than in 2022), **and the regulatory Total Capital ratio at 17.12%**.

As of 31 December, CaixaBank had a margin of 387 basis points up to the Group's trigger MDA, i.e., EUR 8.837 billion (EUR 728 million less than in 2022, mainly due to increased requirements).

In order to comply with MREL requirements, CaixaBank has 22 senior non-preferred (SNP) debt issues[2], with an accounting value of EUR 14.001 billion. In 2023, three SNP debt issues for a nominal amount of EUR 2.5 billion were no longer considered and 6 new issues for a nominal amount of EUR 5.527 billion were made. Thus, the ratio on RWA of subordinated instruments (subordinated MREL), including total capital and SNP, is 23.25 % (9.42% on LRE).

In moreover, the Group has 11 senior preferred[3] (SP) debt issues, with a computable amount of EUR 8.14 billion and one structured note issue[4] of EUR 50 million. In 2023, two issues of SP debt instruments for a nominal amount of 1.5 billion were no longer counted and two new issues for a nominal amount of 2.25 billion were made. This brings **the total MREL ratio, including all liabilities eligible under the Single Resolution Board, to 26.84% (10.88% over LRE).**

1 For more information on issues, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/subordinated-notes.html
2For more information on issues, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/senior-non-preferred-bonds.html
3For more information on issues, see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/senior-preferred-bonds.html
4For more information see: https://www.caixabank.com/en/shareholders-investors/fixed-income-investors/structured-notes.html

Table 4.7. Variation in regulatory capital

Amounts in EUR millions and %	2022-2023
CET1 at the start of the period	**27,494**
Changes in CET1 instruments	213
Capital	-
Profit	4,816
Dividend	(2,889)
Reserves	(1,519)
OCIs and others	(194)
Changes in deductions from CET1	605
Intangible assets	(25)
Deferred tax assets	357
Other deductions from CET1	274
CET1 at the end of the period	**28,313**
Additional Tier 1 at the start of the period	**4,238**
Changes in AT1 instruments	249
Preferential issues	750
Redemption of issuances	(500)
Other	(1)
Changes in deductions. AT1	–
Additional Tier 1 at the end of the period	**4,488**
Tier 2 at start of period	**5,575**
Changes in Tier 2 instruments	734
Subordinated issuances	1,564
Redemption of issuances	(1,000)
Other Tier 2 instruments	170
Changes in Tier 2 deductions	
Tier 2 at end of period	**6,309**

4.3.2. CAPITAL REQUIREMENTS

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

A number of the most significant tables requested by the BCBS are quarterly on the CaixaBank website, according to the disclosure requirements settled by the EBA.

The total volume of RWAs as of 31 December 2023 is EUR 228.428 billion, EUR 13.325 billion more than in 2022, mainly due to credit risk, where the growth in exposure to companies and the increase due to the implementation of new models for corporates, SMEs and developers, adapted to the EBA guidelines on parameters and definition of default, after obtaining the ECB's RWA approval.

The RWAs of the equity portfolio declined, mainly due to the lower exposure to VidaCaixa, the application of IFRS 17 and the reduction in the carrying amount of certain investees' dividend distributions.

/ **RWA** - Evolution in millions of euros

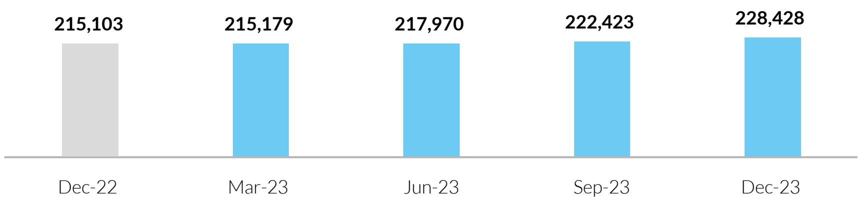


Table 4.8. EU INS1 - Shareholdings in insurance companies not deducted

Amounts in millions of euros	Exposure value [1]	Amount of risk exposure
Own funds instruments held in insurance or reinsurance companies or in an insurance portfolio company not deducted from own funds	3,460	12,802

(1) Related to equity holding in the VidaCaixa Group, which is subject to the provision of Art. 49.1 of the CRR ("Danish compromise").

Table 4.9 provides details of CaixaBank Group's risk-weighted assets and capital requirements for each type of risk as of 31 December 2023. Capital requirements are equivalent to 8.00 % of RWA.

Table 4.9. Capital consumption by segments

	2023		2022	
€ million and %	Capital	%	Capital	%
Credit [1]	16,598	90.83%	15,613	90.73%
Market	79	0.43%	90	0.53%
Operational	1,598	8.74%	1,505	8.74%
Total	**18,274**	**100.00%**	**17,208**	**100.00%**

(1) Includes equity portfolio, securitisations and counterparty.

Table 4.10. EU OV1 - Summary of total risk exposure amounts

Amounts in millions of euros		Total amount of risk exposure (TARE)		Own fund requirements	
		31/12/23	31/12/22	31/12/23	31/12/22
1	Credit risk (excluding counterparty risk) (1)	204,782	192,532	16,383	15,403
2	Of which: with the standard method	64,909	78,814	5,193	6,305
3	Of which: with the basic method based on internal ratings (IRB) (1)	–	–	–	–
4	Of which: under the slotting approach (1)	15,231	1,689	1,218	135
EU 4a	Of which: securities with the simple risk weighting method	13,821	14,754	1,106	1,180
5	Of which: using the advanced internal rating-based method (AIRB)	105,806	92,050	8,464	7,364
6	Counterparty risk	2,319	2,328	185	186
7	Of which: with the standard method (1)	1,256	1,349	100	108
8	Of which: the internal model method (IMM) (1)	–	–	–	–
EU 8a	Of which: exposures to a central counterparty	62	42	5	3
EU 8b	Of which: credit valuation adjustment (CVA)	600	620	48	50
9	Of which: another counterparty risk	401	318	32	25
15	Settlement risk	–	–	–	–
16	Securitisation exposures in banking book (after applying the maximum limit) (1)	372	303	30	24
17	Of which: the SEC-IRBA method	146	254	12	20
18	Of which: the SEC-ERBA method (including the internal assessment method	226	37	18	3
19	Of which: the SEC-SA method	–	11	–	1
EU 19a	Of which: 1250%/deduction	1	1	–	–
20	Position, exchange rate and commodities risks (market risk) (1)	983	€1,130	79	90
21	Of which: with the standard method	209	12	17	1
22	Of which: with the internal model method (IMM) (1)	773	1,118	62	89
EU 22a	Large exposures	–	–	–	–
23	Operational risk	19,973	18,810	1,598	1,505
EU 23a	Of which: with the basic indicator method	–	–	–	–
EU 23b	Of which: with the standard method	19,973	18,810	1,598	1,505
EU 23c	Of which: with the advanced measurement method	–	–	–	–
24	Amounts below the deduction thresholds (with a 250% risk weighting)	7,067	8,214	565	657
29	**TOTAL**	**228,428**	**215,103**	**18,274**	**17,208**

(1) Items that present adaptations as per the EBA mapping tool.
RWA information by quarter is published in the Pillar 3 Dec-23 report (https://www.caixabank.com/es/accionistas-inversores/informacion-economico-financiera/otra-informacion-financiera.html)

4.3.3. TREND IN SOLVENCY

CaixaBank maintained a solid solvency position throughout the year, with a regulatory CET1 ratio of 12.39% (-39 b.p. year-on-year), following the extraordinary impact of the first application of IFRS 17 (-20 b.p.) and the second share buyback programme (SBB) initiated in September (EUR 500 million, -23 b.p.) and completed on 3 January 2024. After redemption of all the treasury shares acquired (129 million shares), the resulting share capital will amount 7.373 billion euros.

The organic change for the year was +203 bps, the dividend proposal for the year and the coupon payment of AT1 were -146 bps and market evolution and others -24 bps. The impact from phasing in IFRS9 was +2 basis points as at 31 December.

This year, a cash dividend of EUR 0.3919 per share, equivalent to a payout of 60% of consolidated net profit, has been proposed to the Annual General Meeting.

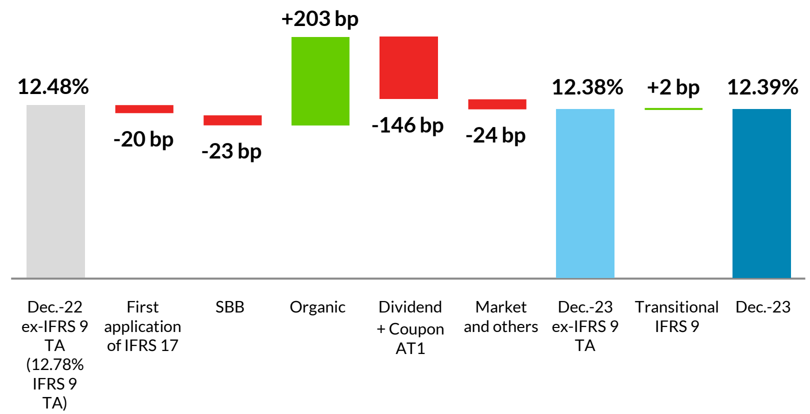
The Tier 1 ratio was 14.36%, -39 basis points from a year earlier. The Group has a bucket of AT1 that comfortably covers the Pillar 1 requirements (1.5%), and also the eligible Pillar 2 requirements (0.31%).

The Total Capital ratio was 17.12%, -22 basis points compared to December 2022. Tier 2 capital elements fully cover Pillar 1 (2.00%) and Pillar 2 (0.41%) requirements.

The current solvency ratios show that applicable requirements to the Group do not trigger any of the automatic restrictions gathered in applicable capital adequacy regulations relating to payouts of dividends, variable remuneration and interest to holders of additional Tier 1 capital instruments. As of 31 December, CaixaBank has a margin of 387 basis points, equating to €8,837 million, until the Group's MDA trigger.

In December 2023, the subordinated MREL ratio reached 23.25% (9.42% over LRE), +77 basis points compared to the previous year. With regard to the total MREL ratio, it stands at 26.84% (10.88% over LRE), +89 basis points compared to December 2022.

/ **CHANGES IN CAPITAL 2023** (CET1)



4.3.4. LEVERAGE RATIO

The leverage ratio is proposed as a non-risk sensitive measure, to be used to limit excessive balance sheet growth relative to available capital.

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

The CRR, since its last modification ("CRR 2"), specifies a minimum requirement of 3.00%[1], applicable from June 2021. Furthermore, CRD V states that the competent authority can impose an additional own funds requirement to cover the risk of excessive leverage (P2R-LR) and additional guidance involving own funds to cover the risk of excessive leverage in stress situations (P2G-LR). In accordance with the ECB's communication received at the end of 2023, CaixaBank has no additional requirements of P2R-LR. As of 31 December 2023, CaixaBank Group's leverage ratio stood at 5.82% (+19 basis points compared to the previous year), well above the regulatory minimum.

During 2023 the ratio was impacted by the improvement in Tier 1 (+19 bps). The year-end balance sheet volume is at similar levels to the previous year, as the variations offset each other.

The leverage ratio is in line with the Corporate Capital and Solvency Risk Management Policy. CaixaBank actively manages the leverage ratio, based on exhaustive analysis and monthly monitoring, to ensure that it remains comfortably above the minimum requirements. Analysis of the main changes in the various components (evolution of assets, collateral, etc.) is reported to the Capital Committee and the rest of the senior management bodies. In addition, the leverage ratio is a priority metric within the Risk Appetite Framework and is presented quarterly at the Global Risk Committee. It is currently above the risk appetite level (4.50%). Additionally, as part of the Capital Planning exercise (ICAAP), Long term leverage ratio estimates under both normal and stress scenario are calculated. The ALCO committee also regularly monitors compliance with the Capital and Funding Plan, including monitoring and managing the leverage ratio.

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

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

Table 4.11. Leverage ratio

Amounts in EUR millions and %	Gross
Tier 1	32,800
Total assets (reserved)	533,835
Tier 1 deductions	(5,362)
Other adjustments (1)	35,106
Leverage exposure	563,578
Leverage ratio	**5.82%**

(1) Includes off-balance-sheet items, derivatives and SFTs.

1 Applies at both consolidated and individual level.

4.3.5. FINANCIAL CONGLOMERATE

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

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

In 2023, the stake held by Banco BPI, S.A. in the insurance company Cosec, S.A. was sold outside the Group, and the Sa Nostra Vida business was integrated into VidaCaixa, S.A.

Furthermore, in addition to the capital requirements in terms of prudential banking regulations, CaixaBank periodically calculates and monitors the solvency of the financial conglomerate and recurrently submits it to the Capital Committee. As of December 2023, the coverage ratio of the financial conglomerate (ratio of the conglomerate's own funds to minimum requirements) stands at 131.73% (133.89% in December 2022, or -216 basis points). The decrease in the ratio is mainly due to the increase in capital consumption of the banking business.

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

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

Amounts in EUR millions and %	**31/12/23**
Total banking capital	39,109
Additional elements	572
Conglomerate capital	**39,681**
Total banking capital requirements	29,120
Other requirements	1,002
Conglomerate capital requirements	**30,122**
Capital adequacy coefficient of the financial conglomerate (%)	**131.73%**
Additional own funds requirements of the financial conglomerate (amount)	**9,558**

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

4.4. STRESS TEST

During the first half of 2023, the CaixaBank Group participated in the EU-wide stress test on the European banking sector leaded by the European Banking Authority (EBA) in collaboration with the European Central Bank (ECB) and the European Systemic Risk Board (ESRB).

The exercise took data with a reference date of 31 December 2022 covering a three-year period (2023-2025) in two scenarios, baseline and adverse. A 3-year time horizon was used with a starting point of December 2022. The adverse scenario was based on a hypothetical increase in geopolitical tensions, with high inflation and higher interest rates that would have strong adverse effects on private consumption and investment, both domestically and globally. In terms of GDP decline, the adverse scenario of 2023 has been the most severe scenario used so far in the EU-wide stress. As in previous years, the Stress test consisted of an exercise with a bottom-up approach and some top-down elements.

The exercise enables CaixaBank's resilience to adverse economic scenarios to be assessed and compared with the other European banks taking part. A total of 70 banks (including 57 from the European Union) underwent the exercise. The results obtained are an important source of information within the ECB's supervisory process. The resilience exercise was conducted under a static balance sheet methodology (December 2022), and therefore does not take into consideration future business strategies and management actions.

CaixaBank Group obtained one of the best European results in terms of resilience to adverse scenarios (the third best result of the large European banks in the Eurostoxx 50), with a maximum erosion level of CET1 fully loaded of -313 bp in the adverse scenario, which would bring the ratio to 9.35% in the last year of the projection, compared to the baseline situation in December 2022 (12.48%). In the baseline scenario, it would reach a CET1 fully loaded capital ratio of 15.24% in the last year projection, an increase of +276 bps over the December 2022 baseline (12.48%).

The ECB uses the Stress Test results to assess the Pillar 2 capital needs of individual banks in the context of its Supervisory Review and Evaluation Process (SREP).

The qualitative results are included in the part of the SREP on risk governance, and thus influence the determination of Pillar 2 capital requirements (P2R). The quantitative results are used as a key element in setting Pillar 2 guidance (P2G), the level of capital that the ECB expects banks to hold in addition to their mandatory capital requirements (P2R).

Moreover, on 17 November 2023, the EBA published the final templates that will be used to collect climate-related data from EU banks in the context of the one-off analysis of the Fit-for-55 climate risk scenario. Its aim is to assess the resilience of the EU banking system to the potential impact of climate risks, in line with the mandate of the European Commission in the area of its Renewable Sustainable Finance Strategy.

Finally, the ECB will conduct a cyber stress test in 2024 on 109 banks. The exercise will assess how banks respond to a cyberattack and how they recover from it, rather than their ability to prevent it.

4.5. ECONOMIC CAPITAL

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

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

In contrast with regulatory capital, economic capital is an internal estimate which the Entity adjusts according to its level of tolerance to risk, volume, and type of business activity. In addition to the risks considered in Tier 1, which include credit, market and operational risk, the rest of the risks in the Corporate Risk Catalogue are included. These include actuarial risk, structural interest rate and credit spread risk, business profitability risk, reputational risk, as well as general risks such as model risk and climate risk.

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

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

2. Estimation of sensitivities and diversification: the CaixaBank Group has developed its own scheme for determining sensitivities of probabilities of default to specific economic and financial variables, thereby implicitly estimating correlations of probabilities of default adjusted to the Group's scope of activity. The different sensitivities estimated introduce additional diversification among portfolios and industrial sectors, as a result of the various sensitivities produced.

4.6. RECOVERY AND RESOLUTION PLANS

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

In line with section 2.1 of the regulatory scope of this document, and within the framework of BRRD II, CaixaBank has updated the Group's Recovery Plan for 2023. This Plan was approved by the Board of Directors and sent to the European Central Bank in September 2023.

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

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

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

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

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

05 Business profitability risk

Business profitability risk

Business profitability risk refers to the achievement of results below market expectations or the Group's targets ultimately prevent the Group from reaching a Sustainable level of profitability above the cost of capital.

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

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

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

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

06 Model risk

Model risk

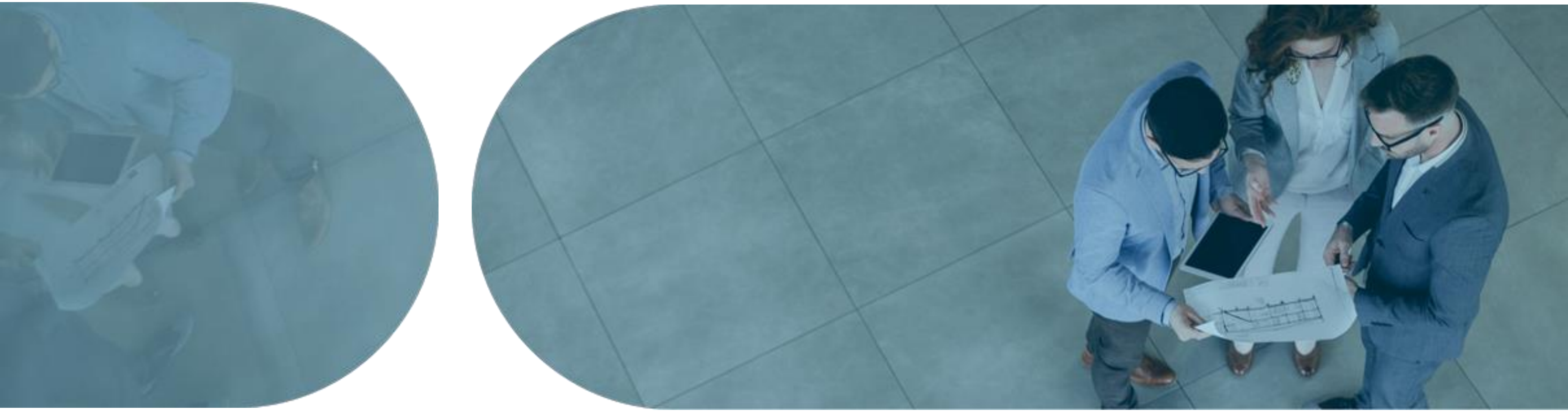
The Corporate Risk Catalogue defines model risk as the potential adverse consequences for the Group that could arise from decisions based mainly on the results of internal models with errors in their construction, application or use.

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

- Quality risk:potential negative impact due to unpredictive models, either due to construction defects or because they have not been updated overtime.
- Governance risk: potential negative impact due to inadequate governance of model risk (e.g. models not formalised in committees, relevant models without second-line defence opinion or models that have not been correctly inventoried).
- Control environment risk:potential negative impact due to weaknesses in the model control environment (e.g., models with overdue recommendations or unfulfilled mitigation plans).

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

- Identification of model risk, using the Corporate Inventory of models as a key element to set the boundaries of the models within the scope.Managing model risk relies on identifying the existing models and assessing their quality and application in the Group.This is the reason behind the use of this inventory, where the models are identified and a homogeneous taxonomy is used that includes, among others, their relevance, the assessment of their quality and the risk assumed by applying them.
- Model governance, which addresses key aspects such as:
  - Identification of the most relevant phases within the life cycle of a model, defining roles and minimum standards for the execution of these activities.
  - Tier-based management, i.e., the way in which the control framework of models can be adjusted according to the overall relevance of the model. This element will shape the control environment of the model, such as the type and frequency of validation, the type and frequency of monitoring, the body that has to approve its use, as well as the level of internal oversight or involvement of senior management.
  - Management of changes in models from a cross-cutting perspective and in a proportional manner according to the type of model, offering different model owners the most appropriate governance in each case.
  - Definition of internal validation standards that guarantee the correct application of controls for an independent unit to assess models.
- Monitoring, based on a control framework with a forward-looking approach that enables risk to be kept within the parameters defined in the Group's RAF, through the periodic calculation of appetite metrics and other specific model risk indicators.



As main milestones, in 2023 a project to implement has been developed to implement tools for risk management, the scope of the inventory in terms of models of subsidiaries has been expanded and the incorporation of new types of models and Management deployment in significant subsidiaries, among other areas, has been improved.

For 2024, the aim of the model risk risk function's activity is the deployment of the new model risk tool in areas of CaixaBank and Group companies, fulfilling the plan to expand the corporate model inventory, which in turn is aligned with the new regulatory frameworks for model risk management and the expectations of the supervisory bodies and the CaixaBank Group.

07
Reputational risk

Reputational risk

A. Definition and general policy

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

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

The CaixaBank Group has a Corporate communication policy and a Corporate sponsorship policy in place that develop the Corporate reputational risk management policy. The purpose of the Corporate communication policy is to ensure that corporate communication is transparent, effective and relevant, guaranteeing its maximum dissemination to stakeholders; support the achievement of the CaixaBank Group's objectives; maintain visibility and reputation at optimal levels; and prevent, minimise and mitigate possible reputational risk impacts. The Corporate sponsorship policy aims to establish the principles and premises governing the management of CaixaBank Group's sponsorships.

_Structure and organisation of the risk management function

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

In addition, the Communications and Institutional Relations Division chairs the Reputational Risk Committee, which reports to CaixaBank's Global Risk Committee. . Its functions include reviewing the situation and evolution of the Entity's reputational risk profile, as well as the monitoring and appetite metrics for this risk and informing the Global Risk Committee thereof; coordinating the various plans and initiatives in reputational management and reputational risk prevention, as well as reporting on trends and initiatives in the financial field, among others. This committee also reports the communication milestones with a potential reputational impact to the Global Risk Committee, which then reports to the Risk Committee. The latter, in turn, then reports to the CaixaBank Board of Directors.

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

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

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

_Hedging policies and mitigation techniques

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

_Reputational risk management and Control strategy

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

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

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

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

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

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

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

CaixaBank

Financial Risks

8 Credit risk

9 Actuarial risk

10 Risk in the Banking Book

11 Liquidity and funding risk

12 Market risk

08
Credit risk

Credit risk

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

€207,473 M
Credit risk RWA

€554,949 M
Credit risk EAD

58% (85% vs. the private sector)
EAD assessed with internal models

Due to the specific treatment stated by prudential regulation for certain exposures subject to credit risk, explicit counterparty risk exposures are provided (derivatives and securities financing transactions), securitisations and the equity portfolio. Considering the CaixaBank business model, the first two account for just 2% of total credit risk requirements, while the equity portfolio accounts for 9%. Thus, the remaining 89% of credit risk requirements come from credit investment portfolios, the fixed-income portfolio and other non-debt assets.

58% of the total assets subject to credit risk are assessed using internal models, IRB (Internal Ratings Based) approach. Excluding those portfolios for which there is authorisation for the permanent application of the standardised approach (e.g. exposure to the public sector and financial institutions), as well as non-debt assets (i.e. real estate), the IRB coverage stands at 85%.

In section 8.1.4, credit risk includes quantitative prudential ESG (environmental, social and governance) risk information is included, following the EBA/ITS/2022/01 guideline and in accordance with article 449a of the CRR. Credit risk is the prudential risk that may be most impacted by climatic factors, mainly transition and physical factors, in the short, medium and long term: As a new feature, templates 6, 7, 8 of the GAR (Green Asset Ratio) are released this year.

A. Annual evolution

The total credit risk requirements at the end of 2023 year-end increased 6.3% with respect to the previous year. Particularly noteworthy movements are growth in companies and the increase of requirements due to the implementation of new models for corporates, SMEs and developers, adapted to the EBA guidelines on parameters and definition of default, after obtaining the ECB's approval. The requirements of the equity portfolio declined, mainly due to the lower exposure to VidaCaixa after applying IFRS 17 standards.

/ **RWA BY TOTAL CREDIT RISK** - Distribution by RISK, %

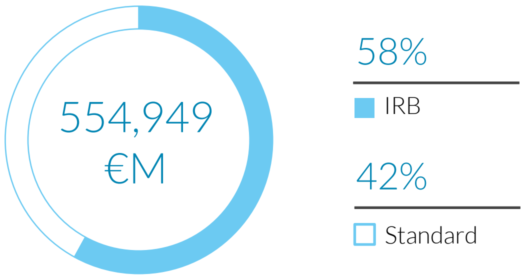
89.6% Credit risk

1.1% Counterparty risk

9.1% Equity portfolio

0.2% Securitisation risk

/ **EAD BY TOTAL CREDIT RISK** - Distribution by method and country, %



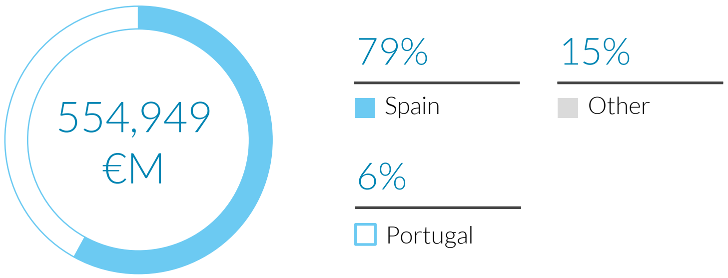


Table 8.0. Credit, counterparty, securitisation and equity portfolio risk by method

Amounts in millions of euros	EAD			RWA			Density (%)			Capital requirements [5]		
	Standard	IRB	Total	Standard	IRB	Total	Standard	IRB	Total	Standard	IRB	Total
Credit risk [1]	228,922	312,158	541,080	64,909	121,037	185,946	28.35%	38.77%	34.37%	5,193	9,683	14,876
Counterparty credit risk [2]	4,867	1,349	6,216	1,601	718	2,319	32.89%	53.21%	37.30%	128	57	185
Securitisation risk [3]	543	1,207	1,750	226	146	372	41.60%	12.07%	21.24%	18	12	30
Equity portfolio risk [4]	–	5,902	5,902	–	18,837	18,837	– %	319.14%	319.14%	–	1,507	1,507
Total credit risks	**234,332**	**320,616**	**554,949**	**66,735**	**140,737**	**207,473**	**28.48%**	**43.90%**	**37.39%**	**5,339**	**11,259**	**16,598**

(1) Includes all balance sheet items subject to credit risk, except those that are separately indicated. Therefore, it mainly includes: loans and receivables, fixed-income and non-debt assets.
(2) Counterparty risk, including CVA risk and Default Fund risk (under the standardised approach).
(3) The EAD shown for securitisation risk corresponds to the exposure subject to risk weight before deductions.
(4) Risk in the equity portfolio includes the investees business and holdings in subsidiaries not consolidated by the full equity method for prudential purposes (mainly VidaCaixa).
(5) Capital requirements at 8% on RWA.

8.1. LOANS AND RECEIVABLES, FIXED-INCOME AND NON-DEBT ASSETS

Credit risk is the most significant balance sheet risk. The general regulatory treatment for credit risk includes: impairment and default of credit investment counterparties, the fixed-income portfolio and other non-debt assets, mainly real estate.

€185,946 M
Credit risk RWA

€541,080 M
Credit risk EAD

58%
(86% vs the private sector)
EAD assessed with internal models

The group focuses its lending activity towards covering households and companies financing needs and providing value-added services to the large corporates segment, while targeting a medium-low credit risk profile, in line with the RAF.

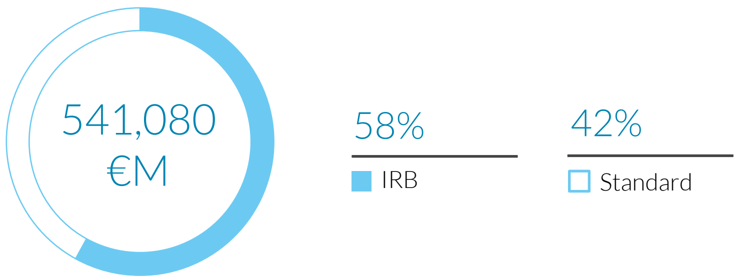
Approval of lending transactions follows the basic criterion of evaluation of the borrower's repayment capacity. According to the Group's Policy, the mere existence of guarantees does not justify transaction approvals. Assuming the former criterion is complied, it is also important for the Bank to obtain additional guarantees as a risk mitigation factor, particularly in respect of long-term transactions, and to fix a price in accordance with the above two requirements. In addition, the environmental, social and governance (ESG) risks are considered for the approval.

Non-performing exposures, related to on-balance sheet transactions and contingent liabilities and commitments in the consolidated prudential balance sheet, dropped €764 million in 2023 as a result of the active management of non-performing assets. Its balance amounts to €12,106 million at year-end.

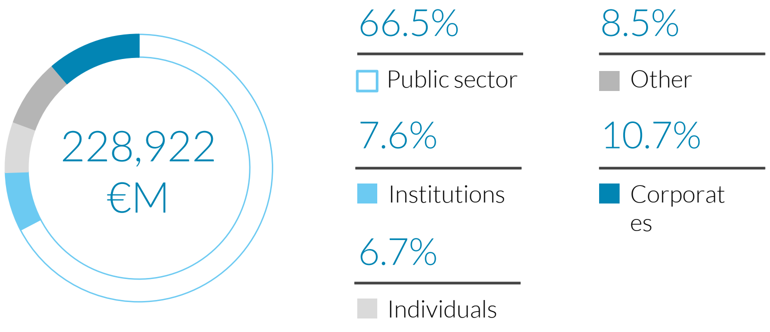
A. Annual evolution

RWA in credit risk increased by €13,392 million, up 7.8% year-on-year, where the growth in exposure to companies and the increase due to the implementation of new models for *corporates*, SMEs and developers, adapted to the EBA guidelines on parameters and definition of *default*, after obtaining the ECB's RWA approval.

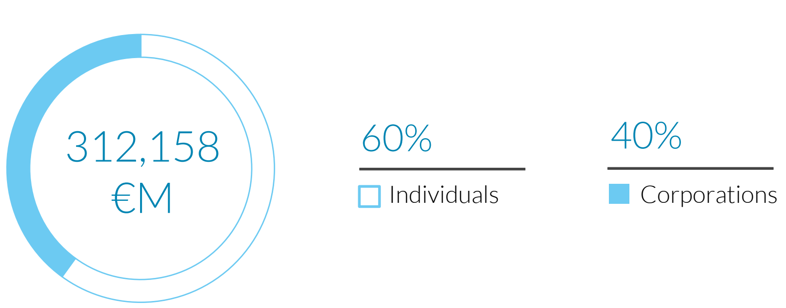
/ **EAD CREDIT RISK** – Breakdown by method, %



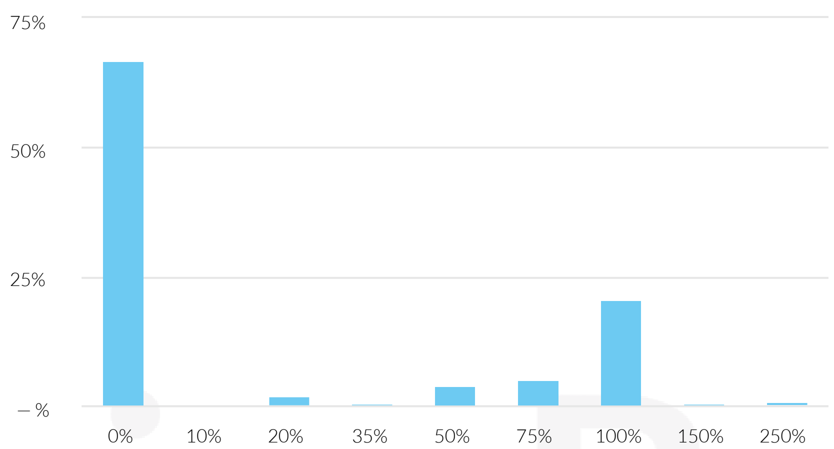
/ TOTAL CREDIT RISK STANDARD APPROACH



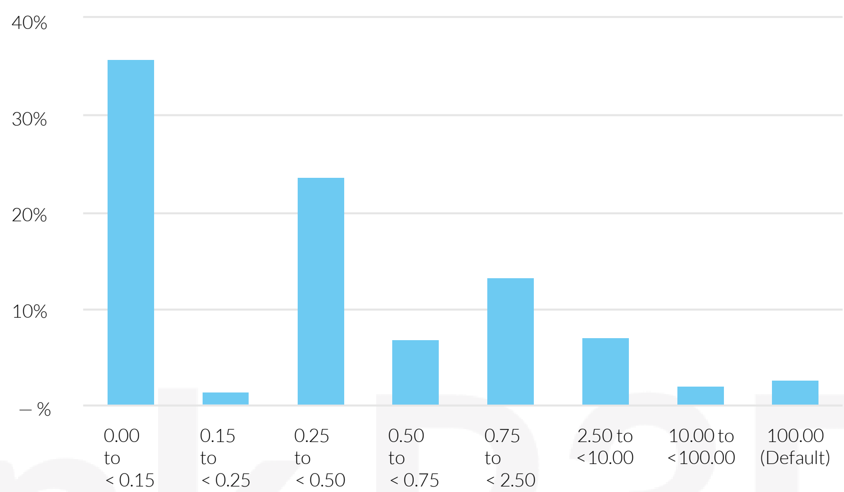
/ EAD CREDIT RISK UNDER IRB APPROACH



/ EAD UNDER STANDARDISED APPROACH – Breakdown by risk- weighting, %



/ EAD UNDER IRB APPROACH - Breakdown by PD, %



8.1.1. CREDIT RISK MANAGEMENT

A. Description and general policy

Credit risk corresponds to the loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Includes the risk generated by operations in the financial markets (counterparty risk). It is the most significant risk item from the Group's financial activity, based on banking and insurance commercial activity, treasury transactions and long-term equity investments (equity portfolio).

The Corporate credit risk management policy, approved by the Board of Directors, establishes the general framework and basic principles that serve as a reference and minimum standard for the identification, assessment, approval, monitoring and mitigation of credit risk, as well as the criteria for quantifying the coverage of expected credit risk losses, both for accounting and capital adequacy purposes.

The main principles and policies that underpin credit risk management in the Group are as follows:

- The credit risk management policy and strategy, as well as the frameworks and limits to control and mitigate credit risk, are integrated and consistent with the overall risk appetite and strategy.
- Clear definition and assignment of responsibilities to the different areas involved in the credit risk approval, management, monitoring and control cycle in order to ensure effective management.
- The business lines and business units that give rise to credit risk are primarily responsible for managing the credit risk generated by their activities throughout the credit lifecycle. These lines and business units have suitable internal controls to ensure compliance with internal policies and applicable external requirements. The risk management function will be responsible for assessing the adequacy of these controls.
- Approval is based on the borrower's repayment capacity, with an appropriate relation between income and the expenses borne by the customer. As a general rule, guarantees, whether personal or in rem, are no substitute for a lack of ability to repay or uncertain finality of the operation.
- There is a suitable assessment of both the guarantees and the foreclosed assets.
- The pricing system is adjusted to the risk assumed in the operations, so as to ensure an appropriate risk/return trade-off and where collateral acts as a mitigating element, in particular in long-term transactions.
- The development of internal models for the classification of exposures and borrowers, as well as for measuring risk parameters for regulatory capital consumption or provisioning, ensures the establishment and standardisation of the key aspects of these models in accordance with a methodology adapted to the characteristics of each portfolio.
- Independent system of internal validation and periodic review of the credit risk models used for both management and regulatory purposes, for which materiality criteria is applied.
- Monitoring framework that ensures that information related to credit risk exposures, borrowers and collateral is relevant and kept up to date throughout the lifecycle of the credit exposures, and that the external reports are reliable, full, up to date and drawn up within the established time frames.
- Criteria for the accounting classification of transactions and for the quantification of expected losses and capital requirements for credit risk that accurately reflect the credit quality of the assets.
- The recovery process is governed by the principles of anticipation, objectivity, efficiency and focus on customers. The recovery circuit has been designed on the basis of early detection of the possibility of default and is equipped with adequate measures for the effective recovery of debts.

To ensure appropriate protection is given to customers, individuals and credit institutions, the current legal framework (the Sustainable Economy Act 2/2011 and Ministerial Order EHA/2899/2011 on transparency and protection of customers of banking services and the most recent Act 5/2019 of 15 March regulating real estate lending agreements) requires all financial institutions to establish policies, methods and procedures to ensure that the process of assessing and granting loan applications is appropriate. Therefore, as a mechanism to protect users of financial services, the new concept of a "responsible loan" establishes the need to adequately evaluate customer solvency and promote practices to ensure responsible lending.

CaixaBank has adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Act 6/2012 of 9 March, on urgent measures to protect mortgagors without funds, as amended by Act 1/2013 of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals, and Royal Decree-Act 1/2015 of 27 February, regarding second chance mechanisms, the reduction in the financial burden and other social measures, and Royal Decree-Act 5/2017 of 17 March, amending Royal Decree-Act 6/2012 of 9 March and Act 1/2013 of 14 May and Royal Decree-Act 19/2022 of 22 March, expanding its scope of action and reinforcing the relief measures of vulnerable households.

In addition, CaixaBank has adhered to the new Code of Good Practices published in the aforementioned Act 19/2022 on urgent measures to protect mortgagors without funds, which will have a transitional regime with a duration of two years throughout 2023.

B. Structure and organisation of the credit risk control and management function

_First line of defence

Integrated by the operational units that in the first instance manage credit risk: they are responsible for the application of internal policies and procedures; proactively implement identification, management and mitigation measures; and establish and implement appropriate controls.

Given the business profile and relevance of this risk for the Group, there are several originating areas that also serve the function of a first layer of control (lines of defence): the **Business Division**, the **Directorate of Corporate and International Banking** and the **Risks Division**.In the case of the Risks Division, the first line of defence is covered by: the Retail and Company Lending Offices through the different Default and Restructuring divisions (Individuals, Companies and Large Corporates).

_Second line of defence

The second line of defence ensures the quality of the entire credit risk management process: it reviews the consistency with internal policies/frameworks and public guidelines for related processes; provides guidance on the design and review of the processes and the controls established by the management units; and carries out specific controls on the different phases of the process. The functions of the second line of defence are divided between the divisions of **Corporate Risk Management Function & Planning** and **Compliance, Control and Public Affairs.**

The **Corporate Risk Management Function & Planning** division comprises the following divisions linked to credit risk management:

- **Credit Risk Policies and Information**, responsible for the governance framework, revising and coordinating the approval policies and managing recoveries and defaults, among other things; information and regulatory reporting; and management of the risk profile of the portfolio.
- **Sector Accounting and Analysis and Major Risks** is responsible for monitoring, classifying and providing against credit exposures identified as Major Risks
- **Regulated Credit Risk Models** is responsible, among other activities, for the development, information and governance of regulated credit risk models.
- **Planning, Impairment and Regulatory Capital** is involved, among other activities, in the budgeting and monitoring of the performance of credit assets, non-performing loans (NPLs) and provisions; the integration and governance of the accounting recognition of impairment; and it is responsible for calculating regulatory capital for credit risk consumption.

On the other hand, the **Compliance, Control and Public Affairs Division** carries out the Model Validation and Risk function, with responsibility for issuing an independent technical opinion on the suitability of the models as regards their goals, their implementation and integration in management, and the **Risk Process Internal Control function, which directly exercises the second line control functions for credit risk** and the information **Reliability** function.

_Third line of defence

See section 3.1.2. Internal Control Framework - Third line of defence.

C. Credit risk cycle

The full credit risk management cycle covers the entire life of the transaction, from feasibility studies and the approval of risks as per established criteria, to monitoring solvency and returns and, ultimately, to treating and recovering non-performing assets. The Corporate credit risk management policy establishes the general framework and basic principles that essentially pursue consistency with the Group's global risk appetite and strategy and to effectively manage risk at each stage of the cycle.

01 ADMISSION AND APPROVAL
- Authority systems
- Other particularities of the approval

02 MITIGATION OF RISK
- Main techniques for reducing credit risk

03 MONITORING AND MEASUREMENT OF CREDIT RISK
- Borrower monitoring processes
- Quantification and assessment of credit risk
- Defining the accounting classification
- Determining the accounting hedge

04 NPL MANAGEMENT
- Refinancing policies

01. Admission and approval

The approval function is the primary step in the credit risk management process, and the application of strict methodologies in the application, analysis and approval processes will largely contribute to the successful repayment of transactions. The process for accepting and approving loans is based on the analysis of the solvency of the intervening parties and the characteristics of the transaction.

The decision on the approval of a risk must always be based on documented and verified information on the applicants and on the purpose of the loan. To this end, the authority system is based on an **electronic dossier** that includes all the relevant information needed to analyse and resolve the transaction at the corresponding approval level, capturing basic information – in general automatically – from the computer systems.

In particular, one major component in this process of the assessment of a borrower's ability to repay a debt is the probability of default, measured by the scoring and rating systems.

These tools were developed using statistical techniques in due consideration of the past experience of default.

Except those that can be approved at branch level or by the Business Area Manager, the risk of transactions can only be approved when countersigned by a business manager and risk manager.

Transactions beyond the commercial network capacities are transferred to a Risk Admission Centre (RAC) according to the type of holder. These approval centres have a set risk approval level, so if the level of risk requested to approve an operation does not exceed their authorisation level, it can be approved within their scope. Otherwise, the application is transferred to the required higher level centre.

In order to streamline approvals, there are different Risk Admission Centres depending on the type of customer:

individuals and self-employed workers are handled by the Individual Customer Risk Admission Centre (CRAC) centralised within Corporate Services; and

and businesses are handled by Risk Admission Centres (RAC) distributed throughout the country, which manage the applications within the scope of its approval capacities, transferring the applications that exceed this scope to Corporate Services.

In addition, a series of limits are calculated for individuals and the pre-approval of loans to legal persons in the micro and small enterprises segment for certain products are carried out in a centralised manner and in accordance with defined limits and risk criteria.

Specifically, the internal organisation of business risk approvals at Central Services has a **specialised structure, according to the type of risk and customer segment:**

Corporate risks

Centralises business groups in corporate centres and international branches.

Company risk

Businesses or business groups not managed by corporate centres or international branches and that do not belong to specialised segments (real estate, agri-food, tourism or project finance).

Real estate developer risk

Covers developers in any segment, regardless of turnover.

Real estate risk

Covers 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 the self-employed segment in the agricultural sector.

Project finance

Includes all transactions presented under the project finance scheme, object finance and asset finance operations.

Institutional banking

It comprises autonomous or central institutions, national town councils and local public institutions and members of economic groups or management groups whose partner/parent is one of these institutions. It also includes institutions of a private nature (foundations, universities, NGOs, religious orders) managed by the Institutional Centres across the entire territory.

Country and financial sector risk

Responsible for the approval and management of country, sovereign, counterparty, financial institution and insurance risk inherent in financing operations of the various segments.

Lastly, the Permanent Credit Committee holds the powers to approve operations in accordance with specific limits in terms of individual operations and of accumulated risk with the customer or its group and, in general, it holds powers to approve operations that involve exceptions to the characteristics of those that can be approved in branches and in the Risks Approval Centres. In the event of exceeding the aforementioned powers, the power of approval lies with the Executive Committee, except for those cases reserved for the plenary session of the Board of Directors.

With the aim of ensuring the appropriate level of protection for banking services customers, there are policies, methods and procedures for studying and granting loans, or responsible lending, as required in Act 2/2011 on Sustainable Economy and Order EHA/2899/2011, on transparency and protection of banking services customer, or the more recent Act 5/2019, of 15 March, regulating real estate credit contracts.

a. Authority system

The authority system assigns the determined approval levels to employees, with a standard level of responsibility set according to their position. The authority system is based on the study of four key axes:

/ Borrower

The 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

The financial amount applied for plus any risk already granted; it involves calculating the accumulated risk for each of the title holders of the application and their economic group, where applicable. The amount of the transaction is defined by two alternative methods according to the segment to which the transactions of the holders of the submitted application belong and, where applicable, their economic group:

- **Loss weighted by product**: based on the expected loss calculation formula, it takes into account the risk appetite according to the nature of each product. It is applied to applications whose primary holder is a legal person.
- **Nominal**: taking into account the nominal amount and guarantees of risk transactions. It is applied to individuals.

/ Guarantee

The group of assets and/or funds pledged to secure fulfilment of a repayment obligation. The guarantee may either be **personal**, consisting of the solvency of the borrower and their guarantors, or **collateral**, involving a specific asset secured as collateral for a loan.

The risk decision is based on an assessment of the borrower's repayment ability, not on their guarantees. In any event, the guarantees must be used when there is no repayment capacity or if there is an uncertain purpose to the transaction.

Mortgage guarantees are the main guarantees the Group uses to determine the degree of risk involved in a transaction. To establish the approval authority levels necessary for the financing application being considered, the type, purpose and other aspects of guarantees are considered, as well as the loan-to-value ratio.

/ Term

This refers to the duration of the transactions requested, which must be coherent with the purpose of the loan, as the longer the term, the greater the uncertainty with regard to the borrower's economic future, the value of the collateral and changes in the legal or socio-economic environment.

There are specific policies depending on the type of the transaction and the term, which require a higher level of authority to be approved.

There are also other characteristics of the borrower/transaction that modify the level of approval and constitute specific policies or criteria. These policies include a general study to assess certain characteristics of applications or customers, and they can be used to assign a specific risk approval level, or increase or decrease the approval risk level. They take into account aspects such as the rate of effort, monitoring alerts and ratings, and belonging to certain sectors, among other factors.

In this respect, particularly noteworthy 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

b. Other particularities of the approval

/ Risk-adjusted pricing

The purpose of calculating the risk-adjusted pricing is to determine the price that covers the total cost of the transaction.

For pricing purposes, all the factors associated with the transaction are considered, which are essentially costs of structure, financing and risk. Furthermore, transactions must provide a minimum contribution to financial capital 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 transactions. Following on from this, the determination of the prices is subject to an authority system focused on obtaining minimum compensation and, additionally, on establishing margins according to different businesses.

/ Concentration of risks

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

The Group has developed policies setting out concentration risk guidelines and frameworks that develop calculation methodologies and establish specific limits within management. Mechanisms have also been developed to systematically identify its overall exposure and, wherever considered necessary, relative exposure limits have also been defined within the RAF.

Specifically, exposures are identified[1]:

1. In relation to the customer concentration or "large exposures", the Group monitors compliance with regulatory limits (25% on Tier 1 capital) and RAF thresholds (at the end of the year there was no infringement of the defined thresholds);
2. In countries;
3. By geographical area and counterparty type;
4. By economic sector, differentiating the position held with different activity segments of the private business sector and lending to the public sector;
5. By creditworthiness; and
6. By sovereign risk.

1 See section 3.4.1. Credit concentration risk of note 3 of CaixaBank Group's Financial Statements for more quantitative details of this risk.

02. Mitigation of the risk

The Group's credit risk management profile is characterised by a prudent granting policy, at a price in keeping with the conditions of the borrower and suitable hedges/guarantees. In any case, long-term operations must have more robust guarantees due to the uncertainty over time. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the operation.

a. Main techniques for reducing credit risk

/ Offsetting processes and policies for on-balance sheet and off-balance sheet positions

Transaction offsetting agreements included in clauses of framework offsetting agreements provide an offsetting facility between contracts of the same type. In this respect, when managing risk and calculating own funds, the reciprocal positions between the Group company and the counterparty are offset.

Counterparty risk mitigation measures are specified in section 8.2.1. Counterparty risk management.

/ Types of guarantees, and management and valuation policies and procedures

The approval of transactions and their maximum value must be related to the borrower's repayment capacity, such that they can meet their financial obligations in due time and form. If this criterion is met, the provision of additional guarantees is also assessed.

All transactions involving a risk are secured by the personal guarantee of the borrowers, irrespective of whether they are an individual or legal entity, given that they pledge all of their existing and future assets to secure fulfilment of the obligations concerned. Furthermore, additional security may be required, the security of which represents a risk factor reducer, since it allows unforeseen contingencies to be covered. Thus, the greater the probability of these contingencies occurring, the greater the guarantees demanded must be. Additionally, these guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the transaction.

/ Effective guarantees

For accounting purposes, effective guarantees are collateral and personal guarantees that can be demonstrated as valid risk mitigators, according to: (i) the amount of time required to be enforced; (ii) the ability to realise the guarantees; and (iii) the experience in realising them.

The different types of guarantees are as follows:

Personal guarantees or guarantees constituted through the solvency of holders 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. In the case of individuals, the collateral is estimated on the basis of declarations of assets, and where the backer is a legal entity, it is analysed as the holder for the purposes of the approval process.

/ Collateral

Main types:

- **Pledged guarantees** they notably include the pledge of funding transactions or the intermediated balances.

To be admitted as collateral, financial instruments must, among other requirements: (i) be free of liens and charges; (ii) their contractual definition must not restrict their pledge; and (iii) their credit quality or change in value must not be related to the borrower. The pledge remains until the loan matures or is repaid early, or it is derecognised.

During the guarantee registration process, the system verifies that a pledge can be applied on the security in question and determines the applicable pledge percentage. This varies depending on the type of financial instrument involved, between 100% for cash and 50% for equities.

The main financial instruments that can be pledged are:

- **On-demand savings accounts**: on which a pledge is drawn up for a specific sum. The rest may be freely drawn, and may even be used as security for another transaction.
- **Term deposits and savings facilities**: the total sum of the deposit is effectively withheld.
- **Investments in mutual funds**: these must be Spanish mutual funds, or funds of international managers registered with the CNMV and marketed by CaixaBank through Allfunds Bank. The guarantee withholding is applied to the number of holdings that make up the amount of the transaction, depending on the valuation at the time of pledging. Other holdings may be pledged to secure further borrowings.
- **Life-savings insurance policies**: the pledge is made on the associated policy and for the lowest value between the surrender value and the sum of the capital, pensions and contributions. The pledged policy is fully affected.
- **Fixed income securities**: these must be issues of senior or mortgage bonds, and they may not be subordinated, convertible or preference issues. The securities must be admitted for trading in a regulated market of the European Union or similar, and have a rating of at least BBB.
- **Equity securities**: they may be pledged, provided they are quoted on a regulated market of the European Union or similar.

/ Mortgage guarantees.

- A real right on immovable property to secure an obligation, in relation to which internal policy establishes the following:
  - **The procedure for approval of guarantees** and the requirements for drawing up operations, e.g. the documentation that must be supplied and the mandatory legal certainty of this documentation.
  - **The review process for the appraisals** registered, in order to ensure proper monitoring and control of the guarantees. Regular processes are also carried out to check and confirm the appraisal values, in order to detect any anomalies in the procedures used by the valuation companies supplying the Group.
  - The outlay policy, mainly concerning property development and self-development operations.
  - ***Loan-to-value* (LTV)** of the transaction. The capital granted in mortgage transactions is limited to percentages of the value of the guarantee, which is defined as the lower between the appraisal value and the value shown on the official deed in the purchase transaction. IT systems calculate the level of approval required for each type of transaction.

/ Credit derivatives

In addition, the Group occasionally uses credit derivatives, contracted with entities with a high credit level and protected by collateral contracts, to hedge against credit risk.

/ Exposure by mitigation technique

The following tables show information on credit risk exposures by type of guarantee applied to mitigate credit risk as of 31 December 2023 (not including the equity portfolio, counterparty, or securitisations).

Table 8.1. Exposure by application of mitigation techniques

Amounts in millions of euros	EAD			
Type of guarantee	Standardised approach	IRB approach	Total	% of total
Mortgage	3,970	165,228	169,198	31.27%
Collateral	214	2,708	2,922	0.54%
Personal	224,737	144,223	368,960	68.19%
Total	**228,922**	**312,158**	**541,080**	**100.00%**

Table 8.2. Standardised approach: exposure by application of mitigation techniques

Amounts in millions of euros	EAD			
Type of guarantee applied in the credit risk mitigation of loans assessed under the standardised approach	**Mortgage guarantee**	**Collateral**	**Personal guarantees**	**Total**
Central administrations or central banks	10	28	129,668	129,706
Regional governments or local authorities	52	1	14,772	14,825
Public sector entities	266	9	7,499	7,775
Multilateral Development Banks	3	5	4,605	4,612
International organisations	–	–	6,295	6,295
Institutions	–	–	6,597	6,598
Corporates	319	140	23,926	24,385
Retail exposures	30	27	15,206	15,262
Exposures secured by mortgages on immovable property	3,028	2	1,173	4,203
Exposures in default	91	3	164	258
Exposures associated with particularly high risks	171	–	181	352
Covered bonds	–	–	–	–
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–
Collective investment undertakings	–	–	–	–
Equity exposures	–	–	–	–
Other items	–	–	14,651	14,651
Total	**3,970**	**214**	**224,737**	**228,922**

Table 8.3. IRB approach: exposure by application of mitigation techniques

Amounts in millions of euros	EAD			
Type of guarantee applied in the credit risk mitigation of loans assessed under the advanced approach (IRB)	**Mortgage guarantee**	**Collateral**	**Personal guarantees**	**Total**
Specialised lending under the slotting approach	**2,709**	**1,032**	**18,065**	**21,805**
Institutions	–	–	–	–
Corporates	11,634	840	89,755	102,229
Of which: Corporates-SME	5,801	297	10,992	17,091
Of which: Corporates-other	5,833	543	78,763	85,138
Retail	150,885	836	36,403	188,124
Of which: retail exposures-real estate, SME	10,985	–	–	10,985
Of which: retail exposures-real estate, non-SME	139,900	–	–	139,900
Of which: retail — qualifying revolving	–	–	12,865	12,865
Of which: retail exposures-other SME	–	430	12,831	13,261
Of which: retail exposures-other non-SME	–	407	10,706	11,113
AIRB credit risk approach	**162,519**	**1,676**	**126,158**	**290,353**
Total	**165,228**	**2,708**	**144,223**	**312,158**

Table 8.4. EU CR7-A - IRB approach – Disclosure of the extent of the use of CRM techniques

Amounts in millions of euros

IRB	Total exposures [2]	Credit-risk mitigation techniques											Credit risk mitigation techniques in the calculation of risk weighted exposure amount	
		Funded credit protection (FCP)									Unfunded credit protection (UFCP)			
		Part of the exposures covered by financial collaterals (%)	Part of the exposures covered by other eligible collaterals (%)	Part of the exposures covered by immovable property collaterals (%)	Part of the exposures covered by receivables (%)	Part of the exposures covered by other physical collateral (%)	Part of the exposures covered by other funded credit collateral	Part of exposures covered by cash on deposit (%)	Part of the exposures covered by life insurance policies (%)	Part of the exposures covered by instruments held by a third party (%)	Part of the exposures covered by guarantees (%)	Part of exposures covered by credit derivatives (%)	RWEA without substitution effects (only reduction effects)[1]	RWEA with substitution effects (both reduction and substitution effects)
Specialised lending under the slotting approach	**21,805**	**5.91%**	**21.26%**	**21.26%**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**15,231**	**15,231**
Institutions	–	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	–	–
Corporates	102,229	1.20%	27.20%	27.20%	– %	– %	– %	– %	– %	– %	– %	– %	65,702	64,273
Of which SMEs	17,091	1.69%	85.75%	85.75%	– %	– %	– %	– %	– %	– %	– %	– %	11,577	10,969
Of which corporates - other	85,138	1.11%	15.45%	15.45%	– %	– %	– %	– %	– %	– %	– %	– %	54,125	53,303
Retail	188,124	0.84%	216.66%	216.66%	– %	– %	– %	– %	– %	– %	– %	– %	41,648	41,533
Of which: retail exposures - real estate, SME	10,985	0.26%	383.19%	383.19%	– %	– %	– %	– %	– %	– %	– %	– %	3,104	3,049
Of which: retail exposures - real estate, non-SME	139,900	0.07%	261.26%	261.26%	– %	– %	– %	– %	– %	– %	– %	– %	25,288	25,288
Of which: retail — qualifying revolving	12,865	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	3,361	3,361
Of which: retail exposures - other, SME	13,261	4.89%	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	4,373	4,314
Of which: retail exposures - other, non-SME	11,113	7.19%	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	5,523	5,523
AIRB credit risk approach	**290,353**	**0.97%**	**149.96%**	**149.96%**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**107,350**	**105,806**
Total	**312,158**	**1.31%**	**140.97%**	**140.97%**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**122,581**	**121,037**

(1) The effect that is eliminated is the substitution of PD and LGD by guarantor.
(2) EAD.

Table 8.5. EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques[1]

Amounts in millions of euros		Unsecured exposures – Carrying amount	Secured exposures – Gross carrying amount			
				Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans and advances	185,345	212,839	166,538	46,301	149
2	Debt securities	84,921	789	24	764	–
3	**Total exposures**	**270,265**	**213,628**	**166,562**	**47,065**	**149**
4	Of which: non-performing exposures	6,056	4,787	3,314	1,473	38
EU5	Of which: defaulted	5,924	4,654	–	–	–

(1) Information obtained from FINREP (carrying amount).

Of the total of all exposures at year-end 2023, the exposures secured with collateral represented 44% of the total, and 54% in the case of loans. As for the exposures in *default*, those guaranteed with collateral represent 51% of the total.

At year-end 2023, CaixaBank has no credit derivatives covered by collateral contracts for hedging credit risk, and therefore the table EU CR7 has not been published.

03. Monitoring and measurement of credit risk

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

By economic group of borrowers.

Greater than EUR 300 million in general.

Lower than EUR 300 million, but they meet the condition that some of their group components:

Exceed an exposure volume of EUR 10 million euros and presents some weakness (defaults over 45 days, refinanced transactions, balanced sheet impairment, high PD, unfavourable rating, etc.).

Exceed an exposure volume of EUR 5 million and have non-performing contracts.

Expert allocation of the monitoring rating for each borrower.

Staging

Borrowers that, due to their exposure volume or associated risk, require individualised and expert processing File.

Sheet on SN and ongoing and proactive management via *triggers*.

Calculation of the provision based on expert criteria.

Per borrower.

When there is market information.

Model based on statistical patterns (Early Alert Model), the PD calibrated with forward-looking vision and other relevant alerts

Classification through automatic processes.

There is alignment between the monitoring rating and the accounting classification.

***Monitoring*.**

Determining hedging through based on the Group's experience and projections of relevant variables.

a. Borrower monitoring processes

The purpose of the monitoring action is to determine the quality of the risk assumed with the borrower ("Monitoring Rating") and any actions to be taken depending on its result, including the estimation of impairment. The targets of risk monitoring are the accredited holders of the debt instruments and off-balance-sheet exposures that bear credit risk, and the profit or loss is a reference for the future granting policy.

The Credit Risk Monitoring Policy is based on the type and specific nature of the exposure, which is segregated into differentiated areas, in accordance with the various credit risk measurement methods.

The monitoring rating is an assessment of the situation of each customer and their risks. All borrowers have a monitoring rating based on five categories[1], ranging from better to worse: imperceptible, low, medium, medium-high and non-performing; and they can be generated manually (in the case of the scope of borrowers under individualised monitoring) or automatically (for the rest).

1 The different monitoring ratings are:
- Imperceptible risk: all customer operations are carried out correctly and there are no indications that the customer's ability to repay is in doubt.
- Low risk: the payment capacity is adequate, although the customer or one or more of their operations shows some minor signs of weakness.
- Medium risk: there are indications of customer impairment, nonetheless, these weaknesses do not, at present, put the ability to repay the debt at risk.
- Medium-high risk: the customer's credit quality has been seriously weakened. If the customer impairment continues, the customer may not have the capacity to repay the debt.
- Non-performing (doubtful): there is evidence of sustained impairment or non-performance as regards the customer's capacity to meet their obligations.
- No rating: there is insufficient information to assign a monitoring rating.

2 In addition to these borrowers, transactions with low credit risk, classified as such because they are transactions with no discernible risk, which are non-performing, will require an individual estimate of the credit risk loss. On the basis of a materiality criterion, the individual loss estimation will be made for borrowers with more than EUR 1 million of exposure where more than 20% of the exposure is non-performing.

According to the scope of monitoring and rating of borrowers, monitoring can be:

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

  The Group defines as individually significant borrowers (*Single Names*) those that meet the following thresholds or characteristics[2]:

  - Exposure greater than 10 million euros for two consecutive months or more than 12 million euros one month, which meet 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 a restrictive approval preventive plan,
    - with an unfavourable rating,
    - with a high PD (or *Slotting* equal to or worse than *Weak* if they belong to Specialised Financing segment),
    - with a current 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 exceeding 5 million euros with non-performing transactions (objective or subjective) accounting for more than 5% of the borrower's risk.

  - 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.

  Additionally, the EAM and PD models are subject to the Credit risk model corporate policy.

b. Quantification and assessment of credit risk

Credit risk quantifies losses that might derive from failure by borrowers to comply with their financial obligations, based on two concepts: expected loss and unexpected loss.

- **Expected Loss (EL):** the average or mathematical expectation of potential losses foreseen, calculated by multiplying three factors: *probability of default (PD), exposure at default (EAD) and loss given default (LGD).*
- **Unexpected loss:** potential unforeseen loss caused by a possible variability in losses with respect to the estimated expected loss. This can occur due to sudden changes in cycles, alterations in risk factors, and the dependence between the credit risk for the various debtors. Unexpected losses have a low probability and large amount, and should be absorbed by the Group's own funds.

  The calculation of unexpected loss is also mainly based on the transaction's PD, EAD and LGD.

Credit risk parameters are estimated based on the historical default experience. To do so, the Group has a set of tools and techniques for the specific needs of each type of risk, described below based on how they affect the three factors for calculating the expected loss:

- **EAD:** provides an estimate of the outstanding debt in the event of default by the customer. This measurement is significant for financial instruments with a repayment structure that varies according to customer drawdowns (in general, any *revolving* credit product).

  This estimate is obtained based on the internal default experience, relating the drawdown levels upon default with drawdown levels over the 12 preceding months. Several variables are considered to build the model, such as product type, term to maturity and customer characteristics.
- **PD:** the Group uses management tools covering virtually all of its lending business to help predict the probability of default associated with each borrower.

These tools, implemented in the branch network and the risk monitoring and granting channels, were developed on the basis of NPL experience and include the measurements required to fine-tune the results both to the business cycle, with a view to securing relatively stable measures in the long term, and to recent experience and future projections. The models can be classified according to their orientation toward the product or customer:

- **Product-oriented tools** are used mainly within the scope of authorisation of new retail banking transactions (approval scorings) and take account of the debtor's characteristics, information derived from the customer relationship, internal and external alerts, as well as the specific characteristics of the transaction to determine its probability of default.
- **Customer-oriented tools** assess the debtor's probability of default. They comprise behavioural scoring models for the monitoring of risk of individuals and ratings of companies.
    - Rating tools for **corporates** are specific according to the customer segment. 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 Group has models that require the expert criteria of analysts, and their goal is to seek to replicate and be coherent with the ratings of rating agencies.

The customers are scored and rated on a monthly basis in order to keep the credit rating up to date, except for the rating
of large corporates, which is updated at least annually, and whenever significant events occur that can alter credit quality. For businesses, the financial statements and qualitative information is updated periodically to achieve the maximum level of coverage of the internal rating.

- **LGD:** quantifies the percentage of debt that cannot be recovered in the event of borrower default.

The historic loss given default is calculated using internal information, taking into account the cash flows associated with contracts from the moment of default. The models enable loss given defaults to be obtained based on the guarantee, the Loan to Value ratio, the product type, the borrower's credit quality and, for uses in which it is required by regulation, the recessional conditions of the economic cycle. This calculation also makes an estimate of the indirect expenses (office staff, infrastructure costs and similar) associated with the recovery process. In the case of large businesses, loss given default also includes elements of expert judgement, coherent with the rating model.

It should be noted that through LGD the Group considers the income generated on the sale of written-off loans as one of the possible future cash flows generated to measure expected credit impairment losses. This income is calculated based on the internal information of the sales made in the Group[1].The sale of these assets is considered reasonably foreseeable as a recovery method and is therefore considered by the Group as one of the recurrent tools to be used as part of its strategy to reduce non-performing balances. In this sense, there is an active impaired debt market that ensures a high probability of generating future debt sale transactions[2].

1 See Note 2.7 to CaixaBank Group's 2023 financial statements report for reference to the fact that cases of exposure sales with significantly increased credit risk do not compromise the business model of holding assets to collect contractual cash flows.
2 See note 28.4 to CaixaBank Group's 2023 financial statements report for reported sales of non-performing and write-off portfolios.

In addition to regulatory use to determine the Group's minimum capital requirements and the calculation of hedges, the credit risk parameters (PD, LGD and EAD) are used in a **number of management tools**, e.g. the Risk-Adjusted Return (RAR) calculation tool, the *pricing* tool, customer pre-classification tools, monitoring tools and alert systems.

c. Defining the accounting classification

Accounting definitions of default and impaired positions.

A financial asset is considered to be impaired when there is objective evidence of an adverse impact on the future cash flows of the holder of the debt as regards those that were estimated at the time the transaction was granted, where the borrower is unable or will be unable to meet its obligations in time or form, or when the asset's carrying amount may not be fully recovered. However, a decline in an FV decline below the cost of acquisition is not in itself evidence of impairment.

Positions are classified into one of the following categories, on the basis of the insolvency risk attributable to the customer or transaction:

STAGE 1	STAGE 2	STAGE 3	
Operations for which there has been no material increase in credit risk since the initial recognition	Operations for which there has been a significant increase in credit risk (SICR) but there are no default events	Operations with credit impairment Default event when there are amounts past due over	Operations without reasonable expectations of recovery
Expected credit losses at twelve months	Expected credit losses during the life of the operation		Recognition in results of losses for the carrying amount of the operation and total derecognition of the asset
Calculated by applying the effective interest rate to the gross carrying amount of the operation		Calculated by applying the effective interest rate at amortised cost (adjusted to reflect impairment value corrections)	Not recognised in the statement of profit or loss
Initial recognition of financial instruments	Operations included in a sustainability agreement that have not completed the probation period Operations of debtors seeking bankruptcy proceedings which are not classified as non - performing or write-offs	operations with amounts past due over .Operations where all holders are considered cluster risk (personal risk criterion)	Operations with unlikely recovery Partial derecognition of operations without extinction of the rights (partial write-offs)
	Refinanced or restructured operations which do not need to be classified as non - performing and are still in the probation period Operations with overdue amounts that are older than Operations that can be determined as having produced a significant increase in risk, using market indicators/ *triggers*	> Operations with reasonable doubts leading us to believe that a transaction may not be paid back in full > Operations with legally claimed balances > Operations in which the collateral execution process has been initiated > Operations and guarantees with the holders seeking bankruptcy proceedings without a settlement request > Refinanced operations with a corresponding classification as non - performing > Operations purchased/originated with credit impairment	Non-performing operations due to default reasons, which have been in the category for more than 4 years, or when the amount not hedged with collateral has been maintained with credit risk hedging of 100% for more than two years (except when there is collateral to cover at least 10% of the gross amount) Operations where all the holders are declared bankrupt in the settlement phase (except if they have collateral to cover at least 10% of the gross amount)

Stage 1 or performing comprises instruments that do not meet the requirements for classification in other categories.

The next tranche, known as stage 2 or watch-list performing, encompasses all transactions which, without qualifying individually for classification as non-performing or write-off risk, show impairment in their credit quality from the time they are granted.

With regard to stage 3 or non-performing due to customer arrears, the amount to be classified in this category includes the total amount of any debt instruments with a portion of principal, interest or contractually agreed expenses that are past-due more than 90 days, regardless of who the holder is and whatever the guarantee or collateral, unless such instruments should be classified as write-offs. This category also includes guarantees given where the guaranteed transaction is non-performing. In addition, transactions in which all the holders are non-performing due to personal risk criteria are also classified as non-performing due to arrears, i.e. when transactions with amounts past due of over 90 days account for more than 20% of the amounts pending collection.

The classification of non-performing due to reasons other than borrower arrears also applies to debt instruments which, although they do not meet the criteria for classification as write-offs or non-performing due to borrower arrears, pose reasonable doubts regarding full repayment (principle and interest) within the contractual terms agreed; as well as off-balance-sheet exposures whose payment by the bank is probable and whose repayment is doubtful.

The Group classifies debt instruments for which – after an individual analysis – recovery is considered remote, as **write-offs**[1], regardless of whether they have matured. It proceeds to derecognise the asset, without prejudice to any actions that may be initiated to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

In order to reclassify transactions to this category before these terms expire, it is necessary to demonstrate the remote likelihood of recovering the corresponding balances.

According to the Group's experience of recoveries, it deems the recovery of the remaining balance of mortgage transactions remote when there is no additional collateral once the good has been recovered, and therefore, the aforementioned remainder is classified as a write-off.

/ Prudential definition of default

The definition of default used for regulatory purposes is provided for in Article 178 of the Capital Requirements Regulation (CRR) (EU) 575/2013 implemented in the guidelines EBA/GL/2016/07; hereinafter, regulatory or prudential *default*.

The most differential aspects of the prudential default with respect to the accounting definition are as follows:

Establishment of thresholds: the materiality criterion incorporates a relative component in addition to the absolute component for individuals (€100 and 1%) and legal entities (€500 and 1%).

Default period accounting: the periods of default begin with the two previous thresholds being exceeded, and 90 days must be exceeded to identify the default.

Cure period: once the asset is no longer in a default situation, if – during the following 3 months – there are amounts due exceeding thresholds for more than 30 consecutive days, the transaction would be considered in arrears again.

Pulling effect: contracts in which the best holder, or all holders, are non-performing, are transferred to default.

1 The impact and cost of risk of written-off loans are detailed in note 15. Financial assets at amortised cost of CaixaBank Group's 2023 financial statements.

/ Definition of Default

	Prudential	Accounting
	Article 178 of CRR	**Circular 4/2017 Bank of Spain**
Period counting for the identification of default	The default date is counted from when the defaulted amount exceeds the absolute and relative thresholds established in the EBA definition of default and continues as long as the defaulted amount exceeds the thresholds.* The operation defaults when the number of days past due is >90 days. ***Absolute and relative** materiality criteria for individuals (€100 and 1%) and legal entities (€500 and 1%).	The default date corresponds to the oldest past due and unpaid debt. The entry into Stage 3 occurs when 90 days of non-payment are exceeded.
Cure period	Once the default payments have been regularised, the operation remains in default for the following 3 months. If during that period there are unpaid amounts exceeding the thresholds that are more than 30 days old, the cure period is reset.	There is no cure period.
Pulling effect	All operations of holders in which the best holder is in default are moved to default. In Businesses, all operations in which all holders are in default are moved to default. In Individuals, the operations of holders are moved to default when all operations with amounts past due over 90 days represent more than 20% of the outstanding amounts.	Operations by holders are moved to stage 3 when the operations with amounts past due over 90 days represent more than 20% of the outstanding amounts.

Non-performing exposures, both due to arrears and reasons other than arrears, which are classified in stage 3 for accounting purposes, are considered impaired operations. When calculating the days of default due to arrears, the aforementioned materiality must be taken into account in both absolute and relative terms.

Risks classified as non-performing include risks classified as impaired (stage) and those classified as defaulted, where both classifications may not necessarily concur at an operational level[1].

Operations marked as refinancing operations may be classified in stage 3 or stage 2 for accounting purposes and as either defaulted or non-defaulted from a regulatory point of view.

1 See Table 8.9 in this report.

/ Accounting classification process

The accounting classification among the different stages of IFRS 9[1] for transactions with credit risk is defined according to whether a default event has occurred or whether there has been a significant increase in credit risk (SICR) since the transaction's initial recognition.

It will be considered that there has been SICR from the initial recognition (such transactions being classed as **stage 2**) when there are weaknesses that may involve significantly higher losses than expected at the time the credit is granted. To identify weaknesses, the Group has the monitoring and rating processes described in point **b.Quantification and assessment of credit risk**. Specifically, when the operations meet any of the following qualitative or quantitative criteria, unless they must be classified as stage 3.

1. Transactions with amounts more than 30 days past due (but less than 90 days past due, in which case they would be classified as stage 3).
2. Operations involving borrowers that are in insolvency proceedings classified as stage 2. The risks of borrowers declared bankrupt without liquidation request shall be reclassified as stage 2 when they have fulfilled one of the following conditions:
    1. The borrower has paid at least 25% of the company's loans affected by the insolvency proceedings – after deducting the agreed write-off, where applicable.
    2. Two years have elapsed since the order approving the borrowers' agreement was registered with the Commercial Register, provided that this agreement is being faithfully performed and the equity and financial situation of the corporation dispels any doubts regarding full repayment of its debts, all unless interest has been agreed that is noticeably lower than the market rate.
3. Transactions for which, through market indicators / triggers, it is possible to determine that an SICR has occurred.
4. Transactions for which an SICR has occurred since the initial recognition on the basis of either of the two following criteria[2]: a deterioration in the monitoring rating or a relative increase in PD.

Operations that no longer meet the conditions to qualify for stage 1 will be classified as stage 2. However, the specific structure of certain operations may mean that under individual analysis it may be determined that there is no significant increase in risk despite the resulting downgrading of the rating of their holders and that, as a result, their rating does not correspond to **stage 2**.

Conversely, operations of individually significant borrowers will be classified as **stage 2** if it is determined after an individual analysis that a SICR has occurred.

The refinancing or restructuring of an operation will be deemed to be a rebuttable presumption of the existence of a SICR. Consequently, unless otherwise determined, refinancing, refinanced or restructured operations in the probationary period for which classification as **stage 3** is not applicable will be classified as **stage 2**.

1 See Note 2 to CaixaBank Group's 2023 financial statements.
2 Unless, for transactions with individually significant borrowers or Single Names, the individualised analysis determines that this significant increase in risk has not occurred.

Refinancing, refinanced or restructured operations classified within the **stage 2** category due to failing to proceed to classify them as **stage 3** on the date of refinancing or restructuring or due to having been reclassified from the stage 3 category will remain identified as refinancing, refinanced or restructured operations for a probationary period until they meet all the following requirements with a general nature:

- After comprehensively reviewing the borrower's asset and financial position, it is concluded that they are unlikely to have financial difficulties and therefore it is highly probable that they will meet their obligations vis-a-vis the Entity in both time and form. This analysis of the time and manner of risk recoverability needs to be supported by objective evidence, such as the existence of a payment schedule aligned with the holder's recurrent cash flow or the addition of new guarantors or new effective collateral;
- A minimum period of two years has elapsed from the date of authorisation of the restructuring or refinancing transaction, 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 operation, or, if later, from the date of its reclassification from the non-performing category. Additionally, the borrower must have made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it;
- There are no contractual clauses that may delay repayments, such as grace periods for the principal;
- One of the borrowers must have no other transactions with past due amounts for more than 30 days at the end of the trial period;

It will be considered that default has occurred, and therefore an operation will be classified as **stage 3**, when there is an amount (whether capital, interests or contractually agreed costs) that is more than 90 days overdue, regardless of who the holder is and what guarantees are in place. This will also be the case when the amount that is more than 90 days overdue represents more than 20% of the total outstanding amount.

Transactions classified in **stage 3** due to the customer being non-performing will be reclassified to **stage 1** or **stage 2** when, as a result of collecting part of the overdue amounts, the reasons that caused their classification as **stage 3** disappear and there remain no reasonable doubts regarding their full repayment by the holder.

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

1. Operations with legally claimed balances;
2. Operations in which the collateral execution process has been initiated;
3. Operations made by borrowers who have declared insolvency proceedings or are expected to declare insolvency proceedings where no liquidation petition has been made;
4. Guarantees extended to borrowers that are undergoing insolvency proceedings where the liquidation phase has or is to be declared, or that have undergone a significant and irrecoverable loss of solvency, even though the beneficiary of the guarantee has not demanded payment;
5. 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.
6. transactions that have a second or subsequent charge mortgage guarantee when the first-charge secured transaction is classed as **stage 3**;
7. Operations in which all of the holders have operations refinanced under a Code of Good Practice; and
8. Operations with borrowers who, after a review, pose reasonable doubts regarding full repayment (principal and interest) in the contractually agreed terms.

Unless they are identified as refinancing, refinanced or restructured operations, those classified as **stage 3** for reasons other than the customer being non-performing can be reclassified to **stage 1** or **stage 2** if, as a result of an individualised study, the reasonable doubts regarding their full repayment by the holder in the contractually agreed terms disappear and there are no amounts overdue by more than ninety days on the date of reclassification to **stage 1** or **stage 2**.

In the case of refinanced, restructured or refinancing operations, in order to consider the credit quality of the operation to have improved and, therefore, to proceed to reclassify it to **stage 2**, all the following criteria must be verified in general:

1. After comprehensively reviewing the borrower's asset and financial position, it is concluded that they are unlikely to have financial difficulties.
2. One year has elapsed since the refinancing or restructuring date or, if later, since the date of the reclassification of same to the non-performing category.
3. 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.
4. The borrower has covered all the principal and interest payments (i.e. the transaction has no overdue amounts) thereby reducing the renegotiated principal, from the date of authorisation of the restructuring or refinancing transaction, or, if later, from the date of its reclassification to the **stage 3** category.
5. That an amount equal to all amounts, principal and interest, which were due at the date of the refinancing or restructuring operation, or which were written off as a result of it, has been satisfied by means of regular payments.
6. That one of the borrowers must have no other transactions with past due amounts for more than 90 days.

The process for determining the borrower's accounting classification is specified below:

Single Name:

These borrowers are constantly assessed as regards the existence or indications of impairment, as well as a potential significant increase in credit risk (SICR) from the initial recognition, and losses associated with the assets of this portfolio are assessed.

To assist in the proactive management of evidence, indications of impairment and SICR, the Group has developed triggers, which are indications of asset impairment affecting the customer or operations and are assessed by the analyst to determine the **stage 2** or **stage 3** classification of the customer's operations. They are based on available internal and external information, by borrower and by transaction, grouped according to segment, which determines the type of information required for credit risk analysis and the sensitivity to changes in the impairment indicator variables. The triggers are an indication of impairment of the asset affecting the customer or the operations. They are classified into:

1. **Global triggers:**

> Financial difficulties of the issuer or debtor: subjective doubtful triggers (i.e., unfavourable financial information on the debtor, measured via various ratios on the available financial statements) and triggers of a minimum of **stage 2** (due to deterioration of the monitoring rating).

> A breach of contract, such as a default or delinquency in interest or principal payments: **stage 3** triggers (i.e. non-payments exceeding 90 days) and triggers of a minimum of **stage 2** (non-payments exceeding 30 days).

> In the event of financial difficulties, the borrowers are given concessions or advantages that would otherwise not be considered. Trigger of a minimum of **stage 2** (refinancing).

> Probability of the borrower declaring bankruptcy or restructuring **stage 3** trigger (declared insolvent).

- Market triggers, referring to identifying financial difficulties of the debtor or issuer, due to breaches of contractual clauses or to the disappearance of an active market for the financial security.
  - External or internal rating indicating default or near to default (level 6 credit quality as defined in CRR).
  - Significant deterioration in the Group's credit rating of the borrower.
  - Deterioration of the automatic rating.
  - External rating lower than CCC+.
  - Relative variation of the CDS to a benchmark (iTraxx).
  - Significant impairment in the issuer's external rating with respect to the time the transaction is granted.
  - Default event other than those covered by the ISDA definition of default.
  - Reduction in the price of the borrower's bond issue higher than 30% or share price lower than 70%.
  - Trading of the borrower's shares is suspended.

2. Specific **triggers:** for sectors such as property developers, project finance and public administrations.

In cases in which, in the opinion of the analyst, contracts are classified as **stage 2** or **stage 3**, the Group proceeds to the expert calculation of the specific provision.

Other contracts (not considered Single Name):

as previously stated, when the borrower's monitoring rating has significantly deteriorated or when there is a relative increase of relevant PD with respect to the start of the transaction, the Group proceeds to classify the contract at accounting **stage 2**. For these purposes, the classification is revised on a monthly basis, taking into account that any of the two following conditions would determine that an SICR has occurred:

- **Deterioration of the monitoring rating:** an SICR shall be deemed to have occurred if at the accounting classification date (close of each month) the borrower's monitoring rating has deteriorated from the time of initial recognition of the transaction to medium risk or worse.
- **Relative increase in PD:** there is deemed to be an SICR if the lifetime PD[1] of the transaction at the accounting date exceeds a certain absolute threshold and there has been a relative increased in lifetime PD of the transaction since its initial recognition. Therefore, it must be reclassified to **stage 2** if it meets the following conditions:
  - The Master Scale[2] is greater than or equal to 4. That is, PD greater than 0.4205% and the annualised PD lifetime also exceeding this threshold.
  - The current PD lifetime is more than 3 times the estimated PD lifetime at contract origination.

The monitoring rating and PD used are the most recent. Both are updated at least once a month, as are the other **stage 2** and **stage 3** classification criteria.

The criteria and thresholds used at CaixaBank to assess whether there has been an 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.

1 Lifetime PD: probability of default estimated as the expected average PD over an economic cycle or trough-the-cycle, in accordance with the requirements of the CRR for use in calculating risk-weighted assets under the internal ratings-based (IRB) approach.
2 The Master Scale is a correlation table between probability of default ranges (PD) and a scale between 0 and 9.5, with 0 being the score associated with the best PD and 9.5 being those associated with the highest PD in the performing portfolio. The use of this Master Scale is linked to the use of default probabilities in management, as elements such as cut-off points or authority levels are expressed in terms of Master Scale score rather than PD.

d. Determining the accounting hedge

The aim of the IFRS 9 requirements as regards impairment is to ensure recognition of the expected credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including information of a prospective nature (forward-looking)[1].

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

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

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

1. A weighted and non-biased amount, determined through the assessment of a series of possible results;
2. The time value of the money; and
3. The reasonable and substantial information that is available at the reference date, at no disproportionate cost or effort, on past events, current conditions and forecasts of future economic conditions.

1 For further details on the incorporation of forward-looking information into the expected loss models, see section 3.4.1., heading "Defining the hedge accounting", subheading "Incorporation of forward-looking information into the expected loss models" of Note 3 to CaixaBank Group's 2023 financial statements.

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

- If, in addition to being **individually significant**, the customer has transactions that are **stage 3** non-performing (whether for reasons of delinquency or for other reasons) or in **stage 2**, the allowances for their non-performing transactions are estimated through a detailed analysis of the holder's status and their capacity to generate future cash flows.
- In all other cases, hedging is estimated collectively using internal methodologies, subject to the **Corporate policy of credit risk models** in force, based on past experience of portfolio defaults and recoveries and factoring in the updated and adjusted value of the effective guarantees. Additionally, future economic condition predictions will be considered under various scenarios.
- To determine hedging for credit losses of portfolios under collective analysis, the Group uses models to estimate the PD; probability of correcting defaulting cycles (specifically its complementary measurement, PNC); loss given loss (LGL) in the event of no correction; recoverable value models for mortgage guarantees (haircuts); and adjustments to include lifetime or forward-looking effects, according to the agreement's accounting classification. It should be noted that all haircuts, LGL and PNC models are models of LGD.

The models used are re-estimated or re-trained every six months, and they are executed monthly in order to properly reflect the current economic environment at any given time. This makes it possible to reduce the differences between estimated loss and recent observations. The models will include an unbiased view of the potential forward-looking evolution to determine the expected loss, taking into account further relevant macroeconomic factors: (i) GDP growth, (ii) the unemployment rate, (iii) 12-month Euribor and (iv) evolution of property prices. Following on from this, the Group generates a baseline scenario, as well as a range of potential scenarios that make it possible to adjust the estimated expected loss, weighted by its probability.

The calculation process is structured in two steps:

- Establishing the **basis for calculation of allowances**, which is itself a two-stage process:
  - Calculation of the **exposure amount**, which is the sum of the gross carrying amount at the time of calculation plus off-balance-sheet amounts (available or exposure) expected to be disbursed when the borrower fulfils the conditions to be considered non-performing.
  - Calculation of the **recoverable value of the effective guarantees** linked to the exposure. In order to establish the recoverable value of these guarantees, for real estate collateral the models estimate the amount of the future sale of the collateral which is discounted from the total expenses incurred until the moment of the sale.

- Establishing the **hedging** to be applied on this basis for calculation of allowances:

  This calculation factors in the probability of borrower defaulting on the transaction obligations, the probability of the situation being remedied or resolved and the losses that would occur if this did not happen.

  For insignificant portfolios where it is considered that the internal model approach is not suitable due to the processes involved or a lack of past experience, the Group may use the default coverage rates established in the current national regulations.

  Both transactions classified as not bearing appreciable risk and those that, due to their type of collateral, are classified as not bearing appreciable risk, could have 0% accounting hedging. In the case of the latter, this percentage will only be applied to the guaranteed part of the risk.

  The hedges estimated individually or collectively must be coherent in terms of the way in which the different categories into which the transactions can be classified are processed. Thus, the hedging level for a transaction must be higher than the level that would correspond to it, if it were classified in another category of a lower credit risk.

  The necessary improvements detected in the backtesting and benchmarking exercises are also incorporated into 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	19	7	13	7	3	1
Scoring and rating parameter models	PD parameter models	EAD parameter models	PNC parameter models	LDL parameter models	Haircut parameter models	LT/FL (Life-time / Forward-looking) Transformation parameter model

Other subsidiaries such as BPI and CaixaBank Payments & Consumer also have additional internal models in place.

The above list related to the key considerations for the management, estimates and assumptions used in the global definition of provisions is also included in Note 3 to CaixaBank Group's 2023 financial statements (Section 3.4.1 Credit risk, under the heading "Defining the hedge accounting"). This section also includes a subheading ("Sensitivity Analysis") that details the sensitivity analysis of the different macroeconomic variables with respect to the expected loss.

In view of subsequent macroeconomic developments, as well as uncertainties in estimating these scenarios[1], the Group held collective provisions of EUR 642 million at 31 December 2023, mainly relating to Post Model Adjustment (PMA), compared with EUR 1,137 million of collective PMA as of 31 December 2022.

The change over the year includes, among others, 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, supported by the guidelines issued by the supervisory and regulatory bodies and underpinned by duly documented processes and subject to strict governance.

In accordance with the principles of the applicable accounting standards, the hedging level factors in a forward-looking (12-month) or life-time vision, according to the accounting classification of the exposures (12 months for stage 1 and life-time for stages 2 and 3).

The details of this Post Model Adjustment are also included in Note 3 to CaixaBank Group's 2023 financial statements, in Section 3.4.1 Credit risk, heading "Defining the hedge accounting".

1 See subsection "Incorporation of forward-looking information into the expected loss models" in section 3.4.1 Credit risk of Note 3 to CaixaBank Group's 2023 financial statements.

04. NPL management

The default and recovery function is aligned with the Group's risk management guidelines. The default monitoring and recovery activity is especially relevant in the current economic context of uncertainty, with the main objective to maximise the recovery of the financing operations granted, always respecting the situation of each customer and minimising the impact on the volume of non-performing positions and provisions.

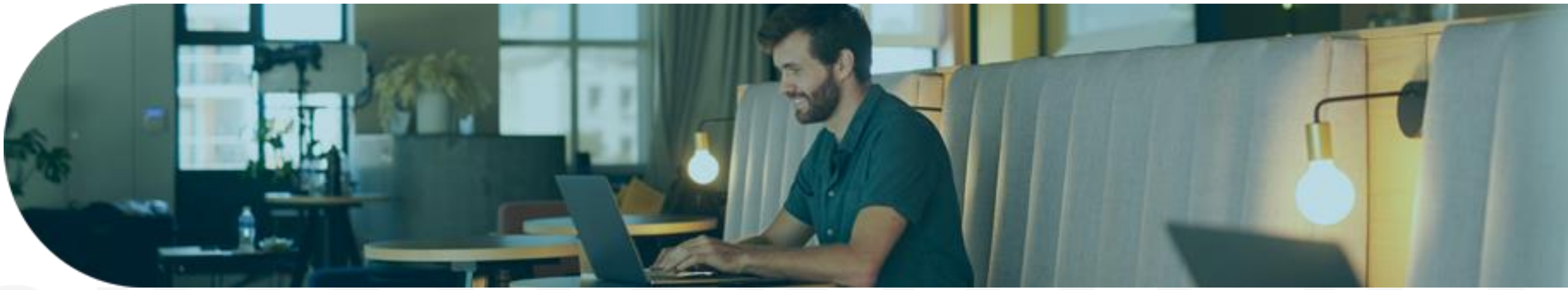
The principles underlying NPL management focus not only on default management, but also on preventive and anticipatory actions based on the various impairment indicators available to the bank, avoiding the emergence of triggers that would lead to the classification of positions as **stage 2** and their consequent impact on the statement of profit & loss.

The portfolio classified in **stage 3** for reasons other than non-performing loans is also proactively monitored for provisions, designing specific management plans focused on the reasons that led to its classification in this accounting stage.

On the one hand, the governance model and operational framework for problem asset management maintains a holistic view of the overall life cycle and specialised management according to the moment of default of the debt. The 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 climate, the branch network's connectivity and closeness with the customer continues to be essential in identifying their situations and needs, especially in terms of social vulnerability.
- Stock management: concerns the management of customers with default positions, with non-payment exceeding 90 days. With management differentiated by the retail and corporate customer segment. The specialist team is geared towards finding definitive solutions in more advanced default scenarios.

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



On the other hand, the overall management of recovery and NPLs has been adapted to the measures adopted by CaixaBank since 2020 to support the economy in order to combat the consequences of the pandemic, as well as the energy and geopolitical crisis arising from the war in Ukraine. In terms of non-performing loans, we have collaborated and continue working on in identifying and supporting customers whose debt remains structurally viable with sustainable solutions, ensuring that the financing needs of these customers, arising from the temporary decline in their income, are covered. Similarly, it is worth mentioning the Entity's commitment to the original contracts of the ICO COVID facilities relating to the Code of Good Practices and extensions of the terms of said financing, as well as to the current ICO Ukraine facility, in order to continue supporting the business fabric.

One of the main lines of work is the support provided throughout the management cycle of the moratoria, Code of Good Practices and ICO-backed loans granted, especially through active monitoring of the expiry of the measures granted.

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 less 0.10% from the previous Euribor plus 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%.

/ Foreclosure assets

BuildingCenter is the Group's company responsible for the management of property assets in Spain, which originate from converting the Group's financial assets in default through any of the following ways: (i) acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans; (ii) acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts; (iii) acquisition of real estate assets of companies, mainly property developers, to cancel their debts; and (iv) foreclosure through insolvency proceedings.

The acquisition process includes conducting full legal and technical reviews of the properties using the committees appointed for such purpose.

In all cases, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the internal rules approved.

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

- **Individual sale:** through a servicing contract for multi-channel marketing activities through its own branches, the external collaboration of the network of real estate agents and an active online presence. This marketing activity comes in addition to a key factor: support in prescribing properties generated by the branch network.
- **Institutional sales:** the Group features institutional transactions of sales of asset portfolios to other specialised companies.
- **Completion of housing developments:** a number of minor measures to improve some of these developments are made to ensure they can be sold. These measures are performed using the synergies of the Group.
- **Rental:** a means of benefiting from rising demand and generating recurring income, as well as creating added value on the property in the event of its future sale.

a. Refinancing policies

The general principles published by the EBA for this type of transaction in the **Guidelines on managing non-performing and restructured or refinanced exposures** and the definitions laid down in Annex IX of Bank of Spain Circular 4/2017 and its subsequent amendments are included in the Corporate credit risk management policy, and in the Refinancing and recovery policy.

In accordance with the preceding paragraph, the remainder of the regulatory framework and current legislation, these relate to operations in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, the agreement has been amended and/or a new transaction has been arranged.

These operations may derive from:

1. A new operation (refinancing operation) granted that fully or partially cancels other operations (refinanced operations) previously granted by any Group company to the same borrower or other companies forming part of its economic group, the previously past-due loans becoming current.
2. The amendment of the contractual terms of an existing operation (restructured operations) that changes its repayment schedule by reducing the amount of the repayments (grace periods, extension of loan maturities, reduction in interest rates, changes in the repayment schedule, extension of all or part of the capital on maturity, etc.).
3. The activation of contract clauses agreed at source that extend the debt repayment terms.
4. The partial cancellation of the debt without any contribution of customer funds, primarily through the forgiveness of principal or ordinary interest (on the credit granted to the customer).

The existence of previous defaults is an indication of financial difficulty. Unless otherwise demonstrated, a restructuring or refinancing 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 a transaction to be classified as refinanced or restructured.

In contrast, debt renewals and renegotiations may be granted when the borrower does not have, or is not expected to have, financial difficulties; i.e. for business reasons, not to facilitate repayments.

For a transaction to be classified as such, the borrower must have the capacity to obtain credit from the market, at the date in question, for a similar amount and on similar terms to those offered by the Entity. These terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

For further details on the classification and risk transition criteria, see point 3 above Determining the accounting classification in the section Credit Risk Monitoring and Measurement.

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

b. Exposure credit quality

This section shows information from the FINREP on the quality and management of credit risk exposures with the following disclosures:

- Maturity of exposures.
- Exposure class.
- Business sector.
- Geographical area.

Also, in accordance with article 431.3 of the CRR, all information that the Bank considers relevant for the disclosure of the Group's risk profile in relation to non-performing assets is shown. In this regard, it has been considered that the Entity is not subject to additional regulatory reporting requirements on this category of assets as it does not exceed 5% in the ratio of exposures in regulatory default or **stage 3** accounting[1].

The amounts shown in the tables in this section do not include counterparty, securitisation or equity portfolio exposures.

/ Maturity of exposures

The following tables show the distribution of exposures for CaixaBank Group at 31 December 2023, in terms of the net value of valuation adjustments and provisions, broken down by the residual maturity and by loans and advances and debt securities.

By residual maturity, 81% of the exposure has a maturity of more than 1 year, and 48% a maturity of more than 5 years.

Table 8.6. EU CR1-A - Maturity of exposures

Amounts in millions of euros

	Net exposure value					
	Demand	< = 1 year	> 1 year < = 5 years	> 5 years	No stated maturity	Total
Loans and advances	5,245	57,810	107,054	186,101	–	356,210
Debt securities	–	20,194	38,477	27,047	–	85,719
Total	**5,245**	**78,005**	**145,531**	**213,148**	**–**	**441,929**

1 In accordance with the requirements of EBA/ITS/2020/04, tables CR2-A, CQ2, CQ6 and CQ8 were not prepared, as CaixaBank's NPL ratio does not exceed 5%.

/ Performing and *non-performing exposures*

The following table shows information on changes in the stock of *non-performing* loans and advances between the previous and current year ends.

Table 8.7. EU CR2 - Changes in the stock of non-performing loans and advances

Amounts in millions of euros		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**11,496**
020	Inflows to non-performing portfolios	4,494
030	Outflows from non-performing portfolios	(5,157)
040	Outflows due to write-offs	(1,452)
050	Outflow due to other situations	(3,706)
060	**Final stock of non-performing loans and advances**	**10,832**

The following table shows the main differences arising from the two criteria (regulatory and accounting), notably those explained in section 3: period accounting for NPL detection (*past-due*), cure periods and difference in application of pulling effect.

Table 8.8. Differences between prudential criteria and accounting criteria for loans and advances

Amounts in millions of euros	IRP CR1 - NPL	Differences in the calculation criteria of past due days	Differences by probationary period in the definition of NPL	Differences by pulling effect[1]	Differences by impaired asset acquired or originated[2]	IRP CR1 - Stage 3
Loans and advances	10,832	(42)	(130)	(605)	(275)	9,779

(1) Difference in pulling effect exclusively by non-financial corporations
(2) This amount, although not included in the amount of Stage 3 of CR1, is included in the NPL ratio published in the financial statements, which uses a Stage 3 criterion

During 2023 there was a decrease in loans and advances classified as *non-performing* of EUR 644 million following the active management of non-performing assets throughout the year.

Table 8.9 EU CR1 shows both an NPE overview (prudential) of EUR 12,106 million and a Stage 3 accounting exposure of EUR 10,669 million (financial assets acquired or originated with credit impairment amounting to EUR 275 million not included).

Table 8.9. EU CR1 - Performing and non-performing exposures and related provisions

	Gross carrying / nominal amount								Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures					Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
Amounts in millions of euros		Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3	Of which: defaulted	Of which: financial assets acquired or originated with credit impairment		Of which: Stage 1	Of which: Stage 2		Of which: Stage 2	Of which: Stage 3			
Cash balances at central banks and other demand deposits	**34,641**	**34,641**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**352,711**	**324,478**	**28,227**	**10,832**	**630**	**9,779**	**10,578**	**275**	**(1,692)**	**(654)**	**(1,038)**	**(5,641)**	**(139)**	**(5,251)**	**–**	**208,052**	**4,787**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	17,852	17,357	493	14	1	10	9	2	(2)	(2)	–	(5)	–	(2)	–	1,639	7
Credit institutions	11,702	11,696	6	26	–	9	25	–	(6)	(6)	–	(5)	–	(5)	–	3,993	18
Other financial corporations	12,980	12,741	239	105	–	105	105	–	(22)	(15)	(6)	(12)	–	(12)	–	6,261	83
Non-financial corporations	137,799	125,714	12,084	5,028	528	4,295	4,945	88	(656)	(320)	(337)	(2,675)	(126)	(2,460)	–	54,010	2,131
Of which SMEs	47,300	41,874	5,425	3,088	283	2,657	3,029	69	(384)	(170)	(214)	(1,608)	(33)	(1,509)	–	28,144	1,463
Households	172,378	156,969	15,405	5,658	101	5,360	5,494	185	(1,006)	(311)	(695)	(2,945)	(13)	(2,772)	–	142,149	2,548
Debt securities	**85,698**	**85,626**	**72**	**11**	**–**	**11**	**11**	**–**	**(13)**	**(7)**	**(6)**	**(11)**	**–**	**(11)**	**–**	**789**	**–**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	76,290	76,290	–	–	–	–	–	–	–	–	–	–	–	–	–	597	–
Credit institutions	4,006	4,006	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other financial corporations	1,753	1,753	–	–	–	–	–	–	(1)	(1)	–	–	–	–	–	27	–
Non-financial corporations	3,648	3,576	72	11	–	11	11	–	(12)	(6)	(6)	(11)	–	(11)	–	165	–
Off-balance-sheet exposures	**158,384**	**152,265**	**6,119**	**1,263**	**323**	**878**	**1,210**	**–**	**(137)**	**(100)**	**(37)**	**(309)**	**(43)**	**(265)**	**–**	**43,865**	**631**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	6,302	6,259	42	7	–	6	1	–	(1)	(1)	–	–	–	–	–	76	1
Credit institutions	3,300	3,257	43	8	–	2	8	–	(1)	(1)	–	–	–	–	–	764	6
Other financial corporations	3,574	3,543	31	9	–	9	9	–	(4)	(3)	–	–	–	–	–	695	6
Non-financial corporations	87,817	84,511	3,307	958	313	593	918	–	(77)	(50)	(27)	(275)	(43)	(231)	–	17,412	422
Households	57,390	54,694	2,696	281	10	267	273	–	(55)	(45)	(9)	(34)	–	(34)	–	24,918	196
Total	**631,433**	**597,009**	**34,418**	**12,106**	**954**	**10,669**	**11,800**	**275**	**(1,842)**	**(761)**	**(1,081)**	**(5,961)**	**(182)**	**(5,528)**	**–**	**252,706**	**5,418**

Table 8.10. EU CQ3 - Credit quality of performing and non-performing exposures by past due days

Amounts in millions of euros	Gross carrying / nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due ≤ 30 days	Past due > 30 ≤		Unlikely to pay that are not past due or are past ≤	Past due > 90 ≤ days	Past due > 180 ≤	Past due > 1 ≤	Past due > 2 ≤ years	Past due > 5 ≤ years	Past due > 7 years	Of which: defaulted
Cash balances at central banks and other demand deposits	**34,641**	**34,641**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**352,711**	**351,524**	**1,187**	**10,832**	**5,247**	**1,222**	**1,472**	**1,092**	**1,050**	**215**	**535**	**10,578**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	17,852	17,592	260	14	3	6	–	–	–	–	4	9
Credit institutions	11,702	11,699	2	26	26	–	–	–	–	–	–	25
Other financial corporations	12,980	12,960	21	105	104	–	1	–	–	–	–	105
Non-financial corporations	137,799	137,402	397	5,028	3,180	375	437	425	399	46	167	4,945
Of which SMEs	47,300	47,144	156	3,088	1,570	347	375	321	321	43	112	3,029
Households	172,378	171,871	507	5,658	1,934	840	1,034	666	651	169	364	5,494
Debt securities	**85,698**	**85,698**	**–**	**11**	**11**	**–**	**–**	**–**	**–**	**–**	**–**	**11**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	76,290	76,290	–	–	–	–	–	–	–	–	–	–
Credit institutions	4,006	4,006	–	–	–	–	–	–	–	–	–	–
Other financial corporations	1,753	1,753	–	–	–	–	–	–	–	–	–	–
Non-financial corporations	3,648	3,648	–	11	11	–	–	–	–	–	–	11
Off-balance-sheet exposures	**158,384**	**–**	**–**	**1,263**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,210**
Central banks	–	–	–	–	–	–	–	–	–	–	–	–
Public administrations	6,302	–	–	7	–	–	–	–	–	–	–	1
Credit institutions	3,300	–	–	8	–	–	–	–	–	–	–	8
Other financial corporations	3,574	–	–	9	–	–	–	–	–	–	–	9
Non-financial corporations	87,817	–	–	958	–	–	–	–	–	–	–	918
Households	57,390	–	–	281	–	–	–	–	–	–	–	273
Total	**631,433**	**471,863**	**1,187**	**12,106**	**5,259**	**1,222**	**1,472**	**1,092**	**1,050**	**215**	**535**	**11,800**

Table 8.11. EU CQ4 - Quality of non-performing exposures by geography

Amounts in millions of euros	Gross carrying / nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which: defaulted			
On-balance-sheet exposure	**449,252**	**10,590**	**(7,354)**	**–**	**(3)**
Spain	339,900	9,599	(6,603)	–	(3)
Portugal	33,174	553	(553)	–	–
Rest of the world	76,178	438	(198)	–	–
Off-balance-sheet exposures	**159,647**	**1,210**	**–**	**446**	**–**
Spain	125,929	1,131	–	415	–
Portugal	7,851	28	–	12	–
Rest of the world	25,866	51	–	18	–
Total	**608,899**	**11,800**	**(7,354)**	**446**	**(3)**

Table 8.12. EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

Amounts in millions of euros	Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which: defaulted		
Agriculture, forestry and fishing	3,084	181	(130)	–
Mining and quarrying	539	17	(13)	–
Manufacturing	23,973	866	(516)	–
Electricity, gas, steam and air conditioning supply	10,619	175	(109)	–
Water supply	1,760	16	(15)	–
Construction	10,779	658	(455)	–
Wholesale and retail trade	19,076	872	(579)	–
Transport and storage	11,942	429	(308)	–
Accommodation and food service activities	8,435	404	(198)	–
Information and communications	4,690	110	(71)	–
Financial and insurance activities	14,597	95	(87)	–
Real estate activities	13,437	300	(199)	–
Professional, scientific and technical activities	7,200	422	(241)	–
Administrative and support service activities	5,188	111	(71)	–
Public administration and defence; compulsory social security	1,650	–	(5)	–
Education	611	53	(41)	–
Human health services and social work activities	1,670	37	(34)	–
Arts, entertainment and recreation	1,221	160	(69)	–
Other services	2,356	39	(188)	(3)
Total	**142,828**	**4,945**	**(3,328)**	**(3)**

A substantial part of the portfolio in *default* is concentrated in the economic sectors: Wholesale and retail trade (17.6%), Manufacturing (17.5%), Construction (13.3%) and Hospitality (8.2%).

/ Forborne exposures

Table 8.13. EU CQ1 - Credit quality of forborne exposures

Amounts in millions of euros	Gross carrying amount/ nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral and financial guarantees received on exposures with forbearance measures	
	Performing forborne	Non-performing forborne	Of which: defaulted	Of which: impaired	On performing forborne exposures	On non-performing forborne exposures		Collateral received and financial guarantees received on non-performing forborne exposures
Cash balances at central banks and other demand deposits	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**4,587**	**4,907**	**4,880**	**4,763**	**172**	**2,367**	**5,621**	**2,278**
Central banks	–	–	–	–	–	–	–	–
Public administrations	137	4	4	4	–	3	31	–
Credit institutions	–	–	–	–	–	–	–	–
Other financial corporations	2	103	103	103	–	11	84	82
Non-financial corporations	2,297	2,471	2,456	2,339	65	1,175	2,553	1,097
Of which: small and medium-sized enterprises	853	1,314	1,300	1,235	30	642	1,341	635
Of which: secured by commercial immovable property	642	837	827	815	23	374	1,060	462
Households	2,152	2,329	2,316	2,316	107	1,178	2,954	1,099
Of which: loans secured by residential immovable property	1,920	2,020	2,008	2,008	89	984	2,799	1,031
Of which: consumer credit	110	137	136	136	7	70	85	35
Debt securities	**2**	**11**	**11**	**11**	**–**	**11**	**–**	**–**
Loan commitments given	**75**	**81**	**80**	**73**	**2**	**17**	**92**	**54**
Total	**4,665**	**5,000**	**4,971**	**4,848**	**174**	**2,395**	**5,714**	**2,332**

During 2023 there was a decrease in refinancing of EUR -1,434 million, the main reason being the higher organic outgoing flow of refinancing meeting the cure criteria.

Table 8.14. Refinanced or restructured exposures by geographical area

	Gross carrying amount/Nominal amount of exposures with forbearance measures		
Amounts in millions of euros	Spain	Portugal	Rest of the world
Cash balances at central banks and other demand deposits	**–**	**–**	**–**
Loans and advances	**8,042**	**759**	**694**
Central banks	–	–	–
Public administrations	121	–	19
Credit institutions	–	–	–
Other financial corporations	105	0.007	–
Non-financial corporations	3,922	191	655
Of which: small and medium-sized enterprises	2,045	107	14
Of which: secured by commercial immovable property	1,449	29	–
Households	3,894	568	20
Of which: loans secured by residential immovable property	3,389	532	19
Of which: consumer credit	226	20	0.373
Debt securities	**–**	**14**	**–**
Loan commitments given	**141**	**12**	**3**
Total	**8,183**	**785**	**696**

Table 8.15. EU CQ7 - Collateral obtained by taking possession and execution processes

Amounts in millions of euros	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment	–	–
Other than PP&E	3,738	(912)
Residential immovable property	2,971	(611)
Commercial immovable property	765	(300)
Movable property (auto, shipping, etc.)	1	–
Equity and debt instruments	–	–
Other collateral	–	–
Total	**3,738**	**(912)**

8.1.2. MINIMUM CAPITAL REQUIREMENTS FOR CREDIT RISK

The tables in this section, both under the standardised and advanced approach, present:

> The original exposure ("Exposure prior to the application of the credit conversion factor and credit risk mitigation provisions", which includes exposures to credit risk both on and off the balance sheet).

> EAD ("Exposures post-CCF and CRM").

> Risk-weighted assets (RWAs).

> The ratio of EAD to RWAs gives the RWA density ratio. This calculation equates to the average weighting applied to each category of exposure.

With regard to the evolution of the RWAs during 2023, the following aspects should be noted:

> Decrease of EUR 13,905 million in RWAs in the portfolio under the standardised model, mainly due to the rollout of the specialised lending portfolio under the slotting criteria approach.

> Increase of EUR 27,297 in RWAs in the portfolio under the IRB approach, mainly due to the rollout of the specialised lending portfolio under the slotting criteria approach; the increase due to the implementation of new models for corporates, SMEs and developers, adapted to the EBA guidelines on parameters and definition of default, after obtaining the ECB's RWA; approval; and the growth of the corporate portfolio.

A. Minimum capital requirements for credit risk under the standardised approach

Using the standardised approach, risk is weighted in accordance with the exposure's credit quality. CaixaBank Group uses the external rating agencies designated as being eligible by the EBA (*European Banking Authority*), namely *Standard & Poor's*, *Moody's*, *Fitch* and DBRS.

Table 8.16. Credit quality level correspondence between rating agencies

Credit quality level	S&P's	’	Fitch	DBRS
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	A+ to A-	A1 to A3	A+ to A-	AH to AL
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	B+ to B-	B1 to B3	B+ to B-	BH to BL
6	Below B-	Below B3	Below B-	CCCH and below

Table 8.17. Correspondence of credit quality level by weighting between exposure categories[1]

Credit quality level	Central administrations or central banks	Public sector entities	Rated ≤ 3 months	Rated institutions > 3 months	Unrated institutions[2]	Corporates
1	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%
2	20.00%	50.00%	20.00%	50.00%	50.00%	50.00%
3	50.00%	100.00%	20.00%	50.00%	100.00%	100.00%
4	100.00%	100.00%	50.00%	100.00%	100.00%	100.00%
5	100.00%	100.00%	50.00%	100.00%	100.00%	150.00%
6	150.00%	150.00%	150.00%	150.00%	150.00%	150.00%

(1) General treatment of exposures, with the particular cases provided in the CCR falling outside the scope of the Table.
(2) For the category "Unrated institutions", the rating corresponding to the central government of the country to which the exposure belongs is used.

CaixaBank Group applies the **standardised approach** permanently to the following exposures:

- Central government administrations and central banks.
- Regional administrations and local authorities.
- Public sector entities.
- Institutions.
- All the exposure of CaixaBank Payments & Consumer and CaixaBank Equipment Finance, except for card exposures, for which advanced models have been approved.

In addition, all exposures outside the scope of the internal ratings-based (IRB) models are assessed under the standardised approach.

According to the application of the measurement approaches set out in the regulations in force, where external ratings are not available for exposures of regional or local administrations, the rating for the next higher level of public body available is used.

The Group does not assign credit ratings for publicly traded security issues or comparable assets not included in the trading portfolio.

The following tables provide details of original exposure, EAD and RWA at December 2023 by category, under the standardised approach. This does not include exposures to counterparty, securitisations or equity portfolio risks.

Table 8.18. EU CR4 - Standardised approach - Credit risk exposure and CRM effect

Amounts in millions of euros	Exposures before credit conversion factors and CRM		Exposures after credit conversion factors and CRM		RWA and RWA density ratio	
Exposure class	**On-balance-sheet exposure**	**Off-balance-sheet amount**	**On-balance-sheet exposure**	**Off-balance-sheet amount**	**RWA**	**RWA density (%)**
Central administrations or central banks	100,646	1,078	129,020	686	17,165	13.23%
Regional governments or local authorities	14,735	3,763	14,381	444	214	1.44%
Public sector entities	23,996	2,142	7,410	365	951	12.23%
Multilateral development banks	1,793	16	4,604	9	–	– %
International organisations	6,295	–	6,295	–	–	– %
Institutions	7,435	2,177	5,800	798	2,572	38.99%
Corporates	25,066	8,700	22,585	1,800	22,106	90.65%
Retail	15,894	4,647	15,005	258	7,948	52.08%
Exposures secured by mortgages on immovable property	4,090	1,034	3,945	258	2,430	57.83%
Exposures in default	389	62	252	6	285	110.64%
Exposures associated with particularly high risks	261	457	250	102	527	150.00%
Covered bonds	–	–	–	–	–	– %
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	– %
Collective investment undertakings	–	–	–	–	–	– %
Equity exposures	–	–	–	–	–	– %
Other items	14,651	–	14,651	–	10,710	73.10%
Total	**215,252**	**24,075**	**224,197**	**4,725**	**64,909**	**28.35%**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.18 PY. EU CR4 - Standardised approach - Credit risk exposure and CRM effect PY

Amounts in millions of euros						2022
	Exposures before credit conversion factors and CRM		Exposures after credit conversion factor and CRM		RWA and RWA density ratio	
Exposure class	On-balance-sheet exposure	Off-balance-sheet exposures	On-balance-sheet exposure	Off-balance-sheet exposures	RWA	RWA density (%)
Central administrations or central banks	92,222	69	125,441	1,316	17,705	13.97%
Regional administrations or local authorities;	18,729	3,556	17,942	807	268	1.43%
Public sector entities	22,948	1,903	6,260	385	926	13.94%
Multilateral development banks	1,793	14	4,651	1	–	– %
International organisations	2,910	–	2,910	–	–	– %
Institutions	6,328	2,040	4,312	614	1,690	34.31%
Corporates	37,798	15,450	34,380	3,425	34,394	90.98%
Retail exposures	16,804	4,474	15,566	225	8,616	54.56%
Exposures secured by mortgages on immovable property	4,318	1,001	4,117	245	2,073	47.52%
Exposures in default	640	137	559	14	738	128.77%
Exposures associated with particularly high risks	264	290	251	40	438	150.00%
Covered bonds	–	–	–	–	–	– %
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	– %
Collective investment undertakings	–	–	–	–	–	– %
Equity exposures	–	–	–	–	–	– %
Other items	15,075	–	15,074	–	11,965	79.38%
Total	**219,828**	**28,933**	**231,464**	**7,074**	**78,814**	**33.04%**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
All tables with information on previous years have been updated according to the requirements set out in EBA/ITS/2020/04

The following table shows the distribution of exposure and risk-weighted assets based on CRR regulatory categories, and the risk weights applied, not including counterparty risk, securitisation risk or equity portfolio exposure.

Table 8.19. EU CR5 - Standardised approach (EAD)

Amounts in millions of euros

Exposure class	Risk weighting															Total	Of which: unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other		
Central administrations or central banks	115,257	–	–	–	9	–	287	–	–	12,241	–	1,911	–	–	–	129,706	123,611
Regional governments or local authorities	13,758	–	–	–	1,067	–	–	–	–	–	–	–	–	–	–	14,825	14,697
Public sector entities	6,097	–	–	–	112	–	1,275	–	–	291	–	–	–	–	–	7,775	7,356
Multilateral development banks	4,612	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,612	2,432
International organisations	6,295	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6,295	6,295
Institutions	–	–	–	–	3,336	–	2,740	–	–	496	26	–	–	–	–	6,598	1,774
Corporates	–	–	–	–	27	–	2,749	–	–	21,579	30	–	–	–	–	24,385	23,690
Retail exposures	3,730	–	–	–	–	–	–	–	11,532	–	–	–	–	–	–	15,262	15,262
Exposures secured by mortgages on immovable property	–	–	–	–	–	1,002	1,728	–	120	1,354	–	–	–	–	–	4,203	4,203
Exposures in default	–	–	–	–	–	–	–	–	–	203	55	–	–	–	–	258	258
Exposures associated with particularly high risks	–	–	–	–	–	–	–	–	–	–	352	–	–	–	–	352	352
Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other items	3,691	–	–	–	313	–	–	–	–	10,648	–	–	–	–	–	14,651	14,586
Total	**153,441**	**–**	**–**	**–**	**4,863**	**1,002**	**8,779**	**–**	**11,652**	**46,811**	**463**	**1,911**	**–**	**–**	**–**	**228,922**	**214,516**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.19 PY. EU CR5 - Standardised approach (EAD) PY

Amounts in millions of euros

	Risk weighting																2022
Exposure class	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Total	Of which: unrated
Central administrations or central banks	111,987	–	–	–	8	–	149	–	–	12,602	2	2,010	–	–	–	126,757	119,322
Regional governments or local authorities	17,692	–	–	–	935	–	82	–	–	40	–	–	–	–	–	18,749	18,626
Public sector entities	4,919	–	–	–	540	–	735	–	–	451	–	–	–	–	–	6,645	6,006
Multilateral development banks	4,652	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,652	2,202
International organisations	2,910	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,910	2,910
Institutions	291	–	–	–	2,716	–	1,545	–	–	373	1	–	–	–	–	4,926	1,824
Corporates	152	–	–	–	289	–	448	–	–	36.91	3	–	–	–	–	37,805	37,222
Retail exposures	3,398	–	–	–	–	–	–	–	12,394	–	–	–	–	–	–	15,791	15,791
Exposures secured by mortgages on immovable property	–	–	–	–	–	1,075	2,788	–	24	475	–	–	–	–	–	4,362	4,362
Exposures in default	–	–	–	–	–	–	–	–	–	243	330	–	–	–	–	573	573
Exposures associated with particularly high risks	–	–	–	–	–	–	–	–	–	–	292	–	–	–	–	292	292
Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other items	2,991	–	–	–	148	–	–	–	–	11,936	–	–	–	–	–	15,074	15,074
Total	**148,993**	**–**	**–**	**–**	**4,635**	**1,075**	**5,747**	**–**	**12,418**	**63,034**	**627**	**2,010**	**–**	**–**	**–**	**238,538**	**224,204**

Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.20. EU CR5 - Standardised approach (RWA)

Amounts in millions of euros

Exposure class	Risk weighting															Total	Of which: unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other		
Central administrations or central banks	–	–	–	–	2	–	143	–	–	12,241	–	4,778	–	–	–	17,165	17,164
Regional governments or local authorities	–	–	–	–	213	–	–	–	–	–	–	–	–	–	–	214	188
Public sector entities	–	–	–	–	22	–	638	–	–	291	–	–	–	–	–	951	950
Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Institutions	–	–	–	–	667	–	1,370	–	–	496	39	–	–	–	–	2,572	650
Corporates	–	–	–	–	5	–	1,374	–	–	20,682	44	–	–	–	–	22,106	21,578
Retail exposures	–	–	–	–	–	–	–	–	7,948	–	–	–	–	–	–	7,948	7,948
Exposures secured by mortgages on immovable property	–	–	–	–	–	313	738	–	70	1,310	–	–	–	–	–	2,430	2,430
Exposures in default	–	–	–	–	–	–	–	–	–	203	82	–	–	–	–	285	285
Exposures associated with particularly high risks	–	–	–	–	–	–	–	–	–	–	527	–	–	–	–	527	527
Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other items	–	–	–	–	63	–	–	–	–	10,648	–	–	–	–	–	10,710	10,710
Total	**–**	**–**	**–**	**–**	**973**	**313**	**4,263**	**–**	**8,018**	**45,871**	**693**	**4,778**	**–**	**–**	**–**	**64,909**	**62,431**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.20 PY. EU CR5 - Standardised approach (RWA) PY

2022

Amounts in millions of euros	Risk weighting																
Exposure class	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Total	Of which unrated
Central administrations or central banks	–	–	–	–	2	–	74	–	–	12,602	3	5,024	–	–	–	17,705	17,704
Regional governments or local authorities	–	–	–	–	187	–	41	–	–	40	–	–	–	–	–	268	244
Public sector entities	–	–	–	–	108	–	367	–	–	451	–	–	–	–	–	926	925
Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Institutions	–	–	–	–	543	–	773	–	–	373	1	–	–	–	–	1,690	527
Corporates	–	–	–	–	58	–	224	–	–	34,108	4	–	–	–	–	34,394	33,973
Retail exposures	–	–	–	–	–	–	–	–	8,616	–	–	–	–	–	–	8,616	8,616
Exposures secured by mortgages on immovable property	–	–	–	–	–	345	1,282	–	15	431	–	–	–	–	–	2,073	2,073
Exposures in default	–	–	–	–	–	–	–	–	–	243	494	–	–	–	–	738	738
Exposures associated with particularly high risks	–	–	–	–	–	–	–	–	–	–	438	–	–	–	–	438	438
Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other items	–	–	–	–	30	–	–	–	–	11,936	–	–	–	–	–	11,965	11,965
Total	**–**	**–**	**–**	**–**	**927**	**345**	**2,761**	**–**	**8,631**	**60,185**	**940**	**5,024**	**–**	**–**	**–**	**78,814**	**77,203**

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.

The following table shows exposure guaranteed by real estate assets, broken down into commercial and residential.

Table 8.21. Standardised approach: exposure guaranteed by real estate assets, by type of collateral

Amounts in millions of euros	Exposure after CRM and before CCF	Exposure after CRM and before CCF	EAD	RWA	RWA density (%)	Capital (8%)
Commercial	2,588	2,474	2,158	1,081	50.11%	87
Residential	2,536	2,493	2,045	1,349	65.98%	108
Total	**5,124**	**4,968**	**4,203**	**2,430**	**57.83%**	**194**

2022

Amounts in millions of euros	Exposure after CRM and before CCF	Exposure after CRM and before CCF	EAD	RWA	RWA density (%)	Capital (8%)
Commercial	3,728	3,532	3,253	1,698	52.21%	136
Residential	1,591	1,562	1,109	375	33.77%	30
Total	5,319	5,094	4,362	2,073	47.52%	166

B. Minimum capital requirements for credit risk under the IRB approach

The Group has *internal rating based* (IRB) models for the calculation of capital requirements. The Group has advanced methodology (AIRB) models for the retail portfolio (retail, SME/non-SMEs secured by real estate mortgage, retail, qualifying revolving, and other retail, SME/non-SMEs), as well as for the corporates and SME portfolio and equities. In addition, the Slotting Criteria method is used for specialised lending portfolios. In the sub-section "Use of the internal ratings-based approach" in 8.1.3. Quantitative aspects are related to the IRB models authorised to date.

Exposures under IRB according to the regulatory categories of the current regulation are set out below:

Table 8.22. IRB: Credit risk exposures by portfolio

Amounts in millions of euros

	Original exposure			EAD											
	On-balance-sheet amount	Off-balance-sheet amount	Total Original exposure	On-balance-sheet amount	Off-balance-sheet amount	Total EAD	Average PD[1]	Number of obligors [2]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions	Capital (8%)
Specialised lending under the slotting approach	**20,816**	**7,650**	**28,466**	**20,816**	**989**	**21,805**	**— %**	**1**	**— %**	**–**	**15,231**	**69.85%**	**367**	**(334)**	**1,218**
Institutions	–	–	–	–	–	–	— %	–	— %	–	–	— %	–	–	–
Corporates	85,242	54,371	139,613	78,841	23,388	102,229	3.60%	50	37.73%	3	64,273	62.87%	1,515	(1,852)	5,142
Of which SMEs	17,893	4,321	22,215	15,360	1,731	17,091	8.65%	39	39.52%	3	10,969	64.18%	615	(746)	878
Of which Other	67,349	50,049	117,398	63,482	21,656	85,138	2.59%	11	37.37%	3	53,303	62.61%	900	(1,106)	4,264
Retail	180,174	61,154	241,328	175,736	12,388	188,124	4.58%	17,589	30.21%	–	41,533	22.08%	3,410	(4,475)	3,323
Of which: retail exposures - real estate, SME	10,501	2,640	13,141	10,496	489	10,985	8.51%	135	24.69%	–	3,049	27.75%	346	(379)	244
Of which: retail exposures - real estate, non-SME	138,937	24,613	163,550	138,936	964	139,900	4.07%	2,103	21.81%	–	25,288	18.08%	1,725	(2,457)	2,023
Of which: retail — qualifying revolving	5,522	23,420	28,942	5,522	7,344	12,865	1.77%	11,706	76.92%	–	3,361	26.12%	186	(214)	269
Of which: retail exposures - other, SME	15,044	6,694	21,738	10,629	2,632	13,261	8.36%	696	48.53%	–	4,314	32.53%	651	(812)	345
Of which: retail exposures - other, non-SME	10,169	3,787	13,956	10,153	959	11,113	5.95%	2,949	65.53%	–	5,523	49.70%	503	(612)	442
AIRB credit risk approach	**265,416**	**115,524**	**380,941**	**254,577**	**35,776**	**290,353**	**4.24%**	**17,639**	**32.86%**	**3**	**105,806**	**36.44%**	**4,925**	**(6,327)**	**8,464**
Total[3]	**286,232**	**123,174**	**409,407**	**275,393**	**36,765**	**312,158**	**4.24%**	**17,640**	**32.86%**	**3**	**121,037**	**38.77%**	**5,292**	**(6,661)**	**9,683**

(1) Includes portfolio in default.
(2) Number of obligors in thousands
(3) Only credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.22 PY. IRB: Credit risk exposures by portfolio

2022

Amounts in millions of euros	Original exposure			EAD											
	On-balance-sheet amount	Off-balance-sheet amount	Total Original exposure	On-balance-sheet amount	Off-balance-sheet amount	Total EAD	Average PD[1]	Number of obligors(2)	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions	Capital (8%)
Specialised lending under the slotting approach	**2,293**	**157**	**2,450**	**2,293**	**28**	**2,321**	**– %**	**0**	**– %**	**0**	**1,689**	**72.77%**	**88**	**(123)**	**135**
Institutions	–	–	–	–	–	–	– %	–	– %	–	–	– %	–	–	–
Corporates	86,271	53,846	140,118	77,212	15,770	92,982	3.82%	53	40.79%	2	51,995	55.92%	1,440	(2,157)	4,160
Of which SMEs	20,329	5,125	25,454	16,465	1,642	18,108	8.59%	42	30.55%	3	8,141	44.96%	563	(829)	651
Of which Other	65,942	48,721	114,663	60,747	14,127	74,874	2.67%	10	43.26%	2	43,855	58.57%	877	(1,328)	3,508
Retail	189,471	59,816	249,288	183,336	12,047	195,383	4.63%	17,621	29.50%	–	40,055	20.50%	3,366	(4,306)	3,204
Of which: retail exposures - real estate, SME	11,485	2,322	13,807	11,465	236	11,700	9.59%	152	18.92%	–	2,594	22.17%	309	(372)	208
Of which: retail exposures - real estate, non-SME	146,362	25,012	171,374	146,359	1,080	147,439	4.12%	2,203	21.67%	–	23,731	16.10%	1,824	(2,372)	1,899
Of which: retail — qualifying revolving	5,349	21,710	27,059	5,349	7,131	12,480	2.67%	11,492	76.80%	–	3,341	26.77%	259	(236)	267
Of which: retail exposures - other, SME	15,975	6,654	22,629	9,884	2,154	12,038	7.77%	688	52.12%	–	4,241	35.23%	538	(810)	339
Of which: retail exposures - other, non-SME	10,300	4,118	14,418	10,279	1,446	11,725	4.97%	3,086	64.96%	–	6,147	52.43%	436	(516)	492
AIRB credit risk approach	**275,743**	**113,663**	**389,405**	**260,548**	**27,817**	**288,365**	**4.37%**	**17,674**	**33.14%**	**2**	**92,050**	**31.92%**	**4,806**	**(6,463)**	**7,364**
Total[3]	**278,036**	**113,820**	**391,856**	**262,841**	**27,845**	**290,686**	**4.37%**	**17,674**	**33.14%**	**2**	**93,739**	**32.25%**	**4,894**	**(6,586)**	**7,499**

(1) Includes portfolio in default. In Central Administrations, the average PD is calculated by weighting the Original Exposure instead of the EAD.
(2) Number of obligors in thousands
(3) Only credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.23. EU CR6 - IRB approach – Credit risk exposures by portfolio and PD range

Amounts in millions of euros PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	103,381	44,119	22.24%	112,125	0.08%	8,415	27.73%	2	12,246	10.92%	111	(149)
0.00 to <0.10	65,282	28,118	23.11%	70,990	0.05%	5,016	28.20%	2	7,214	10.16%	67	(101)
0.10 to <0.15	38,099	16,001	20.72%	41,136	0.13%	3,399	26.93%	2	5,032	12.23%	44	(48)
0.15 to <0.25	3,585	2,553	37.65%	4,336	0.18%	1,240	53.88%	3	1,009	23.27%	9	(16)
0.25 to <0.50	61,706	36,675	41.11%	74,021	0.31%	1,372	34.54%	3	28,117	37.99%	106	(104)
0.50 to <0.75	20,424	6,325	31.06%	21,265	0.59%	1,373	33.97%	3	7,318	34.42%	54	(66)
0.75 to <2.50	38,417	15,669	37.84%	41,476	1.27%	3,090	37.43%	3	26,639	64.23%	213	(223)
0.75 to <1.75	34,478	13,926	37.72%	37,644	1.19%	2,150	36.34%	3	24,272	64.48%	175	(172)
1.75 to <2.5	3,938	1,744	38.82%	3,831	2.05%	941	48.14%	2	2,367	61.78%	38	(52)
2.50 to <10.00	21,434	7,797	33.77%	21,895	4.96%	1,176	35.10%	2	19,658	89.79%	348	(422)
2.5 to <5	10,864	4,875	35.10%	11,716	3.29%	638	35.53%	2	9,810	83.73%	132	(135)
5 to <10	10,570	2,922	31.53%	10,179	6.88%	538	34.59%	2	9,848	96.75%	215	(288)
10.00 to <100.00	7,212	1,215	25.22%	6,519	23.46%	409	34.97%	2	7,970	122.24%	428	(595)
10 to <20	3,194	813	26.86%	3,039	14.20%	255	37.07%	3	3,741	123.11%	131	(174)
20 to <30	2,068	229	28.74%	1,712	22.95%	75	35.11%	2	2,313	135.14%	124	(134)
30.00 to <100.00	1,951	173	12.80%	1,769	39.85%	80	31.20%	3	1,915	108.28%	173	(287)
Healthy portfolio	**256,158**	**114,355**	**32.08%**	**281,637**	**1.28%**	**17,076**	**32.56%**	**3**	**102,958**	**36.56%**	**1,268**	**(1,576)**
100.00 (Default)	9,258	1,170	25.64%	8,715	100.00%	563	42.43%	3	2,848	32.68%	3,657	(4,750)
Total	**265,416**	**115,524**	**32.02%**	**290,353**	**4.24%**	**17,639**	**32.86%**	**3**	**105,806**	**36.44%**	**4,925**	**(6,327)**

(1)Number of obligors in thousands
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.23 PY. EU CR6 - IRB approach – Credit risk exposures by portfolio and PD range

2022

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	106,488	41,220	20.68%	113,600	0.08%	7,952	27.19%	3	12,229	10.76%	138	(401)
0.00 to <0.10	63,512	25,412	21.00%	68,025	0.05%	4,646	27.52%	3	6,519	9.58%	80	(246)
0.10 to <0.15	42,976	15,808	20.17%	45,574	0.13%	3,306	26.70%	2	5,710	12.53%	57	(155)
0.15 to <0.25	24,072	22,721	29.22%	29,193	0.18%	1,251	45.69%	2	11,581	39.67%	40	(94)
0.25 to <0.50	51,308	22,084	31.73%	54,982	0.30%	1,427	35.90%	2	19,537	35.53%	107	(249)
0.50 to <0.75	24,818	7,420	28.13%	24,451	0.59%	1,292	32.86%	2	9,457	38.68%	70	(146)
0.75 to <2.50	34,041	12,580	32.57%	33,252	1.37%	3,424	35.52%	3	16,999	51.12%	193	(330)
0.75 to <1.75	28,754	10,273	31.28%	28,415	1.22%	2,421	34.54%	3	13,980	49.20%	145	(243)
1.75 to <2.5	5,287	2,307	38.33%	4,837	2.21%	1,002	41.28%	3	3,019	62.42%	48	(87)
2.50 to <10.00	17,403	4,872	29.12%	16,788	4.69%	1,392	33.78%	3	12,411	73.93%	233	(404)
2.5 to <5	10,684	3,227	31.09%	10,290	3.33%	833	34.52%	3	7,282	70.76%	115	(200)
5 to <10	6,719	1,645	25.27%	6,498	6.83%	560	32.61%	3	5,129	78.93%	118	(204)
10.00 to <100.00	7,442	1,506	27.24%	6,797	23.54%	436	32.93%	3	7,732	113.75%	360	(614)
10 to <20	3,659	911	30.87%	3,259	13.24%	272	34.92%	3	3,950	121.18%	119	(194)
20 to <30	1,299	300	30.00%	1,218	22.32%	72	33.50%	3	1,484	121.80%	65	(103)
30.00 to <100.00	2,483	295	13.22%	2,319	38.64%	92	29.84%	2	2,298	99.07%	176	(318)
Performing portfolio	**265,573**	**112,404**	**26.85%**	**279,063**	**1.18%**	**17,173**	**32.87%**	**2**	**89,946**	**32.23%**	**1,140**	**(2,238)**
100.00 (Default)	10,170	1,259	14.39%	9,302	100.00%	501	41.31%	3	2,105	22.63%	3,666	(4,225)
Total	**275,743**	**113,663**	**26.72%**	**288,365**	**4.37%**	**17,674**	**33.14%**	**2**	**92,050**	**31.92%**	**4,806**	**(6,463)**

(1)Number of obligors in thousands
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.24. EU CR6-A - Scope of the use of IRB and SA approaches

Amounts in millions of euros		Exposure value defined in Article 166 of the CRR for exposures subject to the IRB approach	Total exposure value exposures subject to the standard approach and the IRB approach	Percentage of total exposure value subject to permanent partial use of the standardised approach (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to the IRB approach (%)
		a	b	c	d	e
1	Central administrations or central banks	–	142,324	100.00%	— %	— %
1.1	Of which: regional governments or local authorities	–	14,911	100.00%	— %	— %
1.2	Of which: public sector entities	–	24,849	100.00%	— %	— %
2	Institutions	–	15,140	100.00%	— %	— %
3	Corporates	168,079	140,412	2.02%	5.64%	92.35%
3.1	Of which: corporates — specialised lending, excluding slotting approach	–	1	100.00%	— %	— %
3.2	Of which: corporates — specialised lending under slotting approach	28,466	22,598	0.23%	2.27%	97.50%
3.3	Of which: SMEs	22,215	20,892	1.62%	6.62%	91.75%
4	Retail exposures	241,328	199,359	2.09%	1.80%	96.11%
4.1	Of which: retail exposures — secured by real estate SMEs	13,141	11,425	0.25%	5.89%	93.86%
4.2	Of which: retail exposures — secured by real estate non-SMEs	163,550	139,555	0.04%	0.06%	99.90%
4.3	Of which: retail — qualifying revolving	28,942	13,227	0.15%	— %	99.85%
4.4	Of which: retail exposures — other, SME	21,738	19,294	1.98%	7.11%	90.91%
4.5	Of which: retail exposures — other, non-SME	13,956	15,858	23.22%	9.21%	67.57%
5	Equity exposures	5,902	5,902	— %	— %	100.00%
6	Other non-credit obligation assets	–	758	100.00%	— %	— %
7	**Total**	**415,309**	**503,895**	**32.79%**	**2.28%**	**64.93%**

(*) Excluding counterparty risk and securitisation risk.

Table 8.25. EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

	Amounts in millions of euros	RWAs
		a
1	**RWAs at the end of the previous period**	**93,739**
2	Asset size (+/-)	786
3	Asset quality (+/-)	(734)
4	Model updates (+/-)	27,374
5	Methodology and policy (+/-)	(129)
6	Acquisitions and disposals (+/-)	—
7	Exchange rate fluctuations (+/-)	—
8	Other (+/-)	—
9	**RWAs at the period end**	**121,037**

(*) Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.25 show the evolution of the RWAs in the Credit risk portfolio evaluated under IRB models in 2023, which has involved an increase of EUR 27,297 million, mainly due to the update of the model, where the rollout of the specialised lending portfolio under the Slotting criteria approach and the increase due to the implementation of new models for corporates, SMEs and developers, adapted to the EBA guidelines on parameters and definition of default, after obtaining the ECB's approval, stand out.

_Impairment losses and reversals of previously recognised losses

a. Impairment losses

Below are the Group's funds for asset impairment losses and provisions for contingent liabilities and commitments corresponding to the last four financial years and for each of the risk categories.

With regard to the changes in provisions for 2023, particularly noteworthy is a decrease of EUR 180 million, reaching a total amount of EUR 7,983 million, mainly due to the reduction of exposure in the non-performing portfolio as a result of the active management of non-performing assets.

Table 8.26. Evolution of provisions

Amounts in millions of euros	2020		2021		2022		2023	
Regulatory risk category	**Provisions**	**%**	**Provisions**	**%**	**Provisions**	**%**	**Provisions**	**%**
Central administrations or central banks	(1)	0.01%	(1)	0.01%	–	– %	–	0.01%
Regional governments or local authorities	(2)	0.04%	(3)	0.04%	(1)	0.01%	–	0.01%
Public sector entities	(33)	0.56%	(196)	2.13%	(11)	0.14%	(4)	0.05%
Multilateral Development Banks	–	– %	(1)	0.01%	–	– %	–	– %
International organisations	–	– %	–	0.00%	–	– %	–	– %
Institutions	(2)	0.03%	(9)	0.10%	(8)	0.10%	(11)	0.14%
Corporates	(410)	6.93%	(461)	5.03%	(357)	4.38%	(188)	2.36%
Retail exposures	(400)	6.76%	(415)	4.52%	(393)	4.82%	(398)	4.98%
Exposures secured by mortgages on immovable property	(50)	0.84%	(60)	0.66%	(33)	0.40%	(26)	0.32%
Exposures in default	(637)	10.76%	(766)	8.35%	(756)	9.26%	(676)	8.47%
Exposures associated with particularly high risks	(8)	0.14%	(15)	0.16%	(13)	0.16%	(14)	0.17%
Covered bonds	–	– %	–	0.00%	–	– %	–	– %
Exposures to institutions and corporates with a short-term credit assessment	–	– %	–	0.00%	–	– %	–	– %
Collective investment undertakings	–	– %	–	0.00%	–	– %	–	– %
Equity exposures	–	– %	–	0.00%	–	– %	–	– %
Other items	(5)	0.08%	(5)	0.06%	(5)	0.06%	(5)	0.06%
Total credit risk standard approach	**(1,548)**	**26.16%**	**(1,933)**	**21.06%**	**(1,578)**	**19.33%**	**(1,322)**	**16.56%**
Specialised lending under the slotting approach	**–**	**– %**	**(196)**	**2.13%**	**(123)**	**1.51%**	**(334)**	**4.19%**
Institutions	–	– %	–	0.00%	–	– %	–	– %
Corporates	(1,096)	18.52%	(2,085)	22.71%	(2,157)	26.42%	(1,852)	23.20%
Of which SMEs	(421)	7.12%	(918)	10.00%	(829)	10.15%	(746)	9.34%
Of which Other	(675)	11.41%	(1,167)	12.71%	(1,328)	16.27%	(1,106)	13.86%
Retail	(3,273)	55.32%	(4,966)	54.10%	(4,306)	52.74%	(4,475)	56.06%
Of which: retail exposures - real estate, SME	(314)	5.31%	(416)	4.53%	(372)	4.56%	(379)	4.75%
Of which: retail exposures - real estate, non-SME	(1,877)	31.73%	(2,769)	30.16%	(2,372)	29.06%	(2,457)	30.78%
Of which: retail — qualifying revolving	(160)	2.71%	(219)	2.39%	(236)	2.89%	(214)	2.68%
Of which: retail exposures - other, SME	(523)	8.85%	(924)	10.07%	(810)	9.92%	(812)	10.17%
Of which: retail exposures - other, non-SME	(398)	6.73%	(638)	6.95%	(516)	6.32%	(612)	7.67%
AIRB credit risk approach	**(4,369)**	**73.84%**	**(7,052)**	**76.81%**	**(6,463)**	**79.16%**	**(6,327)**	**79.25%**
Total[1]	**(5,917)**	**100.00%**	**(9,180)**	**100.00%**	**(8,164)**	**100.00%**	**(7,983)**	**100.00%**

(1) Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

The following table shows details of the impairment losses and reversals of previously recognised losses on assets written off, recognised directly in the statement of profit or loss for CaixaBank Group in 2023[1].

Table 8.27. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

€ millions	2023	2022
Financial assets measured at amortised cost / Loans and receivables	**(1,236)**	**(883)**
Loans and advances	**(1,236)**	**(883)**
Net allowances	(1,048)	(574)
Of which - Credit institutions	(2)	5
Of which - Customers	(1,034)	(579)
Of which POCI	(12)	(140)
Write-downs	(602)	(691)
Recovery of loans written off	414	382
Debt securities	–	–
Financial assets at fair value with changes in other comprehensive income / Available-for-sale financial assets	**(4)**	**1**
Debt security hedges	–	–
Write-downs	(4)	1
Equity instruments		1
Debt securities	(4)	–
TOTAL	**(1,240)**	**(882)**

Table 8.28. Breakdown of Impairment or reversal of impairment on non-financial assets

€ millions	2023	2022
Tangible assets	**(22)**	**(86)**
Property, plant and equipment for own use	(31)	(81)
Allowances	0	(3)
Cash and cash equivalents	6	3
Write-downs	(37)	(81)
Investment property	9	(5)
Allowances	(62)	(108)
Cash and cash equivalents	71	103
Write-downs	0	–
Intangible assets	**(48)**	**(14)**
Allowances	(10)	(5)
Cash and cash equivalents	0	–
Write-downs	(38)	(9)
Other	**(5)**	**(2)**
Inventories	(5)	(3)
Allowances	(5)	(5)
Cash and cash equivalents	0	2
Other	0	1
TOTAL	**(75)**	**(102)**

1 See notes: 2.7 "Impairment of financial assets", 38 "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss" and 39 "Impairment or reversal of impairment on non-financial assets" to CaixaBank Group's 2023 financial statements report.

8.1.3. QUANTITATIVE ASPECTS

A. Use of the internal ratings-based approach

In July 2005, in accordance with the directives of the Bank of Spain, the Board of Directors of "la Caixa" approved the Master Plan for Adaptation to Basel II. At that time, "la Caixa" requested official permission from the Bank of Spain to use internal models for measuring credit risk. The Bank of Spain validated them in the course of 2007, and on 25 June 2008 issued authorisation for the "la Caixa" Group to apply the model to calculate its capital requirements as of that year.

The supervisor has authorised the use of the Internal Ratings-Based Approach (IRB approach) to calculate capital requirements for the following credit exposure classes:

- **Mortgage loans to individuals** (behaviour and approval models), applying internal estimates of default losses and credit conversion factors.
- **Personal loans to individuals** (behaviour and approval models), applying internal estimates of losses in the event of non-payment and credit conversion factors.
- **Cards to individuals** (behaviour and approval models), applying internal estimates of losses in the event of non-payment and credit conversion factors.
- **SMEs,** for the range of medium-sized enterprises, small enterprises and micro-enterprises, applying internal estimates of losses in the event of non-payment and credit conversion factors.
- **Developer SMEs,** applying internal estimates of losses in the event of non-payment or credit conversion factors.
- **Corporate,** applying internal estimates of losses in the event of non-payment or credit conversion factors.
- **Specialised lending,** applying the slotting approach to a part of the specialised lending portfolio.
- **Equity**, with internal models (VaR), PD/LGD and simple risk-weighting.

The Bank of Spain authorised the use of the IRB approach for the calculation of capital requirements for credit exposures arising from transactions by MicroBank de la Caixa, S.A., following the reorganisation of Grupo Nuevo Micro Bank, S.A., applicable as of the 2009 year-end.

_Implementation of internal estimates in the management process

The results obtained from these tools are used for the following courses of action[1]:

- Back-up for the decision-making process.
- Authorisation system for expected loss in the approval of risk for companies.
- Master scale system for the authorisation of retail lending. The master scale is a categorisation to which the results of all scoring and rating tools are linked for easier interpretation.
- Optimisation of internal processes and monitoring function.
- Risk-Adjusted Return (RAR) system.
- Risk approval pricing system.
- Calculation of provisions and accounting classification using internal models under IFRS9 or Bank of Spain Circular 4/2017.

_Management process and recognition of risk reduction

The result of the application of risk mitigating techniques on the IRB portfolio is reflected in the estimation and allocation of probability of default (PD) parameters and loss given default (LGD) parameters, in the case of collateral. In the case of collateral, the mitigation is reflected in the LGD. The LGD will vary according to the guarantees provided. To this end, the type of guarantee is considered for each transaction: financial, real estate or other collateral.

1 See the end of this section for more details on the integration of internal estimates in management.

Moreover, in the case of real estate used as collateral, the nature of the property is checked to determine whether it is residential or commercial.

B. Description of the internal rating assignment process, for each exposure class

_Structure of the internal rating systems

The Group has internal credit rating models which, by assigning solvency or internal ratings to customers, provide predictions of the probability of each borrower defaulting, covering practically all lending activity.

These internal models, aimed at both a products and customers, have been developed on the basis of historical experience of defaults and incorporate the necessary measurements to adjust the results to the business cycle.

The bank has updated its models to adapt them to the Guidelines on the estimation of PD and LGD and the treatment of default exposures published by the EBA in 2017. In 2023, it received the authorisation to implement those corresponding to legal persons, and the remainder are expected to be approved for the first half of 2024.

Product-oriented tools take into consideration the specific characteristics of the debtor relating to the product concerned, and are mainly used for approval of new retail banking operations.

Customer-orientated tools assess the debtor's probability of default on a general basis, though the results for individuals may differ according to the product. They comprise behaviour scores for individuals and credit ratings for companies. They are implemented across the entire branch network and integrated within the normal asset product approval tools.

The rating tools for corporates are customer-focused and vary depending on the segment to which they belong. The rating results are also adjusted to the business cycle using the same structure as that employed for individuals.

The Group has a Corporate Rating function in place to provide specialised ratings for the large companies segment, for which it has developed internal rating models. These are expert models that require the participation of analysts. These models have been built in line with the methodology of one of the major ratings agencies, meaning that the global default rates published by this rating agency can be used, making the methodology more reliable.

/ Probability of default (PD) estimation models

The Group has 24 internal probability of default (PD) estimation models to calculate risk-weighted assets and expected loss under the IRB approach. The models cover most of the portfolios. Of these, 22 are used for the business in Spain and 2 for the Portuguese subsidiary BPI.

The type of probability of default (PD) that the Group uses in its estimates is through-the-cycle: the scores assigned by the rating models are associated with the average PDs for a full economic cycle or a period with sufficient variability between good and bad years. The estimate is performed by anchoring the PD curve to the long-term trend (central trend) estimated for each portfolio. When a probability of default has been assigned to each contract/customer, it is then transferred to the Master Scale, a categorisation to which the results of all scoring and rating tools are linked for easier interpretation.

/ Exposure at default (EAD) estimation models

CaixaBank has 7 internal exposure at default (EAD) estimation models.

Exposure at default (EAD) is defined as the amount a customer is expected to owe to the credit institution in the event of defaulting at some point over the next 12 months.

EAD is calculated as the current balance (amount included on the assets side of the Group's balance sheet) plus a percentage of the unused (available) credit line that has been granted, i.e. an equivalence factor known as the CCF (credit conversion factor), which represents a quantitative estimate of the percentage available to the customer that is expected to be drawn down on at the time default occurs.

The method used to estimate EAD is the variable-horizon approach (setting a one-year horizon for the calculation of realised CCFs). On the other hand, the models for available balance commitments have been developed according to the holder segment and product.

Loss given default (LGD) estimation models

The Group has 27 internal loss given default (LGD) estimation models. Of these, 24 are used for the business in Spain and 3 for the Portuguese subsidiary BPI.

LGD is the economic loss arising from a default. The Bank currently estimates average long-term LGD, as well as LGD in adverse cycle conditions (downturns) for all transactions that are not in default. For transactions that are in default, a best estimate of loss and an LGD in default, which also has a downturn nature, is also calculated.

/ Slotting criteria models

The slotting criteria model is based on Delegated Regulation 2021/58 of 14 December 2020, which develops Article 153 (5) of the CRR.

CaixaBank applies this approach to part of its specialised lending exposures.

_Rating models

A description of the rating models approved for use in the calculation of own fund requirements through the IRB approach is shown below:

a. Individuals and the self-employed

/ Asset behavioural model

Provides a monthly evaluation of all customers who have been with the Bank for at least 6 months (both private individuals and self-employed workers) and who hold a loan with either a personal guarantee or a mortgage.

This is mainly used to monitor the risk outstanding on all operations that were arranged at least 6 months ago.

The methodology of construction of the model is based on multivariant analysis (logistic regression), according to the customer's financial behaviour.

/ Non-asset-related behaviour model

Provides a monthly evaluation of all customers (private customers and self-employed workers) who hold no asset-related contracts other than credit cards.

Its main use is to monitor the risk outstanding on cards that were issued at least 6 months ago and overdrafts when the asset behavioural model does not apply.

The method used to build the model is logistic regression, primarily based on data regarding the customer's financial behaviour.

/ Customer mortgage model

Used to evaluate the approval of mortgage guarantee transactions for customers. The rating at the time of approval is maintained over the first six months of the transaction.

The estimate model is based on multivariant analysis (logistic regression), using information concerning the transaction, socio-demographic information and information relating to the customer's financial behaviour.

/ Non-customer mortgage model

Used for evaluation in the approval of mortgage guarantee transactions for non-customers. The rating at the time of approval is maintained over the first six months of the transaction.

The method used by this model is different to that of the Mortgage Customer model, as it only uses information relating to the transaction, the collateral and socio-demographic information about the holder.

/ Self-employed customer model

Used for evaluation in the approval of operations with a non-mortgage guarantee for customers to be used for business purposes. The rating at the time of approval is maintained over the first six months of the transaction.

A multivariate analysis methodology was used to build the model (logistic regression). It is based on information concerning the transaction, socio-demographic information and information concerning the customer's financial behaviour.

/ Customer credit cards model

Used for evaluation in the approval of credit cards for customers. The rating at the time of approval is maintained over the first six months of the transaction.

An advanced machine learning methodology called Gradient Boosting Machine (GBM) was used to build the model. It is based on information concerning the transaction, socio-demographic information and information concerning the customer's financial behaviour.

/ Non-customer credit cards model

Used for evaluation in the approval of credit cards for non-customers. The rating at the time of approval is maintained over the first six months of the transaction.

A multivariate analysis methodology was used to build the model (logistic regression). It is based on information about the holder (socio-demographic, work-related, economic, etc.) and internal and external alerts.

b. Corporates

/ Rating of SMEs and Property SMEs

The aim of the SME and developer SME rating model is to assign an internal rating to private companies classified as microenterprises, small enterprises, medium-sized enterprises or property developer SMEs in accordance with the internal risk segmentation system. The entire SME and property developer SME portfolio is evaluated monthly, as well as whenever a new transaction is approved for an SME or property developer SME, if no calculated rating is available.

A Gradient Boosting Machine (GBM) methodology was used to build the four models. Based on:

- **Financial information:** information available from balance sheets and income statements. For example: total assets, equity and net profit.
- **Operating information:** bank and credit information on the customer company, in connection with CaixaBank or other banks in the Spanish financial system (Bank of Spain's Risk Information Facility - CIRBE). For example: average balance of liabilities or average CIRBE utilisation.
- **Qualitative information:** based on the company's characteristics and position within its sector. For example: the company manager's experience, real estate asset status, etc.

/ Corporate rating

The aim of the Corporate rating model is to assign an internal rating to private companies and property developers classified as Large Companies, in accordance with CaixaBank's internal risk segmentation system. The Corporate rating is calculated by a centralised unit. The frequency of updating the rating is subject to the inclusion of new relevant information in the appraisal, although a maximum term of 12 months is established for each rating provided.

The corporate model is based on an expert opinion produced in accordance with the methodology of one of the major ratings agencies.

It is characterised by using a number of different rating tools (templates) depending on the sector to which the company belongs. This strategy is based on various templates, guarantees an accurate assessment according to the characteristics of each sector of activity.

The variables used for the corporate model take into account both qualitative and quantitative factors:

- **The qualitative variables** represent business risk – the position of the company within the sector, for example.
- **Quantitative variables** are usually financial ratios – total debt/EBITDA, for example.

/ Slotting criteria for specialised lending

The aim of the slotting criteria model for specialised lending is to assign a degree or slot to lending exposures. The slot is calculated by a centralised unit. The frequency of updating the assigned degree is subject to the inclusion of new relevant information in the appraisal, although a maximum term of 12 months.

The model is based on Delegated Regulation EU 2021/598 of 2020, which assigns risk weights to Specialised lending exposure and which develops Article 153 (5) of the CRR, which sets a rating model for each of the four types of Specialised lending exposure: Real estate
- Real Estate, Assets - Object finance, Projects - Project finance and Basic products - Commodity finance.

The rating model applicable to each type of exposure assesses the capital adequacy's factors; political and legal environment; characteristics of the operation or asset; sponsor's soundness; and the package of guarantees associated with the project.

Table 8.29. Companies by PD interval using the internal rating-based method (AIRB)

Table 8.29.a. EU CR6 - AIRB approach – Credit risk exposures by exposure class and PD range (corporates - SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	987	259	48.41%	1,035	0.11%	7	35.18%	3	225	21.74%	0.41	(2)
0.00 to <0.10	442	140	46.59%	476	0.08%	5	33.22%	4	90	18.97%	0.13	(1)
0.10 to <0.15	545	119	50.57%	559	0.13%	2	36.86%	3	135	24.09%	0.28	(1)
0.15 to <0.25	630	212	48.90%	672	0.16%	1	40.04%	3	192	28.54%	0.44	(1)
0.25 to <0.50	4,040	1,182	49.63%	4,175	0.27%	9	38.84%	3	1,634	39.13%	4	(8)
0.50 to <0.75	3,511	911	50.96%	3,604	0.66%	7	40.33%	3	2,097	58.18%	9	(11)
0.75 to <2.50	3,482	933	41.33%	3,162	1.43%	7	39.20%	3	2,353	74.41%	18	(18)
0.75 to <1.75	2,541	784	40.00%	2,333	1.27%	4	39.14%	3	1,749	74.94%	12	(10)
1.75 to <2.5	941	149	48.33%	829	1.88%	3	39.39%	2	604	72.91%	6	(9)
2.50 to <10.00	2,730	601	38.60%	2,425	5.02%	4	40.10%	2	2,575	106.19%	49	(46)
2.5 to <5	1,171	370	38.31%	1,090	3.11%	1	40.62%	2	1,084	99.47%	14	(7)
5 to <10	1,558	231	39.04%	1,335	6.58%	3	39.68%	2	1,491	111.68%	35	(39)
10.00 to <100.00	1,262	122	40.23%	972	23.54%	2	38.14%	2	1,532	157.66%	87	(59)
10 to <20	316	33	44.96%	254	12.89%	1	37.05%	3	345	135.98%	12	(11)
20 to <30	718	67	44.33%	537	22.84%	1	38.77%	2	896	166.75%	48	(25)
30.00 to <100.00	229	22	20.99%	181	40.57%	0	37.82%	3	291	161.07%	27	(23)
Performing portfolio	**16,642**	**4,220**	**46.13%**	**16,045**	**2.70%**	**37**	**39.21%**	**3**	**10,608**	**66.11%**	**168**	**(145)**
100.00 (Default)	1,251	101	26.63%	1,046	100.00%	2	44.30%	3	361	34.54%	447	(601)
Total	**17,893**	**4,321**	**45.67%**	**17,091**	**8.65%**	**39**	**39.52%**	**3**	**10,969**	**64.18%**	**615**	**(746)**

(1)Number of obligors in thousands
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.29.b. EU CR6 - AIRB approach – Credit risk exposures by exposure class and PD range (corporates - other)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors(1)	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	8,420	5,541	52.49%	10,944	0.08%	1	39.60%	2	2,407	21.99%	4	(3)
0.00 to <0.10	7,617	3.100	61.14%	9,152	0.07%	–	37.92%	2	1,827	19.96%	3	(2)
0.10 to <0.15	803	2,441	41.50%	1,793	0.11%	–	48.19%	2	580	32.36%	1	(1)
0.15 to <0.25	338	178	47.40%	403	0.16%	–	42.69%	3	153	37.93%	–	(1)
0.25 to <0.50	31,019	29,612	43.83%	42,763	0.34%	2	36.07%	3	21,491	50.26%	60	(29)
0.50 to <0.75	1,360	516	42.88%	1,515	0.62%	1	41.11%	3	1,055	69.60%	4	(2)
0.75 to <2.50	16,467	8,217	45.24%	19,061	1.13%	3	37.83%	3	15,833	83.06%	86	(56)
0.75 to <1.75	16,467	8,217	45.24%	19,061	1.13%	3	37.83%	3	15,833	83.06%	86	(56)
1.75 to <2.5	0.03	0.00	100.00%	–	2.09%	–	40.71%	–	0.013	49.34%	–	–
2.50 to <10.00	7,529	4,809	37.24%	8,265	4.91%	3	36.84%	2	9,715	117.54%	139	(119)
2.5 to <5	4,436	3,173	37.60%	5,094	3.46%	2	36.67%	2	5,353	105.07%	60	(39)
5 to <10	3,093	1,636	36.53%	3,170	7.24%	1	37.11%	3	4,362	137.58%	78	(81)
10.00 to <100.00	910	588	28.84%	930	17.71%	–	44.63%	3	1,747	187.79%	59	(40)
10 to <20	520	529	28.52%	613	12.36%	–	48.36%	3	1,150	187.64%	27	(15)
20 to <30	262	42	33.00%	215	22.92%	–	39.72%	2	443	206.24%	19	(11)
30.00 to <100.00	128	17	28.64%	103	38.72%	–	32.64%	3	154	150.14%	13	(14)
Performing portfolio	**66,043**	**49,462**	**44.22%**	**83,882**	**1.13%**	**10**	**37.23%**	**3**	**52,400**	**62.47%**	**352**	**(250)**
100.00 (Default)	1,306	587	37.07%	1,257	100.00%	1	46.66%	3	904	71.92%	547	(856)
Total	**67,349**	**50,049**	**44.13%**	**85,138**	**2.59%**	**11**	**37.37%**	**3**	**53,303**	**62.61%**	**900**	**(1,106)**

(1)Number of obligors in thousands
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.30. Retail by PD interval using the internal rating-based method (AIRB)

Table 8.30a. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - real estate, SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors(1)	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	3,696	863	7.97%	3,764	0.08%	66	17.69%	–	283	7.52%	3	(4)
0.00 to <0.10	2,446	544	9.62%	2,498	0.05%	45	17.30%	–	171	6.85%	2	(3)
0.10 to <0.15	1,250	319	5.15%	1,266	0.13%	21	18.46%	–	112	8.84%	1	(2)
0.15 to <0.25	78	9	52.20%	83	0.16%	0.32	26.70%	–	6	7.48%	–	–
0.25 to <0.50	1,887	375	13.29%	1,933	0.27%	19	24.43%	–	229	11.85%	2	(4)
0.50 to <0.75	1,029	209	9.27%	1,049	0.65%	11	23.65%	–	211	20.14%	2	(4)
0.75 to <2.50	1,445	570	31.90%	1,625	1.39%	14	28.31%	–	574	35.29%	6	(11)
0.75 to <1.75	1,054	533	32.88%	1,228	1.18%	12	28.35%	–	395	32.19%	4	(8)
1.75 to <2.5	391	37	17.53%	397	2.02%	2	28.17%	–	178	44.85%	2	(3)
2.50 to <10.00	1,151	490	32.67%	1,311	5.18%	12	29.73%	–	1,001	76.31%	19	(17)
2.5 to <5	456	307	42.30%	586	3.19%	5	32.40%	–	405	69.20%	6	(4)
5 to <10	696	183	16.51%	725	6.79%	8	27.57%	–	595	82.05%	13	(13)
10.00 to <100.00	495	66	10.28%	502	22.45%	6	27.71%	–	582	115.98%	28	(31)
10 to <20	250	41	12.29%	255	14.18%	3	28.33%	–	291	114.02%	10	(10)
20 to <30	138	14	8.34%	140	24.67%	1	27.89%	–	178	127.88%	9	(8)
30.00 to <100.00	107	11	5.29%	107	39.27%	1	25.99%	–	113	105.16%	9	(13)
Performing portfolio	**9,783**	**2,582**	**19.03%**	**10,268**	**2.13%**	**128**	**23.35%**	**–**	**2,886**	**28.11%**	**60**	**(71)**
100.00 (Default)	719	58	2.59%	717	100.00%	7	43.94%	–	163	22.67%	286	(308)
Total	**10,501**	**2,640**	**18.67%**	**10,985**	**8.51%**	**135**	**24.69%**	**–**	**3,049**	**27.75%**	**346**	**(379)**

(1)Number of obligors in thousands
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.30b. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - real estate, non-SME)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	81,763	18,458	3.55%	82,471	0.08%	1,356	19.55%	–	6,860	8.32%	60	(84)
0.00 to <0.10	47,592	11,554	3.76%	48,066	0.04%	864	17.71%	–	3,173	6.60%	29	(51)
0.10 to <0.15	34,171	6,904	3.20%	34,405	0.13%	492	22.12%	–	3,687	10.72%	31	(33)
0.15 to <0.25	918	13	83.17%	929	0.17%	8	32.96%	–	116	12.52%	1	(1)
0.25 to <0.50	19,251	2,403	3.94%	19,350	0.27%	244	24.45%	–	3,144	16.25%	24	(26)
0.50 to <0.75	11,158	1,707	3.30%	11,218	0.53%	148	24.41%	–	2,648	23.61%	22	(24)
0.75 to <2.50	11,531	1,015	4.78%	11,583	1.25%	150	25.57%	–	4,418	38.15%	43	(52)
0.75 to <1.75	11,478	1,015	4.78%	11,529	1.25%	150	25.52%	–	4,377	37.97%	43	(52)
1.75 to <2.5	53	–	0.00%	53	2.04%	–	37.01%	–	41	77.04%	–	(0.065)
2.50 to <10.00	7,149	644	3.71%	7,175	4.89%	109	22.77%	–	4,293	59.83%	62	(123)
2.5 to <5	3,750	332	3.86%	3,763	3.07%	60	22.99%	–	2,052	54.54%	26	(43)
5 to <10	3,400	312	3.55%	3,412	6.90%	49	22.53%	–	2,240	65.66%	37	(80)
10.00 to <100.00	2,882	187	3.79%	2,890	25.31%	39	23.17%	–	2,693	93.20%	98	(274)
10 to <20	1,275	74	4.58%	1,278	15.48%	18	23.56%	–	1,287	100.65%	34	(73)
20 to <30	546	39	3.19%	547	21.94%	7	23.05%	–	483	88.33%	15	(48)
30.00 to <100.00	1,062	74	3.32%	1,064	38.85%	13	22.76%	–	923	86.77%	49	(154)
Performing portfolio	**134,652**	**24,428**	**3.67%**	**135,616**	**1.04%**	**2,053**	**21.50%**	**–**	**24,173**	**17.82%**	**310**	**(585)**
100.00 (Default)	4,285	185	0.00%	4,284	100.00%	50	31.51%	–	1,115	26.02%	1,415	(1,872)
Total	**138,937**	**24,613**	**3.64%**	**139,900**	**4.07%**	**2,103**	**21.81%**	**–**	**25,288**	**18.08%**	**1,725**	**(2,457)**

[1] Number of obligors in thousands.
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.30c. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail qualifying revolving)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[1]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	2,359	17,094	31.10%	7,667	0.06%	6,521	77.00%	–	1,078	14.06%	26	(27)
0.00 to <0.10	1,692	11,350	31.22%	5,230	0.04%	3,673	77.00%	–	630	12.05%	15	(17)
0.10 to <0.15	667	5,744	30.85%	2,437	0.12%	2,848	77.00%	–	447	18.36%	11	(10)
0.15 to <0.25	353	1,905	33.72%	995	0.20%	1,128	77.00%	–	167	16.84%	4	(5)
0.25 to <0.50	320	1,189	33.59%	719	0.31%	771	77.00%	–	134	18.59%	3	(5)
0.50 to <0.75	456	1,444	31.89%	916	0.55%	989	77.00%	–	217	23.67%	5	(7)
0.75 to <2.50	1,009	1,277	30.39%	1,397	1.47%	1,273	77.00%	–	566	40.55%	16	(17)
0.75 to <1.75	780	1,107	30.74%	1,120	1.24%	977	77.00%	–	408	36.39%	11	(13)
1.75 to <2.5	229	170	28.12%	277	2.40%	296	77.00%	–	159	57.39%	5	(4)
2.50 to <10.00	692	431	30.78%	824	4.84%	742	77.00%	–	718	87.13%	29	(26)
2.5 to <5	401	292	30.62%	491	3.29%	397	77.00%	–	339	69.19%	12	(12)
5 to <10	290	140	31.10%	334	7.12%	345	77.00%	–	379	113.50%	17	(14)
10.00 to <100.00	243	51	28.64%	258	24.79%	230	77.00%	–	479	186.06%	45	(41)
10 to <20	153	38	28.99%	165	15.37%	163	77.00%	–	282	171.68%	18	(16)
20 to <30	39	10	27.98%	42	26.93%	38	77.00%	–	89	212.18%	8	(7)
30.00 to <100.00	50	3	26.39%	51	53.32%	30	77.00%	–	108	210.90%	19	(17)
Performing portfolio	**5,432**	**23,390**	**31.44%**	**12,776**	**1.08%**	**11,655**	**77.00%**	**–**	**3,360**	**26.30%**	**128**	**(129)**
100.00 (Default)	90	30	0.00%	90	100.00%	51	65.17%	–	1	0.97%	57	(85)
Total	**5,522**	**23,420**	**31.40%**	**12,865**	**1.77%**	**11,706**	**76.92%**	**–**	**3,361**	**26.12%**	**186**	**(214)**

[1] Number of obligors in thousands.
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.30d. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - other, SMEs)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[(1)]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	2,101	1,424	50.40%	2,171	0.09%	175	49.91%	–	229	10.56%	2	(7)
0.00 to <0.10	1,439	950	50.98%	1,495	0.07%	139	53.24%	–	157	10.54%	1	(5)
0.10 to <0.15	663	474	49.23%	676	0.13%	36	42.56%	–	72	10.61%	0.389	(1)
0.15 to <0.25	421	213	53.69%	408	0.18%	15	55.02%	–	77	18.83%	1	(2)
0.25 to <0.50	3,421	1,874	51.48%	3,314	0.29%	156	47.67%	–	684	20.63%	5	(14)
0.50 to <0.75	2,450	1,142	54.69%	2,386	0.70%	75	45.50%	–	764	32.04%	8	(12)
0.75 to <2.50	2,843	1,084	44.14%	2,281	1.70%	114	47.73%	–	1,072	46.99%	19	(27)
0.75 to <1.75	1,035	623	35.94%	817	1.23%	59	51.27%	–	377	46.07%	5	(10)
1.75 to <2.5	1,809	461	55.22%	1,464	1.96%	55	45.75%	–	695	47.51%	13	(16)
2.50 to <10.00	1,540	582	35.66%	1,167	5.26%	67	45.59%	–	641	54.92%	28	(34)
2.5 to <5	271	192	33.67%	235	3.45%	14	51.13%	–	140	59.54%	4	(6)
5 to <10	1,269	390	36.64%	932	5.72%	52	44.19%	–	501	53.76%	23	(29)
10.00 to <100.00	1,168	168	34.57%	717	22.66%	48	44.57%	–	562	78.46%	72	(82)
10 to <20	570	87	37.06%	364	13.33%	25	44.41%	–	245	67.24%	21	(26)
20 to <30	321	50	34.39%	188	24.11%	13	43.58%	–	158	84.37%	20	(22)
30.00 to <100.00	277	30	27.70%	165	41.59%	10	46.06%	–	159	96.50%	31	(33)
Performing portfolio	**13,945**	**6,487**	**48.80%**	**12,444**	**2.34%**	**649**	**47.52%**	**–**	**4,030**	**32.38%**	**134**	**(177)**
100.00 (Default)	1,099	207	25.82%	817	100.00%	47	63.81%	–	284	34.82%	517	(635)
Total	**15,044**	**6,694**	**48.09%**	**13,261**	**8.36%**	**696**	**48.53%**	**–**	**4,314**	**32.53%**	**651**	**(812)**

[(1)] Number of obligors in thousands.
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

Table 8.30e. EU CR6 - AIRB approach – Credit risk exposures by portfolio and PD range (Retail - other, non-SME)

Amounts in millions of euros

PD scale	Original on-balance-sheet gross exposures	Off-balance-sheet exposures pre-CCF	Average CCF	EAD post-CRM and CCF	Exposures weighted	Number of obligors[(1)]	Average LGD	Average maturity (years)	RWA	RWA density	EL	Value adjustments and provisions
0.00 to <0.15	4,055	479	4.41%	4,073	0.06%	291	64.43%	–	1,164	28.59%	16	(22)
0.00 to <0.10	4,055	479	4.41%	4,073	0.06%	291	64.43%	–	1,164	28.59%	16	(22)
0.10 to <0.15	–	–	0.00%	–	0.00%	–	0.00%	–	–	0.00%	–	–
0.15 to <0.25	847	24	5.42%	848	0.19%	88	68.07%	–	298	35.14%	3	(6)
0.25 to <0.50	1,768	40	4.83%	1,767	0.37%	170	66.70%	–	802	45.42%	7	(17)
0.50 to <0.75	460	395	29.89%	577	0.65%	143	64.05%	–	326	56.49%	3	(6)
0.75 to <2.50	1,639	2,574	28.34%	2,366	1.62%	1,530	62.82%	–	1,823	77.04%	25	(42)
0.75 to <1.75	1,123	1,646	26.31%	1,555	1.28%	946	63.23%	–	1,134	72.93%	14	(23)
1.75 to <2.5	516	928	31.93%	812	2.28%	584	62.03%	–	689	84.92%	12	(19)
2.50 to <10.00	642	240	35.79%	727	5.20%	239	65.57%	–	716	98.49%	23	(56)
2.5 to <5	379	210	38.06%	457	3.75%	158	65.44%	–	436	95.49%	11	(24)
5 to <10	264	31	20.36%	269	7.65%	81	65.79%	–	279	103.57%	12	(32)
10.00 to <100.00	251	33	3.53%	251	26.02%	84	66.60%	–	373	148.54%	38	(69)
10 to <20	109	11	7.60%	110	13.76%	45	67.76%	–	140	128.15%	9	(23)
20 to <30	44	7	0.47%	43	22.63%	15	65.25%	–	66	151.04%	6	(13)
30.00 to <100.00	98	15	2.06%	98	41.25%	24	65.90%	–	167	170.28%	23	(33)
Performing portfolio	**9,662**	**3,785**	**25.34%**	**10,607**	**1.47%**	**2,544**	**64.85%**	**–**	**5,502**	**51.87%**	**116**	**(219)**
100.00 (Default)	507	2	14.88%	505	100.00%	405	79.91%	–	21	4.13%	387	(394)
Total	**10,169**	**3,787**	**25.33%**	**11,113**	**5.95%**	**2,949**	**65.53%**	**–**	**5,523**	**49.70%**	**503**	**(612)**

[(1)] Number of obligors in thousands.
Credit risk exposures included. Excluding counterparty, securitisation and equity portfolio exposures.

C. Comparative analysis of estimates and results obtained

_Introduction

Regulatory expected loss represents the estimated annual average loss due to credit risk. Its calculation is based on the following elements:

- Probability of Default - Through the Cycle (PD):it indicates the ratio of defaults to average total risk on non-distressed assets expected during one year of the economic cycle as an annual average and for a given credit rating.
- **Downturn Loss Given Default ("DT LGD"):** it indicates the proportion of defaulted debt expected to not be recovered in a downturn of the cycle. For transactions that are in default, a "Best Estimate" of loss is also calculated, which shows the current economic conditions.
- **Exposure at Default (EAD):** it estimates the exposure expected in a contract in the event of default, including the potential use of available assets and the materialisation of contingent exposures. As in LGD DT, it is estimated to represent the conditions of a downturn of the cycle.

Given that performing portfolio's expected loss is calculated using a probability of default anchored to the cycle and a representative loss given default in a downturn in the cycle, the value for expected loss obtained will vary mainly as a result of changes in the composition or characteristics of the portfolio, and it will be relatively stable throughout the economic cycle.

In addition, the effective loss is the value of the adjusted loss incurred in the portfolio during a specific period. It can be broken down into following concepts:

- **Observed average default rate:** it indicates the proportion of defaults observed during a year.
- **Realised Loss Given Default (LGD):**calculated based on recovery flows and losses on contracts in default. This LGD indicates the proportion of debt not recovered during the recovery process.

- **Realised exposure:** risk assigned to a contract at the time of default.

Because effective loss is calculated using the values corresponding to each observation period, the values obtained will reflect the economic situation during that period.

According to the definitions set out above, the following comparisons on the main IRB portfolios are given for regulatory exposure categories:

- **Observed average default rate vs. PD:** a comparison is made of the observed average default rate for 2023 with the PD and used to calculate the capital requirements as of 31 December 2022. This comparison is broken down into homogeneous groups of credit quality.
- **EAD vs realised exposure:** the estimated EAD as of 31 December 2022 is compared to the realised exposure when the default was identified, for contracts that entered into default in 2023.
- **DT LGD vs realised LGD:** compares downturn LGD as of 31 December 2020 with realised LGD of defaults identified in a one-year period whose recovery process has been completed. A reference date prior to that used for the rest of the parameters is taken to allow the recovery cycles to mature so as to have a more representative sample for the analysis.
- **Observed loss vs. expected loss:** the estimated expected loss as of 31 December is compared to the realised loss on the portfolio during the following year. The analysis covers the period 2020-2023.

_Observed average default rate vs PD

The observed average default rate and probability of default (PD) are not totally comparable. The probability of default (PD) through the cycle is based on the default rates throughout a representative economic cycle. The observed average default rate reflects the defaults during an annual period, directly influenced by the economic situation of that period.

Therefore, the differences observed between both metrics must be explained considering this.

The definition of default established in Regulation (EU) 575/2013 (CRR IV), where article 178, Default of an Obligor, details the necessary criteria for identifying default of obligors and their contracts.

New criteria for default set down in Bank of Spain Circular 4/2016 were adopted in October 2016. This resulted in an increase in the observed default frequency, due to a wider range of reasons for refinancing being considered as non-performing and a larger pulling effect. Nevertheless, the entry into force of Circular 4/2017 did not have any additional impact on default rates.

Lastly, CaixaBank adopted the EBA's definition of default set forth in EBA Guideline EBA/GL/2016/07 in December 2019. This specific guideline specifies how the requirements of Regulation (EU) No. 575/2013 should be interpreted.

The comparison between the observed average default rate and PD was carried out in accordance with the quantitative study required by the European Banking Authority (EBA) in the document "Guidelines on disclosure requirements under Part Eight of Regulation 575 2013", published in August 2017.

Below are tables presented in CR9 and CR9.1[1] format including information regarding the back-testing of PD. They show information on the average PD of the Group's exposure as of 31 December 2022, the observed average default rate in 2023 rate and the average annual default rate for the last five years, for each IRB segment, based on the PD scales.

They show how, in general, the through-the-cycle PD is above the observed average default rate, as well as how the lower the credit quality (higher PD), the higher the observed average default rate, indicating the good discriminatory power of the Group's models.

1 When article 180.1f of the CRR applies.

Table 8.31. EU CR9 - IRB approach - Back-testing of PD per exposure class (corporate - other)

Exposure class	PD scale	Number of obligors in units					
		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)[1]	Average historical annual default rate (%)
			Of which: number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
	0.00 to <0.15	1,051	3	0.29%	0.08%	0.14%	0.38%
	0.00 to <0.10	59	–	- %	0.07%	0.06%	- %
	0.10 to <0.15	992	3	0.30%	0.11%	0.15%	0.40%
	0.15 to <0.25	697	–	- %	0.16%	0.19%	0.46%
	0.25 to <0.50	2,748	15	0.55%	0.34%	0.31%	0.88%
	0.50 to <0.75	1,450	18	1.23%	0.62%	0.66%	1.23%
	0.75 to <2.50	1,848	30	1.62%	1.13%	1.43%	2.29%
	0.75 to <1.75	1,586	22	1.39%	1.13%	1.29%	2.02%
	1.75 to <2.5	262	8	3.05%	2.09%	2.29%	3.42%
	2.50 to <10.00	963	27	2.80%	4.91%	3.99%	3.25%
	2.5 to <5	648	17	2.62%	3.46%	3.13%	3.13%
	5 to <10	315	10	3.17%	7.24%	5.76%	3.29%
	10.00 to <100.00	769	36	4.68%	17.71%	18.06%	9.15%
	10 to <20	471	15	3.18%	12.36%	11.54%	8.52%
	20 to <30	168	10	5.95%	22.92%	20.78%	5.81%
	30.00 to <100.00	130	11	8.46%	38.72%	38.20%	15.34%
	100.00 (Default)	910	910	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.32. EU CR9 - IRB approach - Back-testing of PD per exposure class (corporate - SMEs) A-IRB

Exposure class	PD scale	Number of obligors in units					
		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) (1)	Average historical annual default rate (%)
			Of which: number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
	0.00 to <0.15	5,622	21	0.37%	0.11%	0.11%	0.40%
	0.00 to <0.10	2,957	4	0.14%	0.08%	0.07%	0.35%
	0.10 to <0.15	2,665	17	0.64%	0.13%	0.15%	0.46%
	0.15 to <0.25	2,761	6	0.22%	0.16%	0.16%	0.35%
	0.25 to <0.50	9,602	40	0.42%	0.27%	0.32%	0.69%
	0.50 to <0.75	5,192	87	1.68%	0.66%	0.60%	1.58%
	0.75 to <2.50	12,273	321	2.62%	1.43%	1.44%	2.66%
	0.75 to <1.75	8,457	148	1.75%	1.27%	1.11%	1.85%
	1.75 to <2.5	3,816	173	4.53%	1.88%	2.17%	4.18%
	2.50 to <10.00	3,750	216	5.76%	5.02%	4.91%	5.86%
	2.5 to <5	2,933	146	4.98%	3.11%	4.04%	4.80%
	5 to <10	817	70	8.57%	6.58%	8.03%	9.41%
	10.00 to <100.00	1,152	258	22.40%	23.54%	21.93%	21.77%
	10 to <20	680	127	18.68%	12.89%	13.32%	20.00%
	20 to <30	151	48	31.79%	22.84%	23.20%	24.49%
	30.00 to <100.00	321	83	25.86%	40.57%	39.56%	24.70%
	100.00 (Default)	2,142	2,142	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.33. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - real estate, non-SME)

		Number of obligors in units					
Exposure class	PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) [1]	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	1.397.356	1,216	0.09%	0.08%	0.07%	0.07%
	0.00 to <0.10	876,985	418	0.05%	0.04%	0.04%	0.05%
	0.10 to <0.15	520,371	797	0.15%	0.13%	0.13%	0.13%
	0.15 to <0.25	10,854	5	0.05%	0.17%	0.17%	0.14%
	0.25 to <0.50	268,638	801	0.30%	0.27%	0.27%	0.30%
	0.50 to <0.75	162,033	680	0.42%	0.53%	0.53%	0.53%
	0.75 to <2.50	162,218	1,684	1.04%	1.25%	1.24%	1.12%
	0.75 to <1.75	161,663	1,684	1.04%	1.25%	1.24%	1.11%
	1.75 to <2.5	555	–	- %	2.04%	2.06%	1.16%
	2.50 to <10.00	108,006	3,578	3.31%	4.89%	4.81%	3.56%
	2.5 to <5	58,260	1,342	2.30%	3.07%	3.04%	2.45%
	5 to <10	49,746	€2,236	4.49%	6.90%	6.89%	5.33%
	10.00 to <100.00	40,013	6,852	17.12%	25.31%	26.85%	17.43%
	10 to <20	14,205	1,745	12.28%	15.48%	15.22%	11.75%
	20 to <30	7,298	1,180	16.17%	21.94%	22.78%	16.73%
	30.00 to <100.00	18,509	3,928	21.22%	38.85%	37.38%	24.85%
	100.00 (Default)	53,585	53,585	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.34. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail-real estate, SME) A-IRB

Number of obligors in units							
Exposure class	PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) (1)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	66,223	43	0.06%	0.08%	0.07%	0.11%
	0.00 to <0.10	44,435	18	0.04%	0.05%	0.04%	0.08%
	0.10 to <0.15	21,788	25	0.11%	0.13%	0.13%	0.21%
	0.15 to <0.25	1,975	4	0.20%	0.16%	0.16%	0.26%
	0.25 to <0.50	18,502	46	0.25%	0.27%	0.30%	0.40%
	0.50 to <0.75	9,069	31	0.34%	0.65%	0.52%	0.79%
	0.75 to <2.50	21,706	189	0.87%	1.39%	1.34%	1.15%
	0.75 to <1.75	17,449	122	0.70%	1.18%	1.14%	0.92%
	1.75 to <2.5	4,257	67	1.57%	2.02%	2.16%	1.82%
	2.50 to <10.00	21,469	657	3.06%	5.18%	4.47%	3.96%
	2.5 to <5	15,667	394	2.51%	3.19%	3.54%	3.44%
	5 to <10	5,802	263	4.53%	6.79%	6.98%	5.55%
	10.00 to <100.00	3,970	648	16.32%	22.45%	28.74%	18.83%
	10 to <20	993	91	9.16%	14.18%	14.24%	12.31%
	20 to <30	877	145	16.53%	24.67%	22.84%	17.90%
	30.00 to <100.00	2,100	412	19.62%	39.27%	38.06%	23.98%
	100.00 (Default)	8,845	8,845	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.35. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - other, non-SMEs)

		Number of obligors in units					
Exposure class	PD scale	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) [1]	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	371,311	606	0.16%	0.06%	0.08%	0.15%
	0.00 to <0.10	301,616	503	0.17%	0.06%	0.07%	0.15%
	0.10 to <0.15	69,695	103	0.15%	– %	0.12%	0.24%
	0.15 to <0.25	139,592	613	0.44%	0.19%	0.19%	0.42%
	0.25 to <0.50	239,282	1,869	0.78%	0.37%	0.35%	0.87%
	0.50 to <0.75	234,091	1,186	0.51%	0.65%	0.58%	0.53%
	0.75 to <2.50	1.641.206	7,269	0.44%	1.62%	1.66%	0.49%
	0.75 to <1.75	1.028.030	4,062	0.40%	1.28%	1.27%	0.45%
	1.75 to <2.5	613,176	3,207	0.52%	2.28%	2.31%	0.55%
	2.50 to <10.00	333,495	12,130	3.64%	5.20%	5.09%	4.25%
	2.5 to <5	219,056	4,888	2.23%	3.75%	3.66%	2.67%
	5 to <10	114,439	7,242	6.33%	7.65%	7.83%	7.34%
	10.00 to <100.00	80,176	15,162	18.91%	26.02%	22.92%	21.84%
	10 to <20	48,676	5,702	11.71%	13.76%	15.09%	13.16%
	20 to <30	12,538	2,655	21.18%	22.63%	24.29%	24.00%
	30.00 to <100.00	18,962	6,805	35.89%	41.25%	42.13%	38.03%
	100.00 (Default)	46,910	46,910	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.36. EU CR9 - IRB approach - Back-testing of PD per exposure class (Retail - other, SMEs) A-IRB

Exposure class	PD scale	Number of obligors in units					
		Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) (1)	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	0.00 to <0.15	71,812	159	0.22%	0.09%	0.07%	0.28%
	0.00 to <0.10	67,878	156	0.23%	0.07%	0.07%	0.23%
	0.10 to <0.15	3,934	3	0.08%	0.13%	0.15%	1.26%
	0.15 to <0.25	45,483	223	0.49%	0.18%	0.17%	0.44%
	0.25 to <0.50	160,734	1,239	0.77%	0.29%	0.36%	0.82%
	0.50 to <0.75	24,523	441	1.80%	0.70%	0.63%	1.62%
	0.75 to <2.50	197,565	6,697	3.39%	1.70%	1.36%	3.37%
	0.75 to <1.75	146,348	3,865	2.64%	1.23%	1.08%	2.63%
	1.75 to <2.5	51,217	2,832	5.53%	1.96%	2.17%	5.36%
	2.50 to <10.00	126,382	9,773	7.73%	5.26%	4.47%	8.17%
	2.5 to <5	104,146	6,983	6.71%	3.45%	3.76%	7.08%
	5 to <10	22,236	2,790	12.55%	5.72%	7.77%	14.00%
	10.00 to <100.00	17,902	5,809	32.45%	22.66%	27.81%	31.96%
	10 to <20	5,518	1,235	22.38%	13.33%	13.55%	23.26%
	20 to <30	4,267	1,664	39.00%	24.11%	22.54%	36.24%
	30.00 to <100.00	8,117	2,910	35.85%	41.59%	40.28%	35.18%
	100.00 (Default)	44,044	44,044	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.37. EU CR9 - IRB approach - Back-testing of PD per exposure class (retail - qualifying revolving)

		Number of obligors in units					
		Number of obligors at the end of previous year					
Exposure class	PD scale		Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%) (1)	Average historical annual default rate (%)
a	b	c	d	e	f	G	h
	0.00 to <0.15	6.038.132	6,350	0.11%	0.06%	0.08%	0.07%
	0.00 to <0.10	3.352.027	3,291	0.10%	0.04%	0.04%	0.05%
	0.10 to <0.15	2.686.105	3,059	0.11%	0.12%	0.12%	0.09%
	0.15 to <0.25	1.049.237	2,143	0.20%	0.20%	0.19%	0.16%
	0.25 to <0.50	727,090	2,932	0.40%	0.31%	0.32%	0.38%
	0.50 to <0.75	855,475	5,086	0.59%	0.55%	0.56%	0.55%
	0.75 to <2.50	1.387.160	21,541	1.55%	1.47%	1.51%	1.39%
	0.75 to <1.75	1.057.945	13,140	1.24%	1.24%	1.24%	1.23%
	1.75 to <2.5	329,215	8,401	2.55%	2.40%	2.39%	1.88%
	2.50 to <10.00	798,395	48,616	6.09%	4.84%	5.24%	4.72%
	2.5 to <5	432,147	14,523	3.36%	3.29%	3.44%	3.16%
	5 to <10	366,248	34,093	9.31%	7.12%	7.36%	6.54%
	10.00 to <100.00	291,970	69,811	23.91%	24.79%	22.09%	16.94%
	10 to <20	201,376	36,792	18.27%	15.37%	15.53%	11.89%
	20 to <30	46,888	12,489	26.64%	26.93%	26.47%	18.95%
	30.00 to <100.00	43,706	20,530	46.97%	53.32%	47.65%	35.82%
	100.00 (Default)	344,692	344,692	100.00%	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

Table 8.38. EU CR9.1 - IRB approach - Back-testing of PD per exposure class (corporate - other)

			Number of obligors in units				
Exposure class	PD scale	External rating equivalent	Number of obligors at the end of previous year	Of which: number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%) [1]	Average historical annual default rate (%)
a	b	c	d	e	f	g	h
	1	AAA	–	–	– %	– %	– %
	2	AA+	–	–	– %	– %	– %
	3	AA	–	–	– %	– %	– %
	4	AA-	1	–	– %	0.03%	– %
	5	A+	11	–	– %	0.04%	– %
	6	A	22	–	– %	0.06%	– %
	7	A-	25	–	– %	0.08%	– %
	8	BBB+	992	3	0.30%	0.15%	0.40%
	9	BBB	239	–	– %	0.15%	0.38%
	10	BBB-	457	–	– %	0.22%	0.34%
	11	BB+	2,683	15	0.56%	0.31%	1.01%
	12	BB	1,676	21	1.24%	0.66%	1.19%
	13	BB-	1,337	19	1.42%	1.32%	1.94%
	14	B+	919	21	2.29%	2.62%	3.16%
	15	B	395	14	3.54%	5.53%	3.97%
	16	B-	446	11	2.48%	11.19%	5.53%
	17	CCC+	188	14	7.41%	20.09%	5.13%
	18	CCC	108	11	10.19%	34.57%	9.48%
	19	CCC-	28	–	– %	50.19%	16.47%
	20	D	910	910	100.00%	100.00%	100.00%

Only including credit risk exposures. Excluding counterparty, securitisation and equity portfolio exposures.
(1) The average PD is calculated by weighting by number of obligors and corresponds to the end of the previous year.

_Comparison of EAD and realised exposure

EAD (exposure at default) is defined as the estimated amount that will be drawn by the customer at the time of default. This value is obtained as the amount drawn when the estimation is made plus a percentage of the amount that could be drawn, determined by the credit conversion factor (CCF).

In this analysis the estimated EAD at 31 December 2022 has been compared to the realised exposure when the default was identified. This comparison is made at the level of regulatory exposure category and by product type. As the CCF is an estimate with an overview of a downtime of the cycle, the EAD is expected not be lower than the realised exposure.

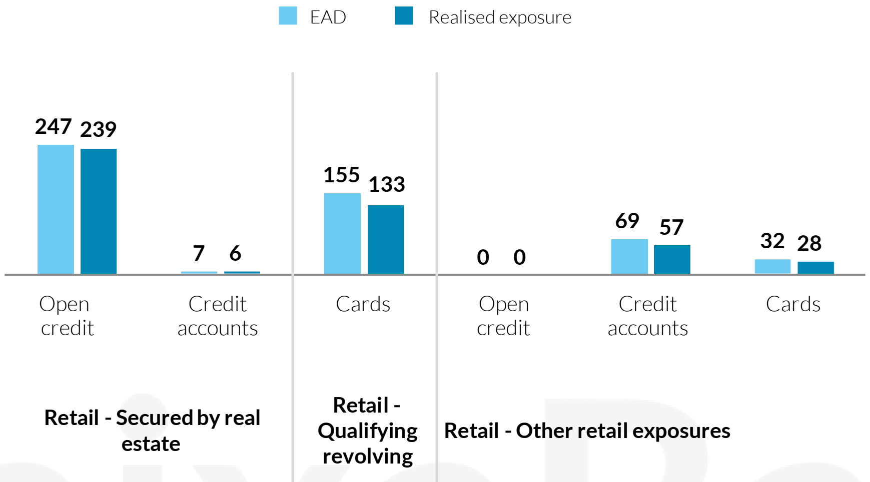
The coverage ratio is also defined as a measure to assess the accuracy of the estimates made. This ratio is defined as estimated EAD divided by realised exposure.

In all regulatory exposure categories and retail products, the estimated EAD is higher than the realised EAD when the default occurs. In both open credit, which is one of the main products with available balances in CaixaBank, especially in its retail portfolio and the rest of products, the estimated parameter is prudent.

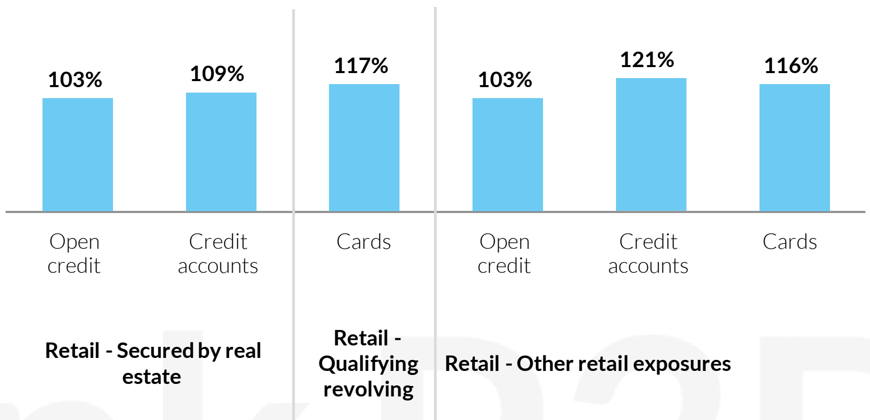
Below are the coverage ratios that confirm the adequacy of the CCF estimated for retail, as they show values above 100%.

a. Retail

/ **CHART 7.** COMPARISON OF EAD AND RETAIL REALISED EXPOSURE



/ **CHART 8.** RETAIL COVERAGE RATIO

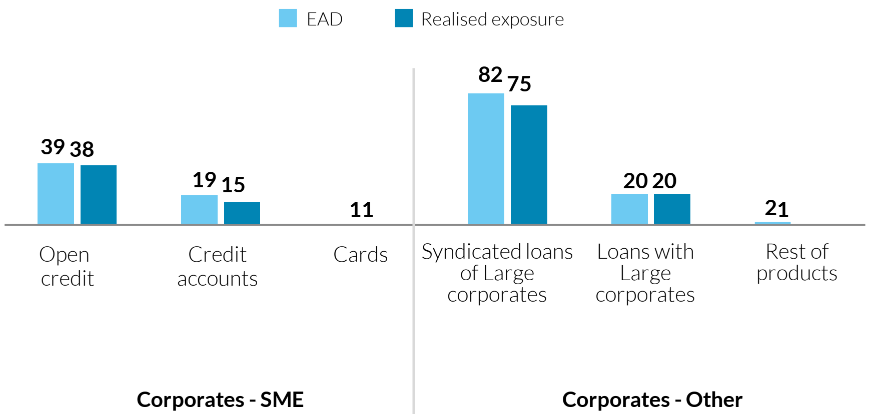


b. Corporates

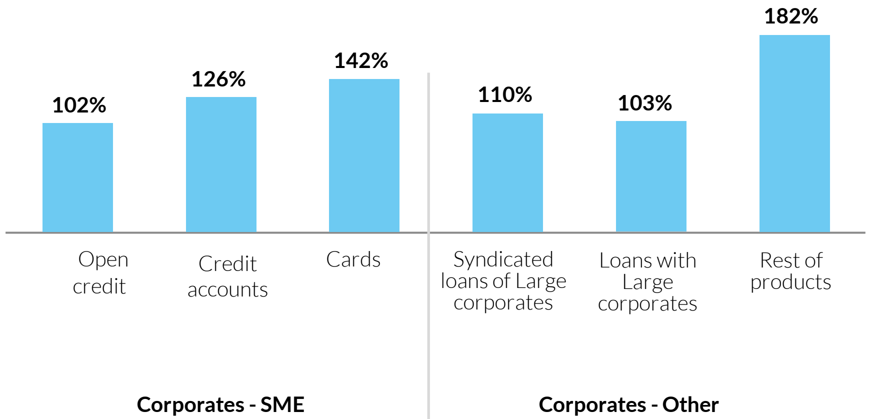
The comparison between the estimated EAD and the realised exposure of products in the category of regulatory exposure of corporates also shows the prudent nature of the Entity's CCF estimates.

The coverage ratios are above 100%, indicating a good result in the back-testing performed for company products.

/ **CHART 9.** COMPARISON OF EAD AND CORPORATES REALISED EXPOSURE



/ **CHART 10.** CORPORATES COVERAGE RATIO



_Comparison of DT LGD and realised LGD

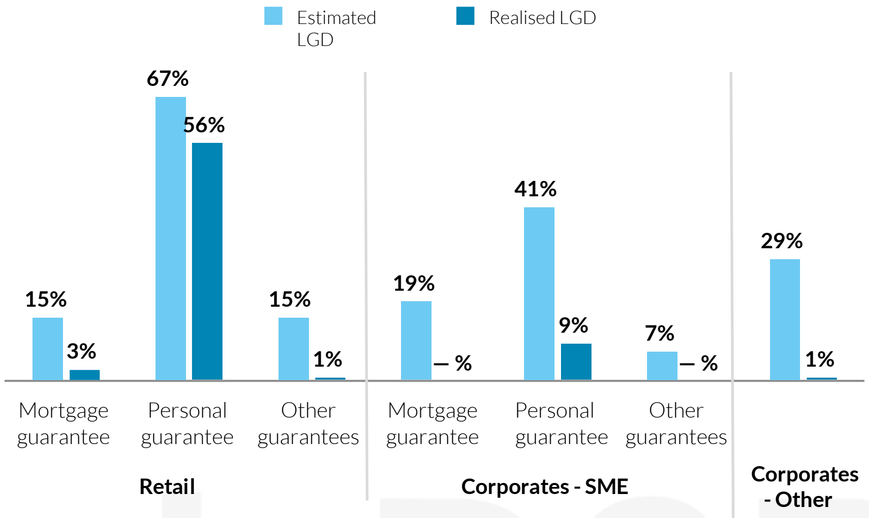
The LGD (loss given default) indicates the percentage of a debt is not recovered after the recovery processes. Since the real loss on a default only becomes known upon the conclusion of the process, which varies in duration, the LGD is calculated only for concluded cases. This requires a longer observation period than for other parameters. Moreover, the realised LGD can vary annually with the inclusion of new cases of resolved defaults.

The following analysis compares the DT LGD with the realised LGD. To that end, defaults of performing loans as of 31 December 2020 that went into default in 2021 and for which the recovery process was completed by 31 December 2023 were selected. This selection provides a sample of completed cycles to compare their estimated DT LGD and realised LGD.

As the DT LGD corresponds to an estimate at a downtime of the cycle, it is expected that it will not be lower than the realised LGD.

When comparing the estimated DT LGD and realised LGD at the level of regulatory exposure category and guarantee type, the realised LGD is lower than the estimated DT LGD for all segments.

/ **CHART 11.** COMPARISON BETWEEN ESTIMATED DT LGD AND REALISED LGD



_Comparison between effective loss and regulatory expected loss

The regulatory expected loss consists of the through-the-cycle PD and the LGD and EAD corresponding to estimates at downtimes of the cycle. Meanwhile, the effective loss is the value of the adjusted loss incurred in the portfolio during a specific period.

The regulatory expected loss cannot be considered an estimator in line with expected loss in a specific year or period. Consequently, whereas regulatory expected loss should show stable values over time, realised loss will fluctuate in accordance with the phase of the economic cycle and the internal recovery policies. In this financial year, losses have been presented since 2020 in order to compare periods in which the same definition of default is applied; CaixaBank adopted the EBA's new definition of default in accordance with EBA Guidelines (EBA/GL/2016/07) in December 2019.

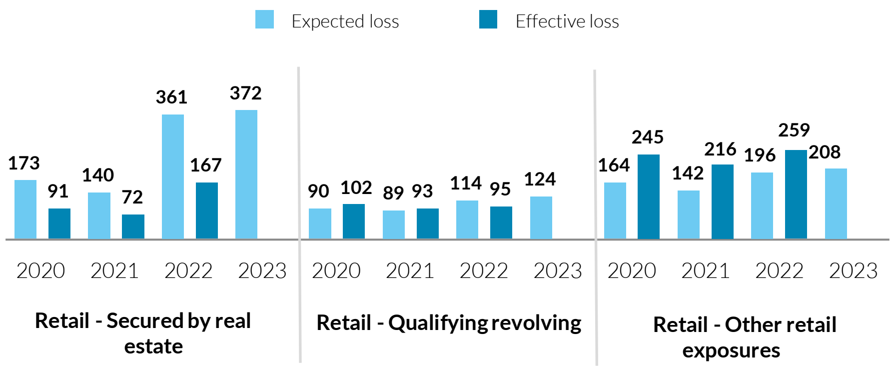
To compare expected loss and effective loss, non-distressed loans as of 31 December of each year measured using an advanced IRB approach were used, with expected loss at that time compared to realised loss observed the following year. In light of existing restrictions, the following assumptions were used to calculate effective loss:

- Effective loss is only calculated for loan contracts that have entered into default, whereby the exposure value is taken as the realised exposure at the time of default. Those that have not defaulted during the following year will have an effective loss of EUR 0.
- For contracts in default for which the recovery cycle has not been completed, the sum of the realised loss and the expected loss as of 31 December 2023 has been used as the best estimate of effective loss. This means that, for the most recent year (2023), where the majority of the uncompleted cycles are concentrated, effective loss for such contracts cannot be estimated with adequate certainty; therefore, the effective loss is not included in the comparison for 2023. Previous years may also contain cycles that have not yet been completed, although to a lesser extent.
- Effective loss could vary from one year to another for the same period due to the completion of recovery processes.

Below are the changes in expected loss and effective loss in recent years in the different regulatory categories: The expected loss shown in the charts corresponds to December of the previous year.

a. Retail

/ **CHART 12.** RETAIL EXPECTED AND EFFECTIVE LOSS



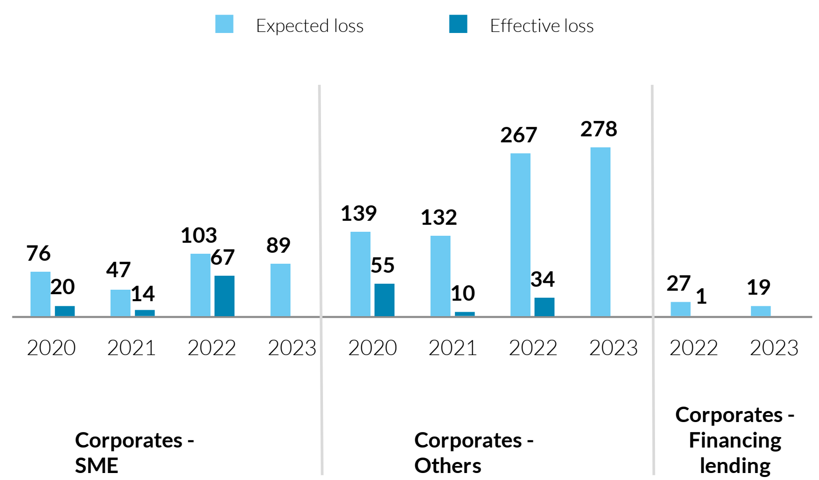
The expected loss of recent years remains at similar levels. The increase in 2022 is due to the balance sheet's growth resulting from the incorporation of Bankia's portfolio following the merger.

For the categories of retail regulatory exposure secured by real estate (the main portfolio in terms of exposure) and qualifying revolving, the trend is upheld with the expected loss above the effective loss.

For other retail exposures, effective loss is above the expected loss as a result of the efforts associated with the reduction of non-performing loans.

b. Corporates

/ **CHART 13.** CORPORATES EXPECTED AND EFFECTIVE LOSS



For the categories of regulatory exposure, the expected loss also remains at similar levels, except in December 2021, which increased due to the integration of Bankia's portfolio.

In all categories the regulatory exposure in companies the trend is upheld, with the expected loss always above the effective loss.

c. Integration of internal risk estimates in management

The use of risk parameters, PD, LGD and EAD, is key to managing CaixaBank's credit risk and goes beyond regulatory use.

The main risk-measurement parameters are taken into account in decision-making, from approval through to the monitoring of exposure, as well as in managing incentives and monitoring the profitability of business segments.

The main tools and policies are listed below:

> **Authority system for weighted expected loss in the approval of risk for companies.**

Calculating the level of risk for expected loss (PD x EAD x LGD) improves risk control, bringing approval authorisations into line with the measured risk of the customer and, if applicable, that of the customer's economic group.

The calculation of an application's level of risk combines the expected loss and the maximum loss (exposure x LGD) of all of a customer's applications and contracts and those of its business group across the Bank, including new lending and excluding any transactions that are earmarked for cancellation.

The limit on maximum loss prevents excessively high nominal amounts from being authorised when the customer's PD is extremely low.

The level of risk approval is determined in accordance with expected loss amounts and maximum cumulative loss amounts for each borrower's transactions and those of its related economic group, as appropriate.

> **Risk approval pricing system**

Ensures a suitable risk-return ratio for each application by estimating the cost of the operation as the sum of:

a. The expected loss.

b. The cost of capital.

c. An estimate of internal operating costs.

d. The cost of the funds.

e. Other expenses.

> **PD/ master scale system of diagnostics in the authorisation of retail lending**

Automatic action-recommendation system for the approval of transactions with individuals according probability of default (PD) transferred into the master scale categorisation.

Establishing a transaction acceptance/denial boundary point, with a penalisation in the approval authorisations when they involve an especially high risk level.

> **Risk-Adjusted Return (RAR) system**

Calculation of the return on capital consumption, after deducting expected loss, operating costs and the cost of the funds:

RAR = (operating income - expected loss - taxes) / capital requirement

The minimum return on capital that a transaction should achieve is determined by the cost of capital, which is the minimum return required by shareholders.

When a transaction yields a positive risk-adjusted return, this means that it shares in the Bank's profit, but it will only create shareholder value when the return exceeds the cost of capital.

This system allows for greater control over the balance between risk and return relative to the Bank's customer portfolio.

> **Calculation of provisions using internal models under IFRS9 or Bank of Spain Circular 4/2017**

This Circular establishes that – with the exception of the non-performing portfolio or watch-list performing corresponding to assets classified as single names – expected loss shall be calculated using internal models sharing a significant basis with IRB models: such internal models differ from IRB models in the nature of their estimates, which are forward-looking rather than through-the-cycle, since they have to reflect the economic conditions of the present and those expected in the future.

In addition, internal models are also used in **classifying risk in terms of their accounting stage.**

8.1.4. QUANTITATIVE INFORMATION ESG RISK

Credit risk is the prudential risk that may be most impacted by climatic factors, mainly transition and physical factors, in the short, medium and long term:

1. **Transition risk:** the macro sectors potentially most impacted in the medium to long term are agriculture, energy/services, oil and gas, transport, materials and mining and metallurgy. Among the sectors with the highest risk, CaixaBank has identified the coal (energy sub-sector) and oil and gas sectors as the highest priority sectors in terms of transition risk. Of the sectors with an average impact, real estate stands out. In the short term, the impact is considered minor. This top-down sectoral vision is complemented by a bottom-up vision based on:
    - The segments of activity within each macro sector (value chain).
    - The time frames of financing operations.
    - The characteristics and positions of the main customers, the impact of which can be very heterogeneous, e.g. depending on how they incorporate these risks in their strategic vision. More individualised analyses are already being applied in the risk acceptance processes to take these aspects into account.

2. **Physical risk:** Spain is one of the regions of Europe that will potentially be more affected by the physical risks of climate change. Of those analysed, meteorological events linked to fires and floods are the most relevant.

    In the mortgage portfolio, based on the geographical location of the assets, the impact is not considered material in the short and medium term. This assessment is complemented by a more granular analysis for the potentially most affected areas as well as for the portfolio of legal entities (location of infrastructure and sector-specific characteristics such as energy/services, agriculture, oil and gas or mining).

Below is information as of December 2023 regarding the exposures in non-financial companies operating in sectors that highly contribute to climate change. This includes the exposure credit quality, the corresponding impairments and provisions and the financed emissions as of December 2022.

Table 8.39. Template 1: Banking book - Transition risk of climate change: Credit quality of exposures by sector, emissions and residual maturity

	Amounts in millions of euros	a	b	c	d	e	f	g	h
		Gross carrying amount					Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions		
	Sector/subsector		Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[2]	Of which environmentally sustainable (MCP)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
1	**Exposure to sectors that highly contribute to climate change[1]**	**122,372**	**8,087**	**3,245**	**10,876**	**4,089**	**(2,498)**	**(296)**	**(1,815)**
2	A - Agriculture, forestry and fishing	2,940	1	1	341	180	(126)	(10)	(94)
3	B - Mining and quarrying	559	–	–	13	17	(11)	–	(8)
4	B.05 - Mining of coal and lignite	–	–	–	–	–	–	–	–
5	B.06 - Extraction of crude petroleum and natural gas	82	–	–	–	–	–	–	–
6	B.07 - Mining of metal ores	74	–	–	–	1	(1)	–	(1)
7	B.08 - Other mining and quarrying	291	–	–	12	16	(10)	–	(8)
8	B.09 - Mining support service activities	112	–	–	–	–	–	–	–
9	C - Manufacturing	29,993	879	550	2,758	867	(503)	(48)	(355)
10	C.10 - Manufacture of food products	5,773	4	–	689	204	(98)	(11)	(65)
11	C.11 - Manufacture of beverages	1,492	–	–	86	46	(36)	(1)	(28)
12	C.12 - Manufacture of tobacco products	47	–	–	1	–	–	–	–
13	C.13 - Manufacture of textiles	410	–	–	79	32	(16)	(2)	(11)
14	C.14 - Manufacture of wearing apparel	271	–	–	22	20	(10)	(1)	(7)
15	C.15 - Manufacture of leather and related products	166	–	–	33	12	(9)	(1)	(7)
16	C.16 - Manufacture of wood and of cork products, except furniture; manufacture of articles of straw and plaiting materials	573	–	3	46	15	(11)	(3)	(6)
17	C.17 - Manufacture of pulp, paper and paperboard	1,164	–	36	82	4	(5)	(1)	(2)
18	C.18 - Printing and service activities related to printing	318	–	–	39	26	(14)	(1)	(11)
19	C.19 - Manufacture of coke oven products	894	588	–	106	–	(2)	(1)	–
20	C.20 - Manufacture of chemicals and chemical products	3,091	132	2	320	41	(33)	(2)	(26)

	Amounts in millions of euros	a	b	c	d	e	f	g	h
		Gross carrying amount					Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions		
	Sector/subsector		Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[2]	Of which environmentally sustainable (MCP)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
21	C.21 - Manufacture of pharmaceutical products	1,025	–	–	81	27	(14)	(1)	(10)
22	C.22 - Manufacture of rubber products	784	2	–	85	19	(16)	(2)	(9)
23	C.23 - Manufacture of other non-metallic mineral products	1,489	–	5	138	58	(38)	(4)	(29)
24	C.24 - Manufacture of basic metals	1,240	1	126	118	128	(56)	(3)	(47)
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1,596	–	–	191	91	(52)	(6)	(37)
26	C.26 - Manufacture of computer, electronic and optical products.	659	–	–	36	6	(4)	(1)	(2)
27	C.27 - Manufacture of electrical equipment	595	152	3	26	18	(13)	–	(9)
28	C.28 - Manufacture of machinery and equipment n.e.c.	999	–	3	116	28	(17)	(1)	(12)
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	5,722	–	295	188	44	(29)	(3)	(17)
30	C.30 - Manufacture of other transport equipment	678	–	76	182	3	(4)	(1)	(2)
31	C.31 - Manufacture of furniture	319	–	–	29	18	(10)	(2)	(7)
32	C.32 - Other manufacturing	469	–	–	37	16	(10)	(1)	(8)
33	C.33 - Repair and installation of machinery and equipment	220	–	–	27	10	(6)	(1)	(4)
34	D - Electricity, gas, steam and air conditioning supply	17,891	5,969	2,017	479	204	(110)	(16)	(64)
35	D35.1 - Electric power generation, transmission and distribution	15,494	3,593	1,954	476	202	(107)	(16)	(63)
36	D35.11 - Production of electricity	10,690	3,222	1,470	394	159	(90)	(15)	(59)
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	2,378	2,376	63	–	1	(2)	–	–
38	D35.3 - Steam and air conditioning supply	19	–	–	2	1	(1)	–	(1)

	Amounts in millions of euros	a	b	c	d	e	f	g	h
		Gross carrying amount					Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions		
	Sector/subsector		Of which, exposures to companies excluded from the EU Paris-aligned benchmarks indices[2]	Of which environmentally sustainable (MCP)	Of which Stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
39	E - Water supply; sewage, waste management and remediation activities	2,156	–	60	76	13	(11)	(3)	(5)
40	F - Construction	10,160	1	219	788	657	(0.430)	(26)	(329)
41	F.41 - Construction of buildings	4,559	1	56	468	351	(272)	(17)	(207)
42	F.42 - Civil engineering	2,397	–	102	100	121	(46)	(2)	(37)
43	F.43 - Specialised construction activities	3,204	–	61	220	185	(111)	(7)	(86)
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	20,982	33	48	2,229	927	(582)	(62)	(433)
45	H - Transport and storage	14,734	1,203	302	1,101	477	(337)	(74)	(267)
46	H.49 - Land transport and transport via pipelines	6,523	1,203	64	274	101	(65)	(8)	(45)
47	H.50 - Water transport	1,297	–	–	38	21	(17)	–	(13)
48	H.51 - Air transport	889	–	–	84	77	(27)	(2)	(22)
49	H.52 - Warehousing and support activities for transportation	5,604	–	238	699	274	(226)	(64)	(187)
50	H.53 - Postal and courier activities	421	–	–	5	4	(2)	–	(1)
51	I - Accommodation and food service activities	9,721	–	–	1,936	428	(207)	(39)	(134)
52	L - Real estate activities	13,234	–	46	1,154	319	(182)	(18)	(125)
53	**Exposure to sectors other than those that highly contribute to climate change[1]**	**22,783**	**1**	**190**	**1,809**	**950**	**(1,238)**	**(173)**	**(872)**
54	K - Financial and insurance activities	2,359	–	6	105	20	(18)	(2)	(10)
55	Exposure to other sectors (M-U NACE codes)	20,424	1	183	1,704	931	(1,220)	(171)	(862)
56	**TOTAL**	**145,155**	**8,089**	**3,434**	**12,685**	**5,040**	**(3,736)**	**(469)**	**(2,687)**

(1) In accordance with Commission Delegated Regulation (EU) 2020/1818, supplementing Regulation (EU) 2016/1011 regarding minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Considering 6: Sectors listed in Sections A to H and section L of Annex I to Regulation (EC) 1893/2006

(2) In accordance with Article 12.1 (d) to (g) and Article 12.2 of the Climate Benchmark Standards Regulation.

		i	j	k	l	m	n	o	p
	Sector/subsector	Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)		GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
			Of which Scope 3 financed emissions						
1	**Exposure to sectors that highly contribute to climate change[1]**	**56.181.031**	**42.838.424**	**14.05%**	**81,829**	**20,419**	**16,945**	**3,179**	**6**
2	A - Agriculture, forestry and fishing	1.631.470	359,294	1.83%	1,722	815	371	32	5
3	B - Mining and quarrying	528,750	180,209	0.01%	423	97	4	34	3
4	B.05 - Mining of coal and lignite	118	13	— %	–	–	–	–	3
5	B.06 - Extraction of crude petroleum and natural gas	6,514	2,400	0.22%	60	22	–	–	5
6	B.07 - Mining of metal ores	11,384	8,514	— %	73	1	–	–	2
7	B.08 - Other mining and quarrying	79,575	24,538	— %	209	74	4	4	3
8	B.09 - Mining support service activities	431,158	144,744	— %	82	–	–	30	2
9	C - Manufacturing	30.506.410	25.787.791	15.96%	24,788	4,004	704	498	3
10	C.10 - Manufacture of food products	3.653.840	3.226.881	5.00%	4,742	868	111	53	3
11	C.11 - Manufacture of beverages	267,879	199,840	— %	995	441	37	20	3
12	C.12 - Manufacture of tobacco products	701	321	— %	3	–	–	44	3
13	C.13 - Manufacture of textiles	152,302	118,074	— %	350	43	11	5	3
14	C.14 - Manufacture of wearing apparel	88,557	58,570	— %	242	20	6	3	2
15	C.15 - Manufacture of leather and related products	71,740	60,413	— %	139	18	4	6	3
16	C.16 - Manufacture of wood and of cork products, except furniture; manufacture of articles of straw and plaiting materials	231,563	122,509	— %	422	128	17	6	3
17	C.17 - Manufacture of pulp, paper and paperboard	465,906	196,349	— %	887	271	4	2	3
18	C.18 - Printing and service activities related to printing	68,931	45,873	— %	229	63	20	6	4

	Sector/subsector	i	j	k	l	m	n	o	p
		Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)	Of which Scope 3 financed emissions	GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
19	C.19 - Manufacture of coke oven products	3.696.930	3.196.719	53.46%	676	110	50	57	4
20	C.20 - Manufacture of chemicals and chemical products	843,363	504,426	0.03%	2,793	273	19	7	3
21	C.21 - Manufacture of pharmaceutical products	192,328	119,010	— %	892	130	1	2	3
22	C.22 - Manufacture of rubber products	307,137	242,736	— %	597	132	37	19	4
23	C.23 - Manufacture of other non-metallic mineral products	1.995.525	421,943	— %	1,230	216	14	29	3
24	C.24 - Manufacture of basic metals	1.450.568	741,794	49.54%	1,167	59	4	10	2
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	788,185	643,721	2.58%	1,249	272	47	28	3
26	C.26 - Manufacture of computer, electronic and optical products.	82,714	64,474	— %	252	399	4	4	5
27	C.27 - Manufacture of electrical equipment	160,775	131,110	0.08%	388	178	4	24	3
28	C.28 - Manufacture of machinery and equipment n.e.c.	13.194.927	13.147.233	29.20%	794	163	11	32	3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	2.165.748	2.100.015	55.58%	5,420	86	91	125	2
30	C.30 - Manufacture of other transport equipment	313,332	252,501	12.70%	480	19	174	5	17
31	C.31 - Manufacture of furniture	117,800	65,462	— %	252	43	21	4	4
32	C.32 - Other manufacturing	87,972	51,792	— %	419	39	6	5	3
33	C.33 - Repair and installation of machinery and equipment	107,686	76,023	0.03%	170	34	12	4	3
34	D - Electricity, gas, steam and air conditioning supply	8.608.824	6.041.584	42.82%	10,144	1,624	5,804	319	7
35	D35.1 - Electric power generation, transmission and distribution	5.221.186	3.298.219	41.01%	8,228	1,328	5,621	317	8

	Sector/subsector	i Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)	j Of which Scope 3 financed emissions	k GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	l <= 5 years	m > 5 years <= 10 years	n > 10 years <= 20 years	o > 20 years	p Weighted average maturity
36	D35.11 - Production of electricity	3.161.845	2.154.931	26.51%	4,255	993	5,274	168	9
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	3.356.411	2.739.738	60.33%	1,902	292	182	1	4
38	D35.3 - Steam and air conditioning supply	31,228	3,627	— %	14	4	1	–	4
39	E - Water supply; sewage, waste management and remediation activities	484,778	245,092	6.89%	1,591	291	266	8	4
40	F - Construction	1.853.970	1.519.649	9.59%	6,082	1,101	1,641	1,336	10
41	F.41 - Construction of buildings	596,231	493,622	0.17%	1,741	539	1,142	1,137	17
42	F.42 - Civil engineering	297,740	243,419	26.03%	1,697	322	306	72	6
43	F.43 - Specialised construction activities	959,999	782,609	9.84%	2,644	241	193	127	4
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	7.670.532	6.815.266	2.65%	17,207	2,170	1,108	497	3
45	H - Transport and storage	4.258.048	1.433.523	17.37%	9,821	3,327	1,433	153	5
46	H.49 - Land transport and transport via pipelines	1.174.883	505,070	27.29%	4,903	1,123	451	46	5
47	H.50 - Water transport	484,823	62,355	— %	701	365	230	1	6
48	H.51 - Air transport	1.924.843	415,679	42.08%	358	526	–	6	7
49	H.52 - Warehousing and support activities for transportation	639,562	430,562	2.59%	3,446	1,311	749	98	5
50	H.53 - Postal and courier activities	33,937	19,857	— %	414	3	3	1	2
51	I - Accommodation and food service activities	543,998	408,329	3.43%	4,440	3,171	2,020	90	7
52	L - Real estate activities	94,251	47,686	2.41%	5,610	3,819	3,592	213	12
53	**Exposure to sectors other than those that highly contribute to climate change[1]**				**15,811**	**4,285**	**1,733**	**954**	**4**

	Sector/subsector	i	j	k	l	m	n	o	p
		Financed GHG emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tonnes of CO_2 equivalent)	Of which Scope 3 financed emissions	GHG emissions (column i): percentage of gross carrying value of the portfolio arising from specific company reports	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
54	K - Financial and insurance activities				1,682	329	60	287	5
55	Exposure to other sectors (M-U NACE codes)				14,129	3,956	1,673	667	4
56	**TOTAL**	**56.181.031**	**42.838.424**	**14.05%**	**97,640**	**24,704**	**18,678**	**4,133**	**6**

(1) In accordance with Commission Delegated Regulation (EU) 2020/1818, supplementing Regulation (EU) 2016/1011 regarding minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Considering 6: Sectors listed in Sections A to H and section L of Annex I to Regulation (EC) 1893/2006

(2) In accordance with Article 12.1 (d) to (g) and Article 12.2 of the Climate Benchmark Standards Regulation.

Following the EBA/ITS/2022/01 instructions, for counterparties with non-discriminating NACE (holding type), the assignment of counterparties to NACE is based on the nature of the counterparty's activity.

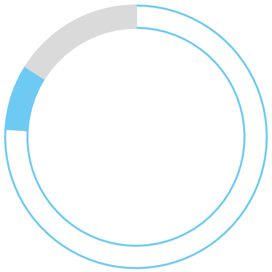
In table 8.39. Template 1: Banking book - Transition risk of climate change: Credit quality of exposures by sector, emissions and residual maturity shows:

1. Breakdown of exposures in loans and advances, debt securities and equity instruments to non-financial companies, excluding those held for trading, by sector of economic activity, where CaixaBank's sectoral exposure in sectors identified by the EBA as major contributors to climate change (NACE two digits, A-I and L) is EUR 122,372 million, which represents 84% of all non-financial companies. In the rest of the sectors, identified as less contaminating (NACE with two digits, K, J and M-U), the exposure is EUR 22,783 million, 16%.
2. Information about exposures excluded from the EU Paris-aligned benchmarks indices, as per articles 12.1 (section d-g) and 12.2 of the Commission Delegated Regulation (EU) of 2020/1818 of 17 July 2020. On the one hand, counterparties with indications that they cause significant damage to any of the environmental goals defined in Taxonomy Regulation (EU) 2020/852 and, on the other, counterparties that meet the following thresholds have been identified:
    - **Companies that derive more than 1%** of their revenues from exploration, mining, extraction, distribution or refining of anthracite, hard coal and lignite.
    - **Companies that derive more than 10%** of their revenues from the exploration, extraction, distribution or refining of oil fuels.
    - **Companies that derive more than 50%** of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels.
    - **Companies that derive more than 50%** of their revenues from electricity generation with a GHG intensity of more than 100 g CO2 e/kWh.

These exposures have been identified on a best-effort basis, establishing a series of quantitative and qualitative criteria, including the NACE linked to excluded activities and consulting public information on counterparties. With respect to the previous half, the identification of exposures excluded from the EU-Paris benchmark indices has been improved, which explains a relatively lower exposure from 7% to 6% of the total exposures in loans and advances, debt securities and equity instruments to non-financial companies.

CaixaBank is measuring the emissions linked to its financing and investment (scope 3 of carbon footprint category 15, as established by The global GHG accounting & reporting standard for the financial industry). Measuring the financed emissions is aimed at ascertaining the overall impact in terms of the carbon footprint of its financing activity. This information enables CaixaBank to draw up decarbonisation pathways to achieve net zero emissions by 2050, in line with the commitment of the Net Zero Banking Alliance (NZBA), which CaixaBank signed as a founding member in April 2021. The financed emissions are quantified according to "The global GHG accounting & reporting standard for the financial industry", standardised for emissions financed by PCAF (Partnership for Carbon Accounting Financials), to which CaixaBank adhered in July 2021.

The calculation for the loan portfolio as of 31 December 2022 of CaixaBank, S.A. and CaixaBank Payments and Consumer, S.A. covers the following types of assets: mortgages, commercial real estate (CRE), corporate loans, project finance and loans for financing vehicles. This represents a coverage of 78% of the total loan portfolio.



76%
Calculated exposure

8%
Exposure not calculated (data gap)

16%
Exposure without PCAF methodology (at the calculation date)

In addition, the financed emissions linked to the non-trading book and the corporate fixed income have been calculated.

Always following a bottom-up approach: emissions associated with the mortgage portfolio have been calculated using information from the energy performance certificate (actual or estimated) of the properties financed; emissions associated with the remaining financing and investment portfolio have been calculated from carbon footprint information (scope 1, 2 and 3) reported by the financed companies/projects, or from sectoral proxies. In all cases, the allocation of emissions financed by CaixaBank has been carried out based on the allocation factor defined by the PCAF for each type of asset and the best data available in each case.

The financed emissions included in the current template cannot be directly compared to those of December 2022, due to this month only including financed emissions for the two sectors that had been set decarbonisation targets (electricity and oil & gas) and showing the methodological decisions made for setting the alignment metrics, as specified in the corresponding note: based on the total granted risk and for the decarbonisation perimeter established for each of the sectors. As of the end of June, the financed emissions for all sectors on credit value used (at risk) have been included, based on the PCAF methodology.

A. Energy efficiency

Below is information, as at December 2023, on the energy performance of loans secured by commercial or residential immovable property, as well as the collateral obtained by taking possession, based on their energy efficiency in terms of energy consumption (kWh/m2) or their energy efficiency certificates (EPC).

Table 8.40. Template 2: Banking book - transition risk of climate change: Loans secured by immovable property - Energy efficiency of collateral

	Total gross carrying amount (in M)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
			Energy efficiency level (EP measurement in kWh/m² of collateral)						Energy efficiency level (collateral EPC)							No collateral EPC	
	Counterparty sector		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which estimated level of energy efficiency (EP measurement in kWh/m² of collateral)
1	**Total area of the EU**	**171,389**	**21,302**	**46,292**	**45,080**	**12,311**	**1,561**	**1,683**	**2,363**	**2,543**	**2,149**	**6,267**	**20,797**	**4,530**	**6,074**	**126,663**	**65.93%**
2	Of which loans secured by commercial immovable property	21,709	1,948	1,866	1,426	336	122	174	619	774	419	481	577	137	163	18,536	14.56%
3	Of which loans secured by residential immovable property	145,943	19,166	43,525	42,763	11,703	1,390	1,482	1,743	1,762	1,684	5,673	19,729	4,272	5,677	105,397	75.41%
4	Of which guarantees obtained by taking possession: residential and commercial immovable property	3,738	187	902	891	273	50	28	0	6	44	113	490	119	232	2,729	48.47%
5	Of which estimated level of energy efficiency (PE measurement in kWh/m² of collateral)	83,504	10,494	29,224	33,364	9,088	630	704								83,504	100.00%
6	**Total area outside the EU**	**140**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**140**	**–**
7	Of which loans secured by commercial immovable property	140	–	–	–	–	–	–	–	–	–	–	–	–	–	140	–
8	Of which loans secured by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Of which guarantees obtained by taking possession: residential and commercial immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Of which estimated level of energy efficiency (PE measurement in kWh/m² of collateral)	–	–	–	–	–	–	–								–	–

Following the EBA/ITS/2022/01 guidelines, in table 8.40. Template 2: Banking book - transition risk of climate change: Loans secured by immovable property - Energy efficiency of collateral; the exposure is broken down by energy efficiency segments according to the specific consumption of the secured property and its energy efficiency level, indicated in the energy certificate (EPC).

Energy efficiency certificates were introduced in the EU via Directive 2010/31/EU of the European Parliament and of the Council, of 19 May, on the energy performance of buildings, and in Spain the basic procedure for certifying the energy efficiency of buildings was approved by Royal Decree 235/2013, of 5 April. Given that the energy certification regulations apply in Spain only to certain types of properties and transactions since 2013, the EPC coverage at a national level is still low (approx. 19% for residential properties, based on public certification data disclosed by IDAE as of December 2022 and the estimated stock of dwellings).

The EPC provides information on the Energy Consumption and CO2 Emissions of a property, classifying it within a scale. This classification will vary from Class A -lowest less energy consumers by m^2 to Class G -highest energy consumers- in terms of consumption, which also applies to emissions. This classification is based on the building's assessment, regardless of its use.

With the aim of disposing of the maximum amount of information based on actual EPCs, CaixaBank has compiled massively, with the support of an external provider, information on the stock of immovable property secured as collateral in loans, own property and foreclosed assets. In addition, since 2022, information has been systematically complied on the EPCs in new operations with mortgage guarantee within the process of formalising a mortgage. However, despite the mandatory nature of the certificate, the relevant information is not always accessible to the financial institution.
99.9% of the total gross carrying amount of loans secured by real estate are located in the EU. 85.1% of these are secured with residential properties.

CaixaBank has used various sources of information and methodologies to obtain the data on energy consumption and energy certificates:

- Information based on the actual energy efficiency certificates compiled by the Entity, and
- Use of different inference and estimation models developed by the external data provider, based on the available information in each case.

When it comes to estimating the information regarding properties, CaixaBank has actual information based on the EPC for 26% of the portfolio, while it has been estimated for the rest of the properties. Assets which do not require an energy efficiency certificate have not been considered (e.g. storage rooms and parking spaces). The largest concentration of properties are among those that consume between 100 and 300 kWh/m2 and are classified as Class E. Given that the portfolio is highly concentrated in Spain and in the residential segment, its distribution is as expected when compared to the public information available (IDAE).

B. Alignment metrics

The following table includes information on the alignment metrics with respect to the Paris Agreement for a selection of more carbon-intensive sectors. The pathways to decarbonisation are those established by the International Energy Agency (IEA) for a net zero scenario by 2050 (NZE2050).

The bank published its first decarbonisation targets for 2030 for the following sectors in October 2022: oil and gas and electricity. In 2023, targets have been published for the following sectors: coal, iron and steel and automotive. In addition, the exposure of the investment portfolio of CaixaBank, S.A. and the exposure of the loan and investment portfolio of Banco BPI has been included in the goals for the electricity and oil & gas sectors (initially defined for CaixaBank's loan portfolio), in line with the rest of the sectors.

In addition, in 2023 the metric for the oil & gas sector has been redesigned in order to base it on the risk drawn rather than the risk granted. This modification avoids the over-attribution of funded issues that would result from basing it on the risk granted. The applied approach is consistent with the PCAF methodology of calculating funded issues and facilitates comparison with the metrics used by the majority of benchmark peers, which are mostly applying this approach. The other characteristics of the metric, including the level of ambition, remain unchanged.

The sectors in which the 2030 decarbonisation goals have been published are shown below**:**

Table 8.41. Template 3: Banking book - transition risk of climate change: Alignment metrics

	a	b	c	d	e	f	g
	Sector	NACE sectors (minimum)	Gross carrying amount of the €	Alignment metric (2)	Reference year	Distance from IEA NZE2050 in % (1)	Target (reference year + 3 years)
1	Electricity	3511, 3513.3514	14,891	118 kg CO2e/MWh	2,022	-14%	
2	Oil & Gas	610, 620, 910, 1920, 3521, 3522, 3523, 4671, 4730, 4950	6,919	7.4 Mt CO2e	2,022	6%	
3	Automotive	2910	3,955	154 g CO2/vkm	2,022	49%	
4	Aviation						
5	Sea transport						
6	Production of cement, clinker and lime						
7	Production of iron and steel, coke and metal ores	2410, 2420, 2431, 2432, 2433, 2434, 2451, 2452, 2511, 2550, 2591, 2593, 2594, 2599	1,658	1,230 kg CO_2e/t steel	2,022	34%	
8	Chemical						
9	... potential additions related to the institution's business model						

(1) Distance of PiT to the 2030 NZE2050 scenario in % (for each metric)
(2) The alignment metric is based on the total granted for the loan portfolio in the decarbonisation perimeter; see details in the CaixaBank's 2021 - June 2022

/ Oil and gas sector:

The objective for the Oil and gas sector is based on the exposure provided, and it has been established using a sub-group of NACEs based on a materiality analysis and exposure. This analysis includes NACEs 610, 620, 910, 1920, 3521, 3522, 3523, 4671, 4730, 1910 and 4950 and excludes NACEs 2014 and 4612, as they are covered by Scope 3 emissions of the other activities.

The value chain segments within the perimeter of the decarbonisation targets include companies active mainly in the upstream (exploration and extraction) and downstream (mainly engaged in refining, distribution and marketing) and integrated companies (active throughout the value chain).

CaixaBank has set a decarbonisation target through an absolute financed emissions metric, in line with industry expectations. The redesigning of the metric carried out in 2023 (absolute emissions based on the risk drawn, previously the risk granted) has led to the need to re-estimate the metric of both the base year and the end point to 2030, while keeping the percentage reduction target unchanged (-23% to 2030). The metric has been impacted by its redesign and the incorporation of the BPI portfolio (0.5 $MtCO_2e$) and the investment portfolio.The metric falls from 26.9 MtCO2e at the base year to 9.1 $MtCO_2e$ and from 20.7 $MtCO_2e$ to 7.0 $MtCO_2e$ at endpoint, while the reduction ambition level of 23% is maintained.

The alignment of this metric for fossil fuels of the IEA is currently of 30%, which represents a higher percentage than that set by CaixaBank for the oil and gas sector (-23% at 2030). This is mainly due to the extension of the scope indicated by the IEA to all fossil fuels, which does not fit exactly with the perimeter specified by CaixaBank in its target metric.

/ Electricity sector

In the electricity sec tor, In line with the recommendations of the UNEP FI Guidelines for Target Setting, the emissions reduction target has been set using the portfolio's physical intensity ($kgCO_2e$/ MWh) as a metric based on the exposure granted, thus enabling better support for customers in their transition to fossil fuel-free generation.

The objective has been established using a sub-group of NACEs based on a materiality analysis in terms of emissions and exposure. This analysis includes NACEs 2446, 3511, 3512, 3513, 3514 and excludes NACEs 2712, 251, 3314 and 4321, as
CaixaBank considers that they are not representative of the assessed electricity sector. However, it includes NACE 2446 within the scope of the objective, which is considered relevant.

CaixaBank's target focuses on Scope 1 emissions by generation and integrated companies. Generation is the link in the value chain where decarbonisation actions have the greatest impact on reducing overall emissions in the sector. The gross carrying value of the portfolio shown in the table corresponds to the aggregate exposure of the companies within the scope, as specified in the previous paragraphs.

CaixaBank's distance to the IEA's 2030 target in the electricity sector is
-14%, as our starting point in the base year (2020) is already lower than the intensity ratio for 2030 established by the IEA's decarbonisation path (156 kg CO2e/MWh). However, even starting at a point below the IEA target for 2030, CaixaBank aspires to continue reducing the intensity of electricity generation emissions in its portfolio to 95 kgCO2e/MWh, which represents 30% with respect to base year (2020).

/ Automotive sector

Within the automotive sector's value chain, the decarbonisation target has focused on the manufacturing segment and, specifically on the Original Equipment Manufacturers (OEMs) for light vehicles, concentrated in NACE 2910. Scope 3 category 11 tank-to-wheel emissions, which are those produced by a vehicle when in use, are also taken into account. By far the most relevant emissions for this link in the value chain are tank-to-wheel emissions.

The metric selected for this sector is an intensity metric that describes the emissions efficiency per km travelled over its lifetime by a vehicle manufactured by the OEM (gCO_2/vkm). This metric supports the sector's transition in line with CaixaBank's Strategic Plan.

As regards the automotive sector's target, the distance to the IEA's 2030 target is of 49%. This percentage reduction is higher than the target set by CaixaBank for this sector (-33%) due to the different scope in terms of the sector's definition and, especially, the type of emissions considered in the CaixaBank metric, which do not run through the same path of decarbonisation.

/ Iron and steel sector

The scope determined for this sector comprises the Iron and Steel Manufacturing segment, including smelters and integrated groups (smelting + transformation), which is the manufacturing stage that concentrates most of the emissions and is considered by CNAEs 2410, 2420, 2431, 2432, 2433, 2434, 2451, 2452, 2511, 2550, 2591, 2593, 2594, 2599.

The methodology, which is aligned with market best practice and the Sustainable Steel Principles, takes into account an emissions intensity metric of Scope 1 and 2 per tonne of steel produced. In this sector, the production process is especially intensive, making emissions from the use of the final product and its upstream supply chain less relevant in comparison.

In view of the relatively low exposure in this sector and its high concentration in a few counterparties, the current technological limitations of a hard-to-abate sector and the uncertainty of methodological and scenario changes, it was decided to set a target in the form of a range between 10% – 20%. The range acknowledges the difficulty implicit in the decarbonisation of this sector, which leads it to consider a certain level of prudence in terms of the management margin for decarbonising the portfolio. Nonetheless, CaixaBank is also aware of the existence of certain levers for decarbonising its portfolio, which depend substantially on the ambition of its main customers. Through engagement and portfolio rebalancing processes, CaixaBank will pursue an intermediate target compatible with the 1.5 °C target. Thus, the range set expresses CaixaBank's ambition, given that it incorporates, in its low range, the arrival level determined by the IEA's NZE.

Given all the particularities of this sector and of the bank's portfolio, as indicated above, the distance to the IEA's 2030 target is of 34%.

For the calculation of decarbonisation targets in both sectors, the IEA Net Zero Scenario (from the International Energy Agency) has been used as a reference.

For the calculation of the Oil & Gas sector's carbon footprint, the following NACEs were considered: 610, 620, 910, 1920, 3521, 3522, 3523, 4671, 4730, 1910 and 4950. The objective has been established using a sub-group of the above-mentioned NACEs based on a materiality analysis in terms of emissions and exposure (excluding 1910 and 4950).

CaixaBank does not consider NACEs 2014 and 4612 within the scope of the calculation, as they are covered by Scope 3 emissions of the other activities, and because it includes the NACE 4950.

The value chain segments within the perimeter of the decarbonisation targets include companies active mainly in the upstream (exploration and extraction) and downstream (mainly engaged in refining, distribution and marketing) and integrated companies (active throughout the value chain), which account for approximately 60% of the total limits granted in CaixaBank's loan portfolio to this sector and approximately 96%[1] of the scope 1, 2 and 3 emissions financed, with transport, storage and trading, which account for around 4% of the emissions financed, remaining outside the scope. CaixaBank has set a decarbonisation target through an absolute emissions metric, in line with industry expectations.

For the calculation of the electricity sector's carbon footprint, the following NACEs were considered: 2446, 3512, 3513, 3514, 3515, 3516, 3517, 3518, 3519. The objective has been established using a sub-group of the above-mentioned NACEs based on a materiality analysis in terms of emissions and exposure (excluding 2446, 3512, 3513 and 3514).

CaixaBank does not consider NACEs 2712, 251, 3314 and 4321 within the scope of calculation, since it considers that they are not representative of the assessed electricity sector, and it includes NACE 2446, which is representative.

CaixaBank's target for this sector focuses on Scope 1 emissions by generation and integrated companies. Generation is the link in the value chain where decarbonisation actions have the greatest impact on reducing overall emissions in the sector. This perimeter (limit granted) covers 92% of the sector's total portfolio exposure and 99% of its Scope 1 issues. Finally, following the recommendations of the UNEP FI Guidelines for Target Setting, the emissions reduction target has been set using the physical intensity of the portfolio (kgCO_2e/MWh) based on the total granted amount as a metric.

2 At the time of setting the targets, data availability was less than for 2020.

C. Exposure to the 20 most polluting companies

The table below shows aggregate information on the exposure to the 20 most carbon-intensive companies at the global level, including gross carrying amount, relative weight in the portfolio, average maturity and number of counterparties.

Table 8.42. Template 4: *Banking book* - transition risk of climate change: Exposures to the 20 leading carbon-intensive companies

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount versus counterparties compared to the total gross carrying amount (aggregate)[1]	Of which environmentally sustainable (MCP)	Weighted average maturity	Number of 20 leading polluting companies included
1	729	0	2	6	5

(1) For counterparties among the 20 leading carbon emitting companies worldwide.

With regard to the most carbon-intensive companies at the global level, CaixaBank has opted to use the Carbon Majors database from the Climate Accountability Institute report.

With respect to the previous year, the exposure of a borrower has been included, which had not been considered previously due to not being classified as a non-financial corporation; this involves a higher reported exposure. However, when applying the same criterion at the end of 2022 (€839 million), there is no increase in exposure compared to the 20 most polluting companies.

At the end of that year, and as established by EBA/ITS/2022/01, a breakdown of the "environmentally sustainable" is included, which amounts to EUR 2 million for these companies.

D. Exposures subject to physical risk

The following table shows how the physical risks related to climate change affect the credit exposures of the different geographical areas, broken down between business activities by sector of activity and loans secured with real estate and foreclosed assets.

Table 8.43. Template 5: Banking book - Physical risk of climate change: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount (million EUR)													
			of which exposures sensitive to the impact of physical events of climate events												
	Variable: Geographical area subject to physical risk due to climate change - acute and chronic events		Breakdown by maturity					of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impact of chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, negative changes accumulated in fair value due to credit risk and provisions		
			<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity							Of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	2,940	1,396	493	87	19	4	28	1,937	29	202	92	(66)	(6)	(52)
2	B - Mining and quarrying	559	39	2	0	0	4	1	40	0	1	3	(0)	(0)	(0)
3	C - Manufacturing	29,993	692	91	154	6	4	370	556	17	193	85	(46)	(3)	(42)
4	D - Electricity, gas, steam and air conditioning supply	17,891	41	41	300	1	12	53	331	0	28	43	(22)	(0)	(21)
5	E - Water supply; sewage, waste management and remediation activities	2,156	123	39	10	0	4	102	70	–	1	0	(0)	(0)	(0)
6	F - Construction	10,160	527	121	164	60	6	335	497	41	72	93	(53)	(3)	(52)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	20,982	506	72	76	14	4	472	180	16	67	56	(25)	(1)	(25)
8	H - Transport and storage	14,734	13	10	8	1	7	27	5	–	5	2	(0)	(0)	(0)
9	L - Real estate activities	13,234	159	157	201	11	8	479	48	2	47	36	(26)	(1)	(24)
10	Loans secured by residential immovable property	145,943	320	1,165	4,290	5,018	19	7,476	3,154	164	997	329	(139)	(25)	(134)
11	Loans secured by commercial immovable property	21,849	235	448	652	83	10	1,218	184	16	190	142	(70)	(5)	(63)
12	Guarantees recovered	3,737	–	–	–	253	–	182	64	6	–	–	(60)	–	–
13	Other relevant sectors (breakdown below where applicable)														

The scope of this table includes the breakdown of exposures to non-financial companies in loans and advances, debt securities and equity instruments, excluding those held for trading, by economic sector of activity.

Following the EBA instructions, for counterparties with non-discriminating NACE (holding type), the assignment of counterparties to NACE is based on the nature of the counterparty's activity.

The template includes a breakdown of physical risk events classified as acute and chronic events, where acute events are understood as those that originate in a short period of time but with serious effects on the affected geographical areas and where chronic events are those that originate during a relatively long period of time and the consequences of which are milder, but longer lasting.

CaixaBank discloses in this template only physical risk associated with exposusures located in the territory of Spain and Portugal.

In order to calculate the physical risk associated with climate change, CaixaBank has developed an internal method by means of which it has calculated the probability of occurrence and the degree of impact (severity) of a total of five climatic events.

The probability of occurrence is linked to the location of the property or business activity (by postal code), while the impact or severity is associated with the climate event and business activity (at the NACE level).

By combining both parameters assigned to each exposure (probability of occurrence and severity), a degree of impact is obtained from each climate event, which allows classifying the exposures into four levels according to said degree of impact. When defining the exposures that are sensitive to physical events related to climate change, CaixaBank considers exposures with a high level of impact, which represent approximately 6 % of the exposure.

E. Green asset ratio (GAR)

In 2020, the European Parliament and the EU Council adopted Regulation (EU) 2020/852, in relation to the Taxonomy, which establishes uniform and common criteria in the European Union to determine if an economic activity can be considered environmentally sustainable.

As for CaixaBank, the main indicator for measuring this alignment is the Green Asset Ratio (GAR), which establishes the percentage of assets covered by the banking group that are used for activities that meet the criteria of the Taxonomy. The GAR is the ratio of the volume of assets intended for activities that meet the requirements of the Taxonomy and the assets covered.

/ Considerations

To correctly interpret the published results, it is important to take the following into account:

- Limited availability of information from the counterparties.
- Little clarity of the disclosure legislation and the complexity of the (i) technical selection criteria, (ii) compliance with the DNSH and (iii) the minimum social safeguards.
- The GAR's representativeness directly depends on the structure of the financial institutions' balance sheet, as the definition and calculation of the ratio involves excluding certain items from the numerator, but not from the denominator, which penalises those financial institutions that are exposed to counterparties not subject to the NFRD, mainly SMEs and companies from a third country outside the EU, as they are excluded from the numerator.

It should be noted that, in accordance with the applicable laws, the information relating to Taxonomy is prepared following the prudential approach.

The data as at 31 December 2023 have been prepared based on the best effort to adhere to the applicable regulations and will evolve in the future as further information becomes available from counterparties and new regulatory developments.

Below are templates 6, 7 and 8 calculated on 31 December 2023 as set out in the Taxonomy Regulation and FAQs, for climate change mitigation and adaptation objectives.

Table 8.44. Template 6. Summary of the GAR's KPIs

	KPI			
	Mitigating climate change	Adaptation to climate change	Total (Mitigation to climate change + Adaptation to climate change)	% coverage (over total assets) (1)
GAR stock	0.99%	0.06%	1.05%	74.62%
GAR flow	1.70%	0.05%	1.74%	62.63%

(1) % of assets covered by the KPI over the total assets of banks

Table 8.45. Template 7- Mitigating actions: Assets for calculating the GAR

	Amounts in millions of euros	31.12.2023															
		Total gross carrying amount	Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)				
			Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)				
				Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)			
					Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which transitional/ adaptation	Of which enabling
	GAR - Assets covered in the numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible in the calculation of the GAR	205,165	166,307	4,014	–	313	1,994	364	227	–	215	12	166,671	4,241	–	529	2,006
2	**Financial corporations**	9,353	4,647	295	–	6	258	2	–	–	–	–	4,649	295	–	6	258
3	Credit institutions	3,824	381	2	–	–	2	–	–	–	–	–	381	2	–	–	2
4	Loans and advances	2,512	236	2	–	–	2	–	–	–	–	–	236	2	–	–	2
5	Debt securities, including UoP	1,110	71	–	–	–	–	–	–	–	–	–	71	–	–	–	–
6	Equity instruments	202	75	–		–	–	–	–		–	–	75	–		–	–
7	Other financial corporations	5,529	4,266	293	–	6	257	2	–	–	–	–	4,268	293	–	6	257
8	of which investment firms	8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–	–		–	–
12	of which management companies	114	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	72	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Table 8.45. Template 7- Mitigating actions: Assets for calculating the GAR

		31.12.2023															
		Total gross carrying amount	Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)				
			Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)				
				Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)			
Amounts in millions of euros					Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which transitional/ adaptation	Of which enabling
	GAR - Assets covered in the numerator and denominator																
15	Equity instruments	42	–	–		–	–	–	–		–	–	–	–		–	–
16	of which insurance companies	515	12	–	–	–	–	–	–	–	–	–	12	–	–	–	–
17	Loans and advances	455	2	–	–	–	–	–	–	–	–	–	2	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	60	11	–		–	–	–	–		–	–	11	–		–	–
20	**Non-financial companies (subject to NFRD disclosure obligations)**	41,941	12,793	3,434	–	307	1,736	362	227	–	215	12	13,155	3,661	–	522	1,747
21	Loans and advances	40,356	12,445	3,241	–	301	1,708	362	226	–	215	12	12,807	3,467	–	515	1.720
22	Debt securities, including UoP	1,584	347	193	–	7	27	1	–	–	–	–	347	194	–	7	27
23	Equity instruments	1	1	–		–	–	–	–		–	–	1	–		–	–
24	**Households**	150,513	148,384	–	–	–	–						148,384	–	–	–	–
25	of which loans secured by residential immovable property	138,530	138,530	–	–	–	–						138,530	–	–	–	–
26	of which loans for renovating buildings	6,976	6,976	–	–	–	–						6,976	–	–	–	–
27	of which loans for motor vehicles	5,007	2,878	–	–	–	–						2,878	–	–	–	–

Table 8.45. Template 7- Mitigating actions: Assets for calculating the GAR

		31.12.2023															
		Total gross carrying amount	Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)				
			Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)				
				Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)			
Amounts in millions of euros					Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which transitional/ adaptation	Of which enabling
	GAR - Assets covered in the numerator and denominator																
28	**Local government financing**	3,358	484	285	–	–	–	–	–	–	–	–	484	285	–	–	–
29	Home financing	60	59	–	–	–	–	–	–	–	–	–	59	–	–	–	–
30	Financing from other local governments	3,298	425	285	–	–	–	–	–	–	–	–	425	285	–	–	–
31	**Guarantees obtained by taking possession: residential and commercial immovable property**	**3,738**	**2,930**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,930**	**–**	**–**	**–**	**–**
32	**GAR TOTAL ASSETS**	**208,903**	**169,237**	**4,014**	**–**	**313**	**1,994**	**364**	**227**	**–**	**215**	**12**	**169,601**	**4,241**	**–**	**529**	**2,006**

Table 8.45. Template 7- Mitigating actions: Assets for calculating the GAR

		31.12.2023															
			Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)				
		Total gross carrying amount	Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)				
				Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)			
Million EUR					Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which transitional / adaptation	Of which enabling
	Assets excluded from the numerator to calculate GAR (covered in the denominator)																
33	**EU non-financial companies (not subject to NFRD disclosure obligations)**	91,670															
34	Loans and advances	89,011															
35	Debt securities	1,831															
36	Equity instruments	828															
37	**Non-EU non-financial companies (not subject to NFRD disclosure obligations)**	11,544															
38	Loans and advances	11,290															
39	Debt securities	244															
40	Equity instruments	9															
41	Derivatives	526															
42	Demand interbank loans	937															

Table 8.45. Template 7- Mitigating actions: Assets for calculating the GAR

		31.12.2023															
			Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)				
			Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)					Of which sectors relevant to the taxonomy (taxonomy-eligible)				
		Total gross carrying amount		Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)					Of which environmentally sustainable (aligned with the taxonomy)			
	Million EUR				Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which in adaptation	Of which enabling			Of which specialised loans	Of which transitional/ adaptation	Of which enabling
	Assets excluded from the numerator to calculate GAR (covered in the denominator)																
43	Cash and cash related assets	2,418															
44	Other assets (e.g. goodwill, commodities, etc.)	88,824															
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**404,821**															
	Assets excluded from the numerator and denominator to calculate GAR																
46	Sovereign	90,268															
47	Exposure of central banks	33,704															
48	Trading Book	13,748															
49	**TOTAL ASSETS EXCLUDED FROM THE NUMERATOR AND DENOMINATOR**	**137,720**															
50	**TOTAL ASSETS**	**542,542**															

Table 8.46. Template 8 - GAR (%)

		31.12.2023 KPI in stock															
		Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)					
		Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (with respect to the total assets covered in the denominator)			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	Of which transitional /adaptation	of which enabling	Proportion of total assets covered
1	GAR	41.81%	0.99%	0.08%	0.08%	0.49%	0.09%	0.06%	– %	0.05%	– %	41.90%	1.05%	0.08%	0.13%	0.50%	74.62%
2	Loans and advances, debt securities and equity instruments not HFT eligible in the calculation of the GAR	81.06%	1.96%	0.16%	0.15%	0.97%	0.18%	0.11%	– %	0.11%	0.01%	81.24%	2.07%	0.16%	0.26%	0.98%	37.82%
3	Financial corporations	49.69%	3.15%	0.27%	0.07%	2.76%	0.02%	– %	– %	– %	– %	49.71%	3.15%	0.27%	0.07%	2.76%	1.72%
4	Credit institutions	9.97%	0.04%	– %	– %	0.04%	– %	– %	– %	– %	– %	9.97%	0.04%	– %	– %	0.04%	0.70%
5	Other financial corporations	77.16%	5.30%	0.46%	0.11%	4.65%	0.04%	0.01%	– %	0.01%	– %	77.20%	5.30%	0.46%	0.12%	4.65%	1.02%
6	of which investment firms	0.74%	0.45%	– %	– %	0.18%	– %	– %	– %	– %	– %	0.75%	0.45%	– %	– %	0.18%	– %
7	of which management companies	0.01%	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.01%	– %	– %	– %	– %	0.02%
8	Of which insurance companies	2.38%	– %	– %	– %	– %	– %	– %	– %	– %	– %	2.38%	– %	– %	– %	– %	0.09%
9	Non-financial companies subject to NFRD disclosure obligations	30.50%	8.19%	0.73%	0.73%	4.14%	0.86%	0.54%	0.01%	0.51%	0.03%	31.36%	8.73%	0.75%	1.25%	4.17%	7.73%
10	Households	98.59%	– %	– %	– %	– %						98.59%	– %	– %	– %	– %	27.74%
11	of which loans secured by residential immovable property	100.00%	– %	– %	– %	– %						100.00%	– %	– %	– %	– %	25.53%
12	of which loans for renovating buildings	100.00%	– %	– %	– %	– %						100.00%	– %	– %	– %	– %	1.29%
13	of which loans for motor vehicles	57.49%	– %	– %	– %	– %						57.49%	– %	– %	– %	– %	0.92%

Table 8.46. Template 8 - GAR (%)

		31.12.2023 KPI in stock															
		Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)					
		Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (with respect to the total assets covered in the denominator)			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	Of which transitional /adaptation	of which enabling	Proportion of total assets covered
14	Local government financing	14.40 %	8.49 %	– %	– %	– %						14.40 %	8.49 %	– %	– %	– %	0.62 %
15	Home financing	97.05 %	– %	– %	– %	– %						97.05 %	– %	– %	– %	– %	0.01 %
16	Financing from other local governments	12.88 %	8.65 %	– %	– %	– %	– %	– %	– %	– %	– %	12.88 %	8.65 %	– %	– %	– %	0.61 %
17	Guarantees obtained by taking possession: residential and commercial immovable property	78.40 %	– %	– %	– %	– %						78.40 %	– %	– %	– %	– %	0.69 %

Table 8.46. Template 8 - GAR (%)

		31.12.2023 KPIs on flows															
		Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)					
		Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (with respect to the total assets covered in the denominator)			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	Of which transitional /adaptation	of which enabling	Proportion of total assets covered
1	GAR	27.04%	1.70%	0.04%	0.06%	0.89%	0.11%	0.05%	– %	0.04%	– %	27.15%	1.74%	0.04%	0.10%	0.89%	62.63%
2	Loans and advances, debt securities and equity instruments not HFT eligible in the calculation of the GAR	61.84%	3.89%	0.10%	0.14%	2.04%	0.25%	0.10%	– %	0.10%	– %	62.09%	3.99%	0.10%	0.24%	2.05%	27.38%
3	Financial corporations	57.60%	4.78%	– %	0.11%	4.62%	0.02%	– %	– %	– %	– %	57.61%	4.78%	– %	0.12%	4.62%	3.06%
4	Credit institutions	17.08%	0.06%	– %	– %	0.06%	– %	– %	– %	– %	– %	17.08%	0.06%	– %	– %	0.06%	1.06%
5	Other financial corporations	79.05%	7.28%	– %	0.17%	7.04%	0.03%	0.01%	– %	0.01%	– %	79.08%	7.28%	– %	0.18%	7.04%	2.00%
6	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
7	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.01%
8	Of which insurance companies	1.93%	– %	– %	– %	– %	– %	– %	– %	– %	– %	1.93%	– %	– %	– %	– %	0.05%
9	Non-financial companies subject to NFRD disclosure obligations	27.32%	7.60%	0.22%	0.29%	3.49%	0.56%	0.24%	0.01%	0.23%	0.01%	27.87%	7.84%	0.23%	0.52%	3.50%	11.97%
10	Households	99.78%	– %	– %	– %	– %						99.78%	– %	– %	– %	– %	11.92%
11	of which loans secured by residential immovable property	100.00%	– %	– %	– %	– %						100.00%	– %	– %	– %	– %	9.98%
12	of which loans for renovating buildings	100.00%	– %	– %	– %	– %						100.00%	– %	– %	– %	– %	0.56%
13	of which loans for motor vehicles	98.08%	– %	– %	– %	– %						98.08%	– %	– %	– %	– %	1.37%

Table 8.46. Template 8 - GAR (%)

		31.12.2023 KPIs on flows															
		Mitigating Climate Change (MCC)					Adaptation to Climate Change (ACC)					TOTAL (MCC + ACC)					
		Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					Proportion of eligible assets that finance sectors relevant to the taxonomy					
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (with respect to the total assets covered in the denominator)			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	of which transitional	of which enabling			Of which specialised loans	Of which transitional /adaptation	of which enabling	Proportion of total assets covered
14	Local government financing	2.14%	1.78%	– %	– %	– %						2.14%	1.78%	– %	– %	– %	0.43%
15	Home financing	– %	– %	– %	– %	– %						– %	– %	– %	– %	– %	– %
16	Financing from other local governments	2.14%	1.78%	– %	– %	– %	– %	– %	– %	– %	– %	2.14%	1.78%	– %	– %	– %	0.43%
17	Guarantees obtained by taking possession: residential and commercial immovable property	8.06%	– %	– %	– %	– %						8.06%	– %	– %	– %	– %	0.04%

F. Other mitigation measures

The following table includes, at December 2023, the exposures that support counterparties in climate change transition and adaptation but do not meet the conditions for inclusion in templates 6 to 9, as they do not fully meet the criteria set out in Regulation (EU) 2020/1818 on Sustainable Environmental Taxonomy (GAR and BTAR, which will begin to be disclosed with 2023 and 2024 year-end data, respectively, according to EBA guidelines). With respect to the previous year, the exposure in green bonds (fixed income) according to the ICMA (*International Capital Market Association*) is included.

Table 8.47. Template 10 - Other actions to mitigate climate change that are not covered in the EU taxonomy

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of mitigated risk (transition risk of climate change)	Type of mitigated risk (physical risk due to climate change)	Qualitative information on the nature of the mitigation measures
1	Bonds (e.g. green, sustainable, sustainably-related under standards other than EU standards)	Financial institutions	141	YES	NO	Includes green bonds according to ICMA (International Capital Markets Association)
2		Non-financial institutions	62	YES	NO	Includes green bonds according to ICMA (International Capital Markets Association)
3		Of which loans secured by commercial immovable property	—	—	—	
4		Households				
5		Of which loans secured by residential immovable property				
6		Of which loans for renovating buildings				
7		Other counterparties	94	YES	NO	Includes green bonds according to ICMA (International Capital Markets Association)

Table 8.47. Template 10 - Other actions to mitigate climate change that are not covered in the EU taxonomy

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of mitigated risk (transition risk of climate change)	Type of mitigated risk (physical risk due to climate change)	Qualitative information on the nature of the mitigation measures
8		Financial institutions	645	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals, "Green Loans" and "Sustainability Linked Loans" (not included in other sections) according to the "Loan Market Association" with KPIs to mitigate climate change
9		Non-financial institutions	13,283	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals, "Green Loans" and "Sustainability Linked Loans" (not included in other sections) according to the "Loan Market Association" with KPIs to mitigate climate change
10	Loans (e.g. green, sustainable, sustainably-related under standards other than EU standards)	Of which loans secured by commercial immovable property	1,236	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals, "Green Loans" and "Sustainability Linked Loans" (not included in other sections) according to the "Loan Market Association" with KPIs to mitigate climate change
11		Households	1,609	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals
12		Of which loans secured by residential immovable property	1,605	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals
13		Of which loans for renovating buildings		—	—	
14		Other counterparties	981	YES	NO	Includes eligible assets to issue green bonds according to CaixaBank's framework for the issuance of bonds linked to Sustainable Development Goals, "Green Loans" and "Sustainability Linked Loans" (not included in other sections) according to the "Loan Market Association" with KPIs to mitigate climate change

The template's scope consists of actions and activities aimed at mitigating climate change, disaggregated into two types of financial instruments, bonds and loans. Following the EBA's guidelines in the instructions for disclosure of ESG risks. CaixaBank has chosen a conservative approach to complete the template, including only the following types of assets:

- Eligible asset to issue Green Bonds in accordance with the issuance framework of bonds linked to CaixaBank's Sustainable Development Goals (SDG Framework), aligned with the Green Bond Principles of the International Capital Market Association (ICMA) and that consider activities that contribute to mitigating climate change. As of 31 December 2023, the eligible asset to issue Green Bonds exclusively includes financing of projects or activities that contribute to mitigating climate change in accordance with the technical criteria of the EU Taxonomy, mainly financing renewable energy and energy-efficient projects; however, full compliance with the Do No Significant Harm criteria of the EU Taxonomy cannot be demonstrated.
- Loans reported as Green Loans, based on the Green Loan Principles of the Loan Market Association (LMA), that finance eligible activities aimed at mitigating climate change, but for which compliance with the EU Taxonomy cannot be demonstrated and which do not meet the eligibility conditions for a Green Bond, according to the CaixaBank SDG Framework.
- Sustainability Linked Loans financed under the Sustainability Linked Loan Principles of the LMA and whose key performance indicators (KPIs) are directly related to the objectives of mitigating or adapting to climate change (mainly reduction of absolute CO_2 emissions or reduction of CO_2 intensity metrics); in spite of the climate-related KPIs, the purpose of these operations is not included in the EU taxonomy
- Green bonds according to the ICMA (International Capital Market Association): With respect to the end of December 2022, the green fixed-income bonds (+EUR 260 million) have been included, which had previously not been considered. The amount as of December 2022 stands at EUR 263 million.

8.2. COUNTERPARTY CREDIT RISK

Counterparty risk is the credit risk generated by derivative transactions and security financing transactions.

It quantifies the losses derived from the counterparty's potential default before the cash flows are definitively settled. Counterparty risk includes CVA, credit risk valuation adjustment, and the default fund of central counterparties, default guarantee fund.

€
RWA counterparty risk[1]

€
EAD counterparty risk[1]

27%
Counterparty risk EAD under internal models[1]

The CVA or credit value adjustment is the **adjustment made to the value of a derivative to offset the counterparty risk assumed**, i.e. the market value of the counterparty risk assumed in a derivative.

€ M
RWA by CVA

€
RWA by Default Fund

1 Does not include CVA or Default Fund

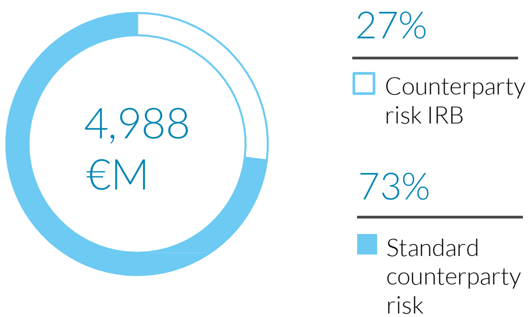
The Group assigns internal limits and uses mitigation policies and techniques to reduce its exposure to this risk. In addition, it has an integrated system that allows users to see the amount available with any counterparty, product and term for most exposures in real time.

Counterparty risk represents 0.8% RWA of total credit risk. 73% of the counterparty risk capital requirements is assessed by the standardised method, 88% of which corresponds to institutions and 9% to companies.

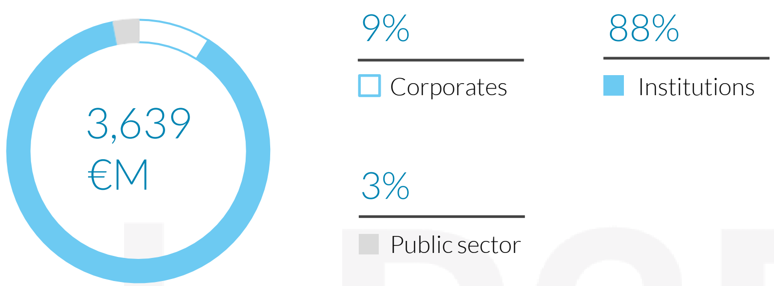
A. Annual evolution

Exposure at default increased by EUR 447 million, up 10% year-on-year, mainly due to the position variation and market price movements. However, counterparty risk RWAs declined by EUR 18 million, down 1% year-on-year. The increase in RWAs as a result of the rise in EAD has been mainly offset by the improvement of consumption intensity.

/ **EAD COUNTERPARTY RISK[1]** – Breakdown by method, %



/ **EAD COUNTERPARTY RISK[1] (STANDARD)** – Breakdown by expansion type, %



8.2.1. COUNTERPARTY RISK MANAGEMENT

A. Description and general policy

As defined in chapter six of Regulation (EU) 575/2013, counterparty risk is the risk that the counterparty in a transaction could enter into non-payment before the definitive settlement of the cash flows of the transaction. This risk arises in derivative transactions and security financing transactions.

The Group monitors counterparty risk for two purposes. To ensure that the risk generated by transactions of this nature are treated correctly in the general credit risk monitoring system; and to analyse the specific aspects affecting counterparty risk in order to optimise it. In addition, monitoring reports are prepared for senior management and governing bodies, as well as for the supervisor.

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

In the case of transactions with financial institutions, the Group has a specific internal framework setting out the methodology used to grant credit facilities. The maximum permissible credit risk exposure to an institution is determined primarily on the basis of its external rating and analysis of their financial statements. This framework also includes the model for setting limits and calculating risk consumption for Central Counterparties (CCPs).

In operations with all other counterparties, including retail customers, the approval of derivative transactions linked to a loan application (hedging of interest rate risk on loans) is carried out together with the approval of the loan transaction. All other transactions subject to counterparty risk do not require explicit approval, provided the amount consumed does not exceed the risk limit assigned to said counterparty. If this is not the case, an individualised study will be requested. Approval of transactions corresponds to the risk areas responsible for the analysis and approval of the credit risk.

The granting of pre-approved risk limits for counterparties means the amount available for contracting new transactions is always known.

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

B. Structure and organisation of the risk management function

Below are the **CaixaBank areas with direct responsibilities for the quantification, monitoring and control of counterparty risk.**

_First line of defence

- Corporate and International Banking Division and Financial Management Division: areas where counterparty risk originates. These are the main centres dealing with derivatives, repurchase agreements, securities lending and long settlement transactions.

- **Country, Banks and Institutions Risk Department:** This is part of the Business Lending Office. It is the unit responsible for the risks undertaken by CaixaBank with financial institutions, regardless of the type of transaction and the business activity that generates them. The main functions assigned to this department in relation to counterpart risk are as follows:
  - Analysing and monitoring counterparties and risks.
  - Controlling the use of limits, and authorising breaches and exceptions to the internal framework;
- **Other centres reporting to the Business Lending Office and centres reporting to the Retail Lending Office:** these are responsible for approving risks with non-financial institutions (corporates and individuals, respectively) undertaken by CaixaBank, regardless of the type of transaction and the business activity that generates the risks. Accordingly, this includes transactions that generate counterparty risk.
- **Treasury Operational Services Department:** integrated into the Operations Department (Resources). This unit is responsible for day-to-day operational management of bilateral collateral contracts for derivative instruments, repos and securities lending, as well as collateral contracts with central counterparties, for both OTC and organised market trades. Its main functions include:
  - Generating margin calls or additional margin calls to counterparties, caused by a change in the scope of collateralised transactions or a change in their market value.
  - Reconciling encumbered positions and managing discrepancies.
  - Monitoring settlements and the accounting entries associated with the management of such contracts.
- **Legal Advisory Division:** responsible for preparing framework agreements between CaixaBank and counterparties.

_Second line of defence

- **Market and Structural Risks:** part of the Corporate Risk Management Function & Planning Division. Its main counterparty risk functions are:
  - Defining and implementing calculation methodologies for estimating the equivalent credit exposure;
  - Daily valuation of OTC derivative collateral agreements and securities financing transactions.
  - Monitoring of limits and exposures.
  - Calculating the minimum capital requirements for counterparty risk, CVA and Default Fund, and preparing regular reports for the supervisor.
  - Preparing regular information on counterparty risk for internal governing bodies.
- **Internal Control and Validation:** independent unit that supervises the models employed in calculating sensitivities and exposure to counterparty risk management.

_Third line of defence

- **Internal Audit:** The function of internal audit as the third line of defence is included in section 3.1.2 Third line of defence.

C. Measurement and information systems for management of counterparty risk

In derivative transactions, the exposure to counterparty risk is calculated by reference to the market value of the transactions (loss incurred if the counterparty defaults in the current moment) and their related potential value (possible loss under extreme market price conditions, based on known historical patterns).

The equivalent credit exposure for derivatives is understood as the maximum potential loss over the life of an operation that the bank might incur should the counterparty *default* at any time in the future. This is calculated by the Group using the Montecarlo 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 operations.

The Group's counterparty risk exposure for securities financing transactions is calculated as the difference between the market value of the securities/cash granted to the counterparty and the market value of the securities/cash received as collateral, considering the applicable volatility adjustments in each case.

The calculation of exposure of derivatives and securities financing transactions takes into account the mitigating effect of collateral received under the Master Collateral Agreements (see section "Mitigation measures for counterparty risk").

In general, the methodology for calculating counterparty risk exposure described above is applied during the acceptance of new operations and in recurrent calculations on subsequent days.

Counterparty risk in the Group for financial counterparties is 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 the operations.

D. Mitigation measures for counterparty risk

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

1. **ISDA/CMOF contracts:** standardised contracts for global derivative transactions with a counterparty. These explicitly provide for the possibility of offsetting the flows of outstanding collections and payments between the parties for all derivatives trading hedged by the contracts. Therefore, in the event of the counterparty, a single payment or collection obligation is established in relation to all derivatives closed out with the counterparty.

2. **CSA Annex (ISDA) / Annex III (CMOF):** agreements whereby each of the parties undertakes to provide collateral (usually a cash deposit) as security for the actual value of the derivatives traded between them. In calculating the guarantee to be exchanged, the netting clauses included in the ISDA or CMOF contracts are taken into account.
3. **GMRA/CME/GMSLA contracts:** agreements whereby the parties undertake to deliver collateral to each other for the net counterparty risk exposure arising from repos or securities lending, calculated as the difference between the sum accrued by simultaneous buying and selling of securities and the market value of these.
4. **CTA contracts:** agreements whereby each of 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. At CaixaBank, this date was 1 September 2021.

   CaixaBank applies the Standard Initial Margin Model (ISDA SIMM).The ISDA SIMM is a parametric Value at Risk (VaR) model based on delta and vega sensitivities (also known as the "Greeks") and calibrated with market data in historical stress periods. The model is consistent with Regulation (EU) 2015/2251 to calculate the initial margin with a degree of confidence of 99% and 10-day Margin Period of Risk (MPOR).

   On 24 November 2021, the CNMV approved the exemption of Caixabank, S.A. from its collateral exchange obligations in relation to its contracts with Banco BPI S.A.
5. **Break-up clauses:** derivative contract clauses provide for early termination of the agreement by one of the parties of its own free will, at a certain point in a transaction. This mitigates counterparty risk due to having the option of reducing the effective duration of the transactions subject to the clause.
6. **Delivery-versus-payment in securities settlement systems:** systems that eliminate settlement risk with a counterparty, since clearing and settlement occur simultaneously and in an inseparable way. At CaixaBank, whenever it is feasible, the Continuous Linked Settlement (CLS) system is used for delivery against payment in the case of simultaneous collection and payment flows in different currencies.
7. **Central Counterparties (CCPs):** the use of CCPs in derivatives and securities financing transactions can mitigate the counterparty risk, as these entities act as intermediaries 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.

EMIR and its amendment by the EMIR-Refit Regulation establish a series of obligations for all investors who trade derivatives contracts. Particularly noteworthy is the mandatory use of a Central Counterparty when trading certain derivatives contracts and that all derivatives contracts executed shall be reported to authorised trade repositories or to those recognised by ESMA.

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

E. Methodology for calculating the minimum capital requirements

The calculation of regulatory exposure has a specific treatment in positions subject to counterparty risk. The Group employs the SA-CCR (*standardized approach for counterparty credit risk*) method to calculate the regulatory exposure of derivatives and the financial collateral comprehensive method for financing securities transactions.

The allocation of capital requirements for counterparty risk is carried out in conjunction with credit risk. The only exception is the calculation of capital requirements for CCR exposures, which have a specific calculation, as detailed in Regulation (EU) 575/2013.

F. Policies on exposure to wrong way risk

In the transactions subject to counterparty risk, *wrong way risk* occurs when there is a negative correlation between the risk exposure of a specific counterparty and its credit quality. This risk can be of two different types: i) General wrong way risk. This occurs when there is a positive correlation between the probability of default of the counterparty and the general market risk factors; ii) Specific wrong way risk. This occurs when, due to the nature of the transactions entered into with a counterparty, there is a positive correlation between the future exposure of the transactions and the probability of default of the counterparty.

The acceptance and monitoring processes for counterparty risk enable the identification of cases in which the Group is exposed to wrong way risk. This circumstance is set out in the internal counterparty risk framework described above and it is handled accordingly within the acceptance and monitoring processes.

At CaixaBank, the general wrong way risk is taken into account within the usual procedures for arranging transactions and granting limits. It is also included in the ongoing monitoring of credit risk in general.

In the case of the specific wrong way risk, very specific cases have been identified in which such a risk is incurred. In transactions affected, sufficiently conservative metrics are used to estimate credit exposure, both at the time the transaction is contracted and throughout its life.

G. Effectiveness of collateral

As mentioned previously, the Group has signed collateral agreements, mainly with financial institutions, in order to guarantee operations that are subject to counterparty risk. On a daily basis, in most cases, risk quantification is performed by valuing all outstanding transactions subject to the master collateral agreement at market prices and comparing this amount with the actual collateral received/delivered. This involves the modification, if applicable, of the collateral to be delivered by the debtor.

In the hypothetical case of a downgrade of the Group's rating, the impact on collateral would not be significant because most collateral contracts do not provide for franchises related to the Group's external credit rating. Considering that most contracts with financial institutions have a zero , and that in those where there is a rating-linked scale the value of the portfolio does not usually exceed the threshold amount, a rating downgrade would, in the worst case, represent a non-material cash outflow. The CSA contracts signed by the subsidiary, BPI, include such surcharges which, in the event of a *rating* downgrade of two *notches* at 31 December 2023 would be null.

1 The amount from which collateral has to be delivered to the counterparty.

8.2.2. MINIMUM CAPITAL REQUIREMENTS FOR COUNTERPARTY RISK, *DEFAULT FUND* AND CVA

This section provides details on exposures and RWAs for counterparty, as well as *default fund* and CVA risk exposure. This enables the alignment of this information with the segregation of counterparty risk posed by the EBA in table OV1.

The *default fund* or default fund of central counterparties (CCP) is a mechanism that allows the distribution of losses among CCP clearing members. It is used in the event that losses incurred by the CCP as a result of the default of one or more clearing members are greater than the collateral and *default fund* contributions paid by that member and any other resource that the CCP could draw on before using the fund contributions of the remaining members. This means that the risk of loss associated with exposures resulting from *default fund* contributions may be higher than that associated with the transactions entered into. Therefore, in accordance with the provisions of article 307 of Regulation (EU) 575/2013, exposures of this type must be subject to higher own fund requirements.

The CVA or credit value adjustment is the adjustment made to the value of a derivative to offset the counterparty risk assumed, i.e. the market value of the counterparty risk assumed in a derivative. This adjustment reflects the current market value of the counterparty's credit risk vis-à-vis the counterparty. At CaixaBank, the calculation of CVA risk capital requirements is performed per counterparty and is based on the standardised approach, as set out in Regulation (EU) 575/2013.

Exposure at default increased by EUR 447 million, up 10% year-on-year, mainly due to the position variation and market price movements. However, counterparty risk RWAs declined by EUR 18 million, down 1% year-on-year. The increase in RWAs as a result of the rise in EAD has been mainly offset by the improvement of the *corporate* portfolio's parameters, which follow an IRB approach.

In addition, the RWAs for CVA risk have dropped by EUR 19 million year-on-year. The EAD for *default fund* increased by EUR 21 million and its related RWAs by EUR 28 million.

Table 8.48. Risk-weighted assets for counterparty, default fund and CVA risk exposure

Amounts in millions of euros

Method applied	RWA
Standardised approach	1,601
of which counterparty	953
of which credit value adjustment (CVA)	600
of which default fund (DF)	48
IRB approach	718
Total CaixaBank Group	**2,319**

The counterparty risk exposure (excluding CVA and default fund) by method of calculating regulatory capital and the main parameters for each method are presented below.

Table 8.49. EU CCR1 - Analysis of CCR exposure by approach

Amounts in millions of euros	Replacement cost	Potential future exposure (PFE)	Effective PFE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)	–	–		1	–	–	–	–
EU - Simplified SA-CCR (for derivatives)	–	–		1	–	–	–	–
SA-CCR (for derivatives)	729	1,266		1	14,886	2,793	2,749	1,256
IMM (for derivatives and SFTs)			–	–	–	–	–	–
Of which: securities financing transactions netting sets			–		–	–	–	–
Of which: derivatives and long settlement transactions netting sets			–		–	–	–	–
Of which: from contractual cross-product netting sets			–		–	–	–	–
Financial collateral simple method (for securities financing transactions)					–	–	–	–
Financial collateral comprehensive method (for securities financing transactions)					19,777	1,974	1,974	401
VaR for securities financing transactions					–	–	–	–
Total					**34,664**	**4,767**	**4,723**	**1,656**

CaixaBank Group calculates the EAD of derivatives according to the SA-CCR method and the EAD of financing securities transactions using the financial collateral comprehensive method. Under no circumstances is the IMM (Internal Model Method) applied. Therefore, table EU CCR7 does not show this document.

8.2.3. QUANTITATIVE ASPECTS

The following tables display counterparty risk EAD and RWAs, under the standardised approach in accordance with the segmentation of counterparties for different degrees of risk weighting.

Table 8.50. Standardised approach - CCR exposures by portfolio

Amounts in millions of euros	EAD	RWA	RWA density
Central administrations or central banks	6	–	0.00%
Regional governments or local authorities	10	–	1.40%
Public sector entities	93	15	16.13%
Multilateral Development Banks	–	–	0.00%
International organisations	–	–	0.00%
Institutions	3,199	616	19.24%
Corporates	325	315	97.12%
Retail exposures	4	3	66.13%
Exposures to institutions and corporates with a short-term credit assessment	–	–	0.00%
Other items	3	4	150.00%
Total, Standardised Approach	**3,639**	**953**	**26.18%**

Table 8.50 PY. Standardised approach - CCR exposures by portfolio

Amounts in millions of euros			2022
	EAD	RWA	RWA density
Central administrations or central banks	24	–	0.00%
Regional governments or local authorities	11	–	0.03%
Public sector entities	111	15	13.15%
Multilateral Development Banks	–	–	0.00%
International organisations	–	–	0.00%
Institutions	2,902	537	18.50%
Corporates	621	596	95.91%
Retail exposures	2	1	63.55%
Exposures to institutions and corporates with a short-term credit assessment	–	–	0.00%
Other items	9	14	150.00%
Total, Standardised Approach	3,681	1,163	31.59%

Table 8.51 EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights (EAD)

Amounts in millions of euros

Exposure class Total	Risk weighting											
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total
Central administrations or central banks	6	–	–	–	–	–	–	–	–	–	–	6
Regional governments or local authorities	9	–	–	–	0.70	–	–	–	–	–	–	10
Public sector entities	63	–	–	–	–	30	–	–	0.16	–	–	93
Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
International organisations	–	–	–	–	–	–	–	–	–	–	–	–
Institutions	–	171	50	–	2,929	49	–	–	–	–	–	3.199
Corporates	–	–	–	–	–	–	–	–	325	–	–	325
Retail exposures	–	–	–	–	–	–	–	4	–	–	–	4
Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	3	–	3
Total	**78**	**171**	**50**	**–**	**2,930**	**78**	**–**	**4**	**325**	**3**	**–**	**3.639**

Credit risk exposures included.

The following tables show detailed information by portfolio on counterparty risk exposures subject to the calculation of RWAs under the IRB approach, the last table also by the slotting criteria method.

Table 8.52. IRB: counterparty risk exposures by portfolio

Amounts in millions of euros	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount	Expected Loss	Value adjustments and provisions
Central administrations or central banks (F-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Central administrations or central banks (A-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Institutions (F-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Institutions (A-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Corporates (F-IRB)	462		329			304	65.80%	16	–
Corporates (A-IRB)	858	2.00%	1,867	25.00%	2	407	47.40%	5	–
Retail (A-IRB)	29	2.50%	1,474	41.30%		7	22.97%	–	–
Total	**1,349**	**2.00%**	**3,670**	**25.50%**	**2**	**718**	**53.19%**	**21**	**–**

(1) Credit risk exposures included.
(2) The positions of the "Corporates (F-IRB)" category correspond to contracts with the calculation of the risk-weighted exposures using the Slotting Criteria method. Therefore, the average PD, average LGD and average maturity fields are empty.

Table 8.52 PY. IRB: counterparty risk exposures by portfolio

2022

Amounts in millions of euros	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk-weighted exposure	Expected Loss	Value adjustments and provisions
Central administrations or central banks (F-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Central administrations or central banks (A-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Institutions (F-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Institutions (A-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Corporates (F-IRB)	–	0.00%	–	0.00%	–	–	0.00%	–	–
Corporates (A-IRB)	836	2.00%	1,928	40.90%	2	521	62.30%	6	–
Retail (A-IRB)	25	1.10%	1,386	49.70%		6	23.10%	–	–
Total	861	2.00%	3,314	41.20%	2	526	61.15%	6	–

Table 8.53. EU CCR4 - IRB approach - CCR exposures by exposure category and PD scale

Amounts in millions of euros

	PD scale	Exposure value	Exposures weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amount
Corporates (A-IRB)								
1	0.00 to <0.15	17	0.10%	101	26.88%	3	4	21.53%
2	0.15 to <0.25	9	0.16%	70	39.52%	2	3	28.86%
3	0.25 to <0.50	372	0.33%	417	21.88%	3	109	29.24%
4	0.50 to <0.75	62	0.64%	365	39.75%	2	35	55.99%
5	0.75 to <2.50	248	1.10%	456	24.31%	2	127	51.27%
6	2.50 to <10.00	129	4.72%	313	24.91%	2	96	74.96%
7	10.00 to <100.00	18	18.10%	85	38.69%	1	33	183.19%
8	100.00 (Default)	3	100.00%	60	34.44%	2	1	23.08%
	Sub-total	858	1.99%	1,867	25.02%	2	407	47.45%
Retail (A-IRB)								
1	0.00 to <0.15	7	0.10%	331	43.40%		1	8.25%
2	0.15 to <0.25	2	0.16%	27	41.48%		0.20	12.30%
3	0.25 to <0.50	7	0.26%	440	40.40%		1	16.04%
4	0.50 to <0.75	8	0.66%	328	40.09%		2	27.43%
5	0.75 to <2.50	3	1.75%	185	40.53%		1	40.68%
6	2.50 to <10.00	1	5.25%	90	39.65%		1	47.96%
7	10.00 to <100.00	1	21.63%	50	39.92%		1	72.42%
8	100.00 (Default)	0.28	100.00%	23	66.75%		0.02	7.50%
	Sub-total	29	2.47%	1,474	41.29%		7	22.98%
TOTAL		**887**	**2.00%**	**3,341**	**25.55%**	**2**	**414**	**46.64%**

Exposures in the "Corporates (F-IRB)" category are not reported, as this category includes exposures under the Slotting Criteria method.

The following table shows the effect of netting agreements and guarantees on counterparty risk exposure in derivative contracts at 31 December 2023.

Table 8.54. EU CCR5 - Composition of collateral for CCR exposures

Amounts in millions of euros

Collateral type	Collateral used in derivatives				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash - domestic currency	–	1,709	–	9,662	–	135	–	317
Cash - other currencies	–	421	–	26	–	–	–	–
Domestic sovereign debt	920	6,639	179	56	12	7,342	1,042	14,910
Other sovereign debt	189	363	628	–	96	826	479	6,517
Government agency debt	–	–	–	–	–	–	–	–
Corporate bonds	12	–	215	–	53	5,608	188	7,573
Equity securities	–	65	–	–	–	–	–	–
Other collateral	–	–	–	–	–	80	3,495	1,091
Total	**1,121**	**9,198**	**1,022**	**9,744**	**161**	**13,991**	**5,204**	**30,407**

The following table shows CaixaBank Group's exposure with Central Counterparties (CCPs), detailing the types of exposure and the corresponding minimum capital requirements.

Table 8.55. EU CCR8 - Exposures to CCPs

Amounts in millions of euros	Exposure value	RWEA
Exposures with qualified CCPs (QCCPs) (total)		**62**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	252	12
i) OTC derivatives	208	7
ii) exchange-traded derivatives	25	4
iii) SFTs	19	–
iv) netting sets where cross-product netting has been approved	–	–
Segregated initial margin	–	
Non-segregated initial margin	13	3
Prefunded default fund contributions	146	48
Unfunded default fund contributions	**–**	**–**
Exposures with non-QCCPs (total)		**–**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	–	–
i) OTC derivatives	–	–
ii) exchange-traded derivatives	–	–
iii) SFTs	–	–
iv) netting sets where cross-product netting has been approved	–	–
Segregated initial margin	–	
Non-segregated initial margin	–	–
Prefunded default fund contributions	–	–
Unfunded default fund contributions	–	–

The regulatory exposure of transactions with Central Counterparties (CCPs) is calculated in accordance with section 9, chapter 6 of part three of Regulation (EU) 575/2013.

Pursuant to article 306 of Regulation (EU) 575/2013, assets furnished as guarantees to a CCP and that are immune to bankruptcy in the event that the CCP is declared insolvent represent zero regulatory exposure. Therefore, regulatory exposure on the Segregated Initial Margin category is null.

The following table details the amount of RWA for credit valuation adjustment (CVA) risk. As previously mentioned, CaixaBank calculates this amount for all derivatives subject to this requirement under the standardised approach.

Table 8.56. EU CCR2 - Transactions subject to capital requirements for CVA risk

Amounts in millions of euros

		Exposure value	RWEA
1	Total transactions subject to the advanced method	–	–
2	i) VaR component (including the 3× multiplier)		–
3	ii) SVaR component (including the 3× multiplier)		–
4	Transactions subject to the standardised method	1,081	600
EU4	Transactions subject to the alternative approach (based on the original exposure method)	–	–
5	Total transactions subject to capital requirements for CVA risk	1,081	600

The following table, EU CCR6, shows the outstanding exposure to credit derivatives at year-end 2023.

Table 8.57. EU CCR6 - Credit derivatives exposures

Amounts in millions of euros

	Protection bought	Protection sold
Single-name credit default swaps (CDS)	–	–
Index credit default swaps (CDS)	241	–
Total return swaps (TRS)	–	–
Credit options	–	–
Other credit derivatives	–	–
Total nominal value	**241**	**–**
Positive fair value (asset)	–	–
Negative fair value (liability)	(10)	–

As of 31 December 2023, CaixaBank Group had not contracted any internal hedging for credit risk in the banking book through the purchase of protection involving credit derivatives, and it was also not involved in any intermediation activity for credit derivatives.

8.3. SECURITISATIONS

Credit risk in securitisations quantifies the losses of principal and interest of issuances in which CaixaBank Group has an investment, derived from the potential breach of financial obligations by the borrowers of underlying securitised assets.

CaixaBank Group is not an active investor in the securitisations market; it is mainly involved in as the originator entity, in order to **obtain liquidity and manage capital requirements.**

€
Securitisation risk RWA

€
Securitisation risk EAD (before deductions)

69%
EAD under internal models

Securitisation risk represents 0.2% of total credit risk RWA.

As an originator, CaixaBank transforms pools of homogeneous loans and credits from its portfolio into fixed-income securities through the transfer of such assets to traditional securitisation funds. It generally retains all of these securities.

In addition, in relation to capital management, CaixaBank Group has two synthetic securitisations of its own with a significant transfer of risk, with a total current securitised balance of EUR 1,237 million at the end of 2023.

A. Annual evolution

In 2023, CaixaBank Group generated the securitisation CaixaBank Consumo 6, F.T., which is the first traditional fund that meets the STS (Simple, Transparent and Standardized) criteria established in Regulation (EU) 2021/557 and which has a replenishment period of 12 months, the securitisation CaixaBank Pymes 13, F.T.

The regulatory exposure subject to capital requirements before deductions, corresponding to positions held in own securitisations with significant transfer of risk and positions in third-party securitisations, dropped by EUR 398 million compared to the previous year (-19%), whereas RWAs dropped by EUR 69 million (23%). This decrease of EAD is mainly due to the ordinary amortisation of the Gaudí II, Gaudí III and Gaudí IV synthetic securitisations, partially offset by the investment positions in third-party securitisation.

/ SECURITISED ASSETS PORTFOLIO – Breakdown by method, %

24% Loans to companies and SMEs

66% Residential mortgages

9% Consumer credit

1% Leasing

/ SECURITISATION EXPOSURE – Breakdown by type of expansion, %

4% Own securitisation with a significant transfer of risk

94% Own securitisation without a significant transfer of risk

2% Third-party securitisations

1 Total securitised underlying assets.
2 Total positions held in securitisations, in the securitisation tranches.

8.3.1. QUALITATIVE ASPECTS

A. Description and general policy

CaixaBank Group treats securitisation transactions as set forth in Regulation (EU) 575/2013, amended by Regulation (EU) 2017/2401 and Regulation (EU) 2021/558.

The following table shows the definitions of basic concepts relating to securitisation funds:

- **Securitisation.** A transaction or scheme through by which the credit risk associated with an exposure or pool of exposures is split into different tranches. It features the following two characteristics:
  - Payments are dependent upon the performance of the exposure or pool of exposures.
  - The subordination of tranches determines the distribution of losses during the ongoing life.
- **Simple, transparent and standardised (STS) securitisation.** Securitisation that meets the requirements of Article 18 of Regulation (EU) 2017/2402. STS securitisations are simple and transparent securitisation products that are standardised and sufficiently supervised. In June 2022 CaixaBank issued the synthetic securitisation Gaudí IV, which is the Entity's first STS securitisation, and in June 2023 it issued CaixaBank Consumo 6 F.T., the Group's first STS traditional securitisation fund.
- **Securitisation position**. An exposure to a securitisation.
- **Tranche.** Contractually established segment of the credit risk associated with an exposure or a pool of exposures. A position in the segment entails a risk of credit loss greater than or less than a position of the same amount in another segment, without taking account of credit protection provided by third parties directly to the holders of positions in the segment or in other segments.
- **First loss or equity tranche.** The most subordinated tranche in a securitisation. It is the first tranche to bear losses incurred on the securitised exposures. Therefore, it provides protection to the second loss and, where relevant, higher ranking tranches.
- **Intermediate risk or mezzanine tranche.** The tranche that is subordinated to the senior tranche and more senior than the first loss tranche. It is subject to a risk weight of less than 1,250% and above 25%, according to the weighting obtained by one of the methods for calculating securitisation risk weights in Regulation (EU) 2021/558.
- **Preferred or senior tranche.** A position backed or secured by a first priority claim on all underlying exposures, omitting amounts due under interest rate or currency derivative contracts, fees due, or other similar payments, as well as any difference in the maturity as regards one or various senior tranches with which this position enables the allocation of losses on a pro-rata basis.
- **Traditional securitisation.** A securitisation involving the economic transfer of the exposures being securitised. This is accomplished through the transfer of ownership of the securitised exposures from the originator institution to an SSPE (*securitisation special purpose entity*) or through sub-participation by an SSPE. The securities issued do not represent payment obligations of the originator institution.

- **Synthetic securitisation.** A securitisation where the transfer of risk is achieved by the use of credit derivatives or guarantees, and the exposures being securitised remain exposures of the originator institution.
- **Re-securitisations.** Securitisation where at least one of the underlying exposures is a securitisation position.
- **Originator entity**. An institution that:
  - Itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised.
  - Purchases a third party's exposures on its own account and then securities them.
- **Sponsor.** A credit institution, other than an originator, that:
  - Establishes and manages an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities.
  - Establishes an asset-backed commercial paper programme or other securitisation that purchases exposures from third-party entities and delegates the day-to-day active portfolio management involved in that securitisation to an entity authorised to perform such activity in accordance with Directive 2009/65/EC, Directive 2011/61/EU or Directive 2014/65/EU.

B. The objectives of securitisation

Asset securitisation facilitates effective balance sheet management, as it fosters:

Acquisition of liquidity: securitisations mobilise the balance sheet, transforming non-liquid assets into liquid assets through the use of asset-backed securities, including their use as collateral to be discounted by the ECB.

Diversification of sources of funding: another benefit of the securitisation activity is the diversification of the Group's funding sources, both in terms of maturity and product through the sale of asset-backed securities in wholesale markets.

Management and diversification of credit risk: selling securitised bonds to the market can reduce exposure to the credit risk that arises in the normal course of business activity.

Optimisation of capital structure: securitisation transactions that transfer a significant portion of their risk also make it possible to optimise the structure and management of capital.

In STS securitisations the objectives of the issuance coincide with those set beforehand.

C. The nature of the risks inherent to the securitisation business

Securitisations offer a number of advantages for liquidity and risk management. However, both STS and non-STS securitisations also entail risks, which are basically assumed by the originator or the investor.

- **Credit Risk.** The risk that the borrower will fail to meet their contractual obligations in due time or form, resulting in impairment to the underlying asset backing the originated securitisation positions and a change in the amortisation profile of the asset-backed securities issued. This is the main risk transferred to investors through the instruments issued in the securitisation.
- **Pre-payment risk.** The risk of early repayment, in part or in full, of the underlying assets of the securitisation, earlier than the terms of their respective contracts. This means that the actual amortisation profile of the securitisation positions is different from that initially envisaged.
- **Basis risk.** Risk of the interest rates or maturities of securitised assets not matching those of the securitisation positions. This risk is usually covered through interest rate swaps.
- **Liquidity risk.** There are a number of ways of understanding this risk:
  - From the originator's perspective: this is reduced by the securitisation process, which transforms assets that are intrinsically illiquid into debt securities that can be traded in organised financial markets.
  - From the investor's perspective: there is no guarantee that there will be sufficient trading volumes or frequency for the bonds in the market to enable it to unwind its position at a particular time.

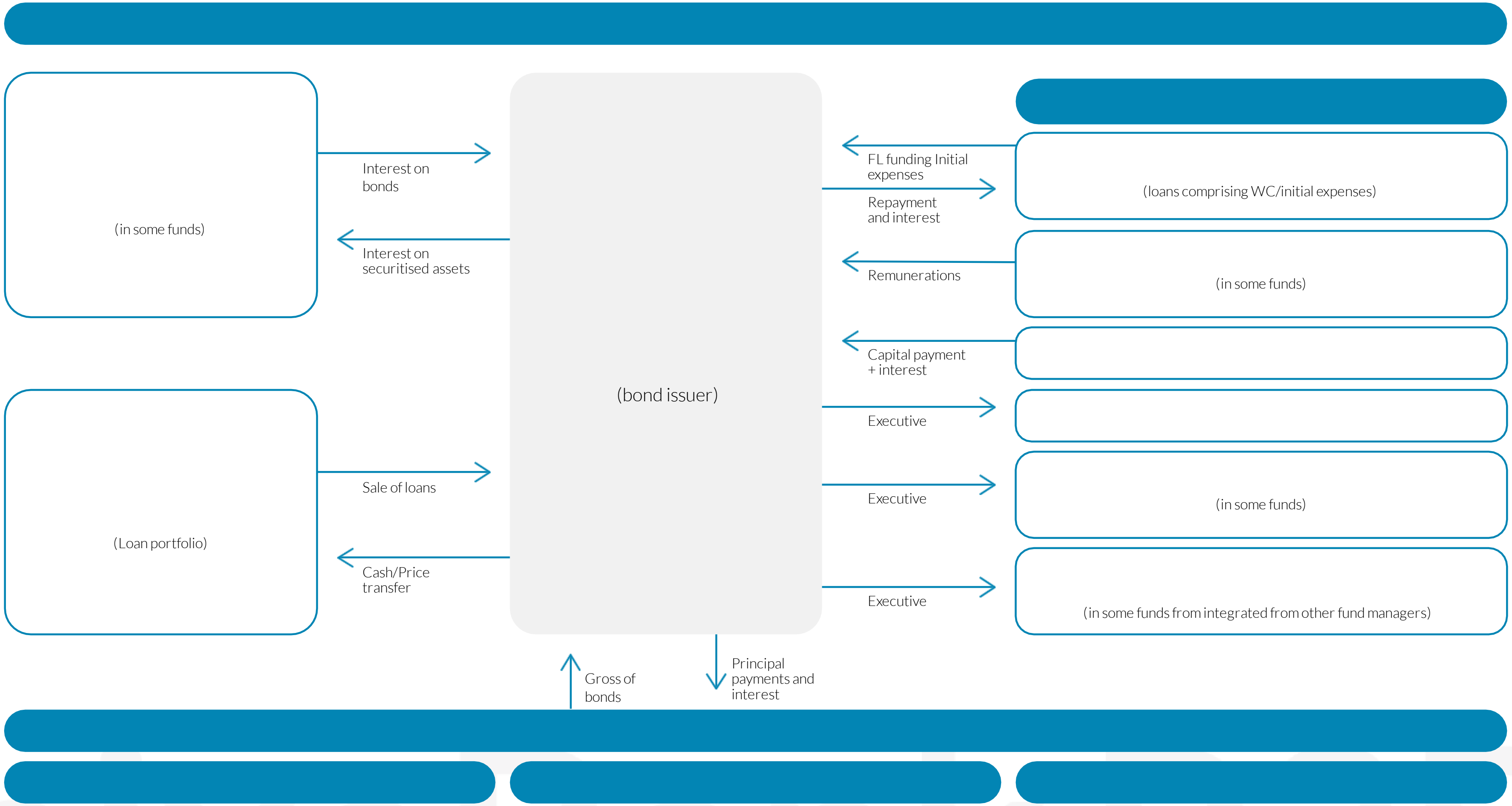
D. Risk in the ranking of securitisation positions

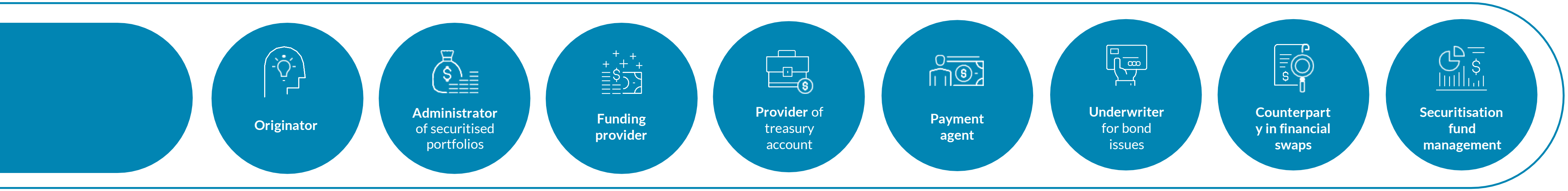
Securitisation bonds are issued with a defined payment ranking for the underlying securitisation positions. The funds in which CaixaBank Group is involved are usually structured into a number of tranches, each with their own credit rating.

The first set of tranches are called "senior" tranches. This comprises the bonds of the highest credit quality and, therefore, with the highest credit rating. these are followed by mezzanine tranches, which are subordinate to the senior tranches. At the base of the structure we find the tranches of the lowest credit quality, which are known as equity, or first loss, tranches: in some cases, these are subordinated loans that CaixaBank Group has granted to the fund, whilst in others they are a series of bonds. The first loss tranches meet the first percentage of losses on the securitised portfolio.

E. Functions performed by CaixaBank Group in traditional securitisations

The main functions performed by the Group in the securitisations carried out are as follows:





Originator: CaixaBank Group participates in various securitisation funds to which, either individually or, occasionally, jointly with other entities, it assigns some of its residential mortgage loans, loans to small and medium-sized enterprises (SMEs), loans to large corporates, credit rights from leasing contracts and consumer finance for individuals.

Administrator of securitised portfolios: CaixaBank Group acts as the administrator of the securitised assets, managing collections of repayments and interest, carrying out monitoring and undertaking recovery actions for impaired assets.

Funding provider: CaixaBank also acts as the supplier of finance for securitisation funds in relation to subordinated loans for the purposes of establishing reserve funds, as well as supplying loans to finance the initial costs these vehicles incur.

Provider of treasury account: CaixaBank operates the treasury account for some securitisation funds.

Payment agent: CaixaBank acts as the payment agent for some securitisation funds. In the majority of the BPI securitisation funds, the payment agent is a third party (there is currently none).

Underwriter for bond issues: CaixaBank Group acts as the underwriter for some securitisation funds. Primarily, the role of underwriter or investor corresponds to those transactions originated to create collateral that are retained. To a lesser extent, in transactions that have been placed on the market, the institution sometimes underwrites the more subordinated tranches of the fund.

Counterparty in swaps: CaixaBank Group acts as a counterparty in financial swaps set up in securitisation funds to reduce the interest rate risk in such structures.

Securitisation fund management: the company Sociedad CaixaBank Titulización S.G.F.T., S.A.U., a CaixaBank Group company, acts as CaixaBank's securitisation fund manager.

CaixaBank Group also acts as an investor of securitisation transactions that have been originated by other institutions.

There are many areas involved in the securitisation process, most notably the Finance Department and the *Corporate Risk Management Function and Planning* Department. The structure of lines of defence established for each risk managed in the securitisation is maintained.

The following table enables the degree of involvement in each function to be quantified, as it shows the securitisation exposures in which CaixaBank Group acts as originator or investor.

Table 8.58. Securitisation exposure by type of activity

Amounts in millions of euros

Type of exposure	2023	2022
Securitisation positions in which the Group acts as originator	26,475	28,421
Securitisation positions in which the Group acts as investor	543	96

The table above shows all securitisation exposures, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates the application of impairment losses. In addition, consistent with the indications of the EBA mapping document for SEC1, in the case of securitisations without risk transfer and with retention type A, C and D (COREP C14.00 - column 61=N and column 80=A/C/D), the retained position is estimated as securitised exposure multiplied by the retention percentage.

F. Functions performed by CaixaBank Group in synthetic securitisations

The main differential functions performed in the field of synthetic securitisation have been as follows:

- **Protection purchaser:** CaixaBank Group acts as a purchaser of protection against the credit risk passed on to investors.
- **Monitoring agent and credit event controller:** CaixaBank acts as the holder of the securitised assets, managing collections of repayments and interest, and monitoring and undertaking recovery actions for assets in a credit event.
- **Calculation agent:** function carried out by the Group company, Sociedad CaixaBank Titulización S.G.F.T., S.A.U.

G. Other considerations

As already mentioned, CaixaBank Group's main activity with regard to securitisations is as an originator/assignor.

In traditional securitisation funds, the Group transforms homogenous parts of its loan and credit portfolio into fixed income securities by transferring assets to traditional securitisation funds. It generally retains all such instruments. However, exceptionally, there are some merger issues in which not all of the assets issued by the fund are retained. In addition, in order to improve the credit quality of the fund, in some cases the institution also takes positions in subordinated loans, liquidity facilities or derivatives with these funds.

The securitisation funds originated by CaixaBank Group are listed below:

CaixaBank RMBS 1, Fondo de Titulización
CaixaBank RMBS 2, Fondo de Titulización
CaixaBank RMBS 3, Fondo de Titulización
CaixaBank Consumo 5, Fondo de Titulización
CaixaBank Consumo 6, Fondo de Titulización
CaixaBank PYMES 10, Fondo de Titulización
CaixaBank PYMES 11, Fondo de Titulización
CaixaBank PYMES 12, Fondo de Titulización
CaixaBank PYMES 13, Fondo de Titulización
CaixaBank Leasings 3, Fondo de Titulización
CaixaBank Corporates 1, Fondo de Titulización
Foncaixa FTGENCAT 5 Fondo de Titulización de Activos
Foncaixa FTGENCAT 6 Fondo de Titulización de Activos
Gaudi Synthetic II
Gaudí Synthetic III
Gaudí Synthetic IV
Valencia Hipotecario 3 Fondo de Titulización
Bancaja 10 Fondo de Titulización de Activos
Bancaja 11 Fondo de Titulización de Activos
Bancaja 13 Fondo de Titulización de Activos
Bancaja 8 Fondo de Titulización de Activos Bancaja
9 Fondo de Titulización de Activos MBS Bancaja 3
Fondo de Titulización de Activos MBS Bancaja 4
Fondo de Titulización de Activos
Madrid Residencial I Fondo de Titulización de Activos
Madrid Residencial II Fondo de Titulización de Activos
Madrid RMBS I Fondo de Titulización de Activos
Madrid RMBS II Fondo de Titulización de Activos
Madrid RMBS III Fondo de Titulización de Activos
Madrid RMBS IV Fondo de Titulización de Activos
AyT Caja Granada Hipotecario I Fondo de Titulización de Activos
Caixa Penedés 1 Fondo de Titulización de Activos
Caixa Penedés FTGENCAT 1 TDA, Fondo de Titulización de Activos
Caixa Penedés PYMES 1 TDA, Fondo de Titulización de Activos AyT
Hipotecario Mixto III Fondo de Titulización de Activos
AyT Hipotecario Mixto V Fondo de Titulización de Activos
TDA 22 Fondo de Titulización de Activos - Clase I
TDA 22 Fondo de Titulización de Activos - Class II TDA
24 Fondo de Titulización de Activos
TDA 25 Fondo de Titulización de Activos
TDA 27 Fondo de Titulización de Activos
TDA 28 Fondo de Titulización de Activos
Ayt Génova Hipotecario VI Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario VII Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario VIII Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario IX Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario X Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario XI Fondo de Titulización Hipotecaria Ayt
Génova Hipotecario XII Fondo de Titulización Hipotecaria Ayt
Goya Hipotecario III Fondo de Titulización de Activos
Ayt Goya Hipotecario IV Fondo de Titulización de Activos Ayt
Goya Hipotecario V Fondo de Titulización de Activos

CaixaBank also has traditional securitisation positions in which CaixaBank Group has not acted as originator (third-party securitisations).

In terms of monitoring credit risk in securitisations, while the positions remain in the portfolio, they are marked-to-market daily and creditworthiness is reviewed regularly.

In securitisations in which there is no regulatory risk transfer, which represent the majority of CaixaBank's traditional securitisation exposures, the processes applied to monitor changes in the credit risk of the exposures are the same as those corresponding to the underlying assets. In traditional securitisations where a significant part of the risk is transferred, this variation is measured and reviewed regularly, through the relevant external credit rating.

For synthetic securitisations, the securitised assets are subject to specific monitoring on a monthly basis, together with monitoring of changes in risk weightings for calculating risk weighted assets.

All CaixaBank's securitisation positions belong to non-trading book. There are no securitisation positions in the trading book. Therefore, there are no securitisation positions included in the capital requirements for market risk.

At CaixaBank, both synthetic and traditional securitisation transactions have an internal framework approved by the Global Risk Committee. Its objective is to outline the governance of these issues, distinguishing between transactions that enable significant risk to be transferred to third parties—and whose sole purpose is to actively manage credit risk and the bank's capital requirements—, and other securitisation transactions whose sole purpose is to obtain financing or liquidity.

CaixaBank Group does not act as the sponsor in any securitisation schemes or as the originator in any re-securitisations. In addition, it does not provide implicit support in its own securitisations that involve a significant transfer of risk at a regulatory level.

The traditional securitisation funds that are originated are assessed by the following external ratings agencies, irrespective of the underlying assets securitised: Standard & Poor´s, DBRS, Moody´s, Fitch and SCOPE. No external rating has been requested for the synthetic securitisation issued to date.

H. Securitisation activity in 2023

During 2023, CaixaBank issued the following traditional securitisations:

- **CAIXABANK CONSUMO 6, F.T. (June 2023):** A traditional securitisation of consumer loans, with an initial securitised value of EUR 2,000 million. This issuance meets the STS criteria established in Regulation (EU) 2017/2402 and has a replenishment period of 12 months.
- **CAIXABANK PYMES 13, F.T. (November 2023)**: A traditional securitisation of SME loans without mortgage collateral, with an initial securitised value of EUR 3,000 million. This issuance does not meet the STS criteria.

I. Risk management. Accounting policies

Criteria for derecognising securitised assets or maintaining them on the balance sheet

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

In this regard, a financial asset will have been transferred only if it meets one of the following conditions:

- The contractual rights are transferred when receiving the cash flows of a financial asset.
- The contractual rights of receiving the financial asset's cash flows is retained, but the contractual obligation of paying them to one or more recipients is assumed.

If the contractual rights are retained, the Entity will process the transaction as if it were a transfer of financial assets only if the following three conditions are met:

- The Entity does not have to pay any amount to potential recipients, unless it collects equivalent amounts of the original asset. The short-term advances made by the Entity, with the right to the total recovery of the amount plus the accrued interest at market rates, do not breach this condition.
- The Entity cannot, according to the terms of the transfer agreement, sell or pledge of the original asset, except as a guarantee with any potential recipients of the payment of cash flows.
- The Entity must send any cash flow that it receives in the name of the potential recipients without significant delay. In addition, the Entity does not have the power to reinvest cash flows, except in cash investments or cash equivalents during the short settlement period that spans from the collection date to the transfer date with agreed the potential recipients. The interest generated by these investments will be delivered to the recipients.

When the Entity transfers a financial asset, it will assess the extent to which the risks and rewards inherent to its ownership are retained. In this case:

- If, substantially, all the risks and rewards of ownership of the transferred asset are transferred, it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised. For example, among others: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deep out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners.
- If, substantially, the risks and rewards of ownership of the transferred asset are retained, it is not derecognised, and the same criteria used before the transfer continue to apply and the following are recognised:
  - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss; and
  - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offset.

  This would be the case, for example, for sales of financial assets with a repurchase agreement for a fixed price or the sale price plus a lender's usual return, securities lending contracts under which the borrower has an obligation to repay the securities or similar.
- If, substantially, the risks and rewards of ownership of the transferred asset are neither transferred nor retained, a distinction is made on the basis of the transferor's control over the financial asset:

- If it does not retain control, then it is derecognised and any right or obligation retained or arising from the transfer is recognised.
- If it does retain control, it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

This would include, among others, sales of financial assets with a put or call option that is neither deep in the money nor deep out of the money, securitisations in which the transferor assumes a subordinated loan or other types of credit enhancements for a portion of the transferred asset.

According to the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the Group does not need to be written off the balance sheet.

To determine whether there is control over a structured entity and, therefore whether it should be consolidated, the Group analyses the contractual rights other than voting rights. For this, it considers the purpose and design of each entity and, inter alia, evidence of the ability to direct the relevant activities, potential indications of special relationships or the ability to affect the returns from its involvement. With regard to securisation funds, the Group is highly exposed to variable returns and has decision-making power over the entity, either directly or through an agent, so they are consolidated.

Criteria for the recognition of gains or losses in cases where assets are derecognised from the balance sheet

In order for the Group to recognise the gain or loss generated in a sale of financial instruments, it must derecognise them from its accounts. To do this, the requirements regarding substantial transfer of risks and rewards described in the previous point must be met.

The gain or loss should be recognised in the income statement and will be calculated as the difference between the net book value and the total consideration received, including any new asset obtained less any liabilities that are assumed.

When the amount of the financial asset being transferred matches the total amount of the original financial asset, any new financial assets, financial liabilities and liabilities from the provision of services that arise as a result of the transfer will be recognised at fair value.

In the case of the issuances of securitisations that CaixaBank Group carries out, it retains the underlying assets on its balance sheet. Therefore, at present, when a securitisation is generated in CaixaBank Group, no gain or loss is produced in the accounting records.

Assumptions for assessing the retention of risks and rewards on securitised assets

The Group considers that the risks and rewards of securitisations are substantially retained when the subordinated bonds of issuances are kept or subordinated loans are granted to the securitisation funds in question which involve substantially retaining the expected credit losses of the loans that are transferred.

Synthetic securitisations

With regard to synthetic securitisations, the transfer of credit risk takes the form of a financial guarantee and it is not considered a substantial transfer of risks and rewards. Therefore, the underlying exposure is retained on the balance sheet.

8.3.2. MINIMUM CAPITAL REQUIREMENTS FOR SECURITISATION RISK

As mentioned above, CaixaBank Group's minimum capital requirements for securitisation risk are calculated in accordance with Regulation (EU) 575/2013.

This Regulation establishes that for securitisation funds that do not meet the requirements for determining significant risk transfer, the method used to calculate the capital requirements for securitisation transactions will be the same as the method used for the underlying assets if they had not been securitised. However, for funds that do meet these conditions, the capital requirements on the retained position of these securitisation issues shall be calculated by applying one of the methods defined for securitisations (SEC-IRBA, SEC-SA, SEC-ERBA or 1250 %).

It should be noted that in the SEC ERBA approach, external credit ratings are required for the calculation of securitisation capital requirements. For this purpose, CaixaBank Group uses external ratings published by Moody's, S&P, Fitch and DBRS, which are external rating agencies considered eligible by the regulator.

CaixaBank Group does not apply the Internal Assessment Approach (IAA) in any cases.

A. Exposures in which CaixaBank Group acts as originator

The following table, EU SEC3, shows the own securitisation exposure in the investment portfolio, where the transfer of a significant part of the risk is recognised.

At year-end 2023, CaixaBank Group mainly applies the SEC-IRBA (Internal Ratings Based Approach) in own issuances for both traditional and synthetic securitisations. The table also shows that most of the securitisation exposure subject to capital requirements receive risk weights in the lowest tier (below 20%).

Compared to the previous year, regulatory exposure subject to RWAs before deductions of securitisations where CaixaBank acts as originator dropped by EUR 845 million (-41%), and as a result, RWAs fell by EUR 117 million (-44%). This decrease of EAD and RWAs is mainly due to the amortisation of the Gaudí II, Gaudí III and Gaudí IV synthetic securitisations.

Table 8.59. EU-SEC3 - Securitisation exposures in the non-trading book and regulatory capital requirements - Institution acting as originator or as sponsor

Amounts in millions of euros	Exposure values (by risk weighting / deduction ranges)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (by regulatory approach)				Capital requirements after cap			
	≤ 20%	Weighting >20% to 50%	Weighting >50% to 100%	Weighting >100% to <1250%	Weighting 1250% / Deductions	SEC-IRBA	SEC-ERBA (including internal assessment approach)	SEC-SA	1250% Weighting/Deductions	SEC-IRBA	SEC-ERBA (including internal assessment approach)	SEC-SA	1250% Weighting/Deductions	SEC-IRBA	SEC-ERBA (including internal assessment approach)	SEC-SA	1250% Weighting/ Deductions
Total exposures	**1,111**	**–**	**–**	**97**	**–**	**1,207**	**1**	**–**	**–**	**362**	**2**	**–**	**–**	**12**	**0.20**	**–**	**–**
Traditional securitisations	–	–	–	97	–	96	1	–	–	239	2	–	–	2	0.20	–	–
Securitisations	–	–	–	97	–	96	1	–	–	239	2	–	–	2	0.20	–	–
Retail	–	–	–	97	–	96	1	–	–	239	2	–	–	2	0.20	–	–
Of which: STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of which: STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Synthetic securitisations	1,111	–	–	–	–	1,111	–	–	–	122	–	–	–	10	–	–	–
Securitisations	1,111	–	–	–	–	1,111	–	–	–	122	–	–	–	10	–	–	–
Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wholesale	1,111	–	–	–	–	1,111	–	–	–	122	–	–	–	10	–	–	–
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

B. Exposures in which CaixaBank Group acts as investor

The following table, EU SEC4, shows the securitisation exposures in which CaixaBank Group acts as an investor.

At the end of 2023, CaixaBank Group mainly applies the SEC-ERBA (External Ratings Based Approach) method. This table also shows that most of the exposure receives risk weights in the second lowest tier (between 20% and 50%).

The regulatory exposure subject to capital requirements before deductions of securitisations where CaixaBank acts as investor increased by EUR 446 million.

Table 8.60 EU-SEC4 - Securitisation exposures in the non-trading book and regulatory capital requirements - Institution acting as investor

Amounts in millions of euros

	Exposure values (by risk weighting / deduction ranges)					Exposure values (by regulatory approach)				Risk-weighted exposure amount (by regulatory approach)				Capital requirements after cap			
	≤ 20%	Weighting >20% to 50%	Weighting >50% to 100%	Weighting >100% to <1250%	1250%RW / deductions	SEC-IRBA	SEC-ERBA method (including the internal assessment method)	SEC-SA	1250%RW / deductions	SEC-IRBA	SEC-ERBA method (including the internal assessment method)	SEC-SA	1250%RW / deductions	SEC-IRBA	SEC-ERBA method (including the internal assessment method)	SEC-SA	1250%RW / deductions
Total exposures	**7**	**536**	**1**	**–**	**0.13**	**0.42**	**542**	**–**	**0.13**	**0.33**	**223**	**–**	**0.59**	**0.03**	**18**	**–**	**0.05**
Traditional securitisations	7	536	1	–	0.13	0.42	542	–	0.13	0.33	223	–	0.59	0.03	18	–	0.05
Securitisations	7	536	1	–	0.13	0.42	542	–	0.13	0.33	223	–	0.59	0.03	18	–	0.05
Retail	7	526	1	–	0.08	0.42	532	–	0.08	0.33	221	–	–	0.03	18	–	–
Of which: STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wholesale	–	10	–	–	–	–	10	–	–	–	3	–	0.59	–	–	–	0.05
Of which: STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Synthetic securitisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Securitisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

8.3.3. QUANTITATIVE ASPECTS

A. Exposures in securitisation transactions and amount of assets securitised

Below are the on- and off-balance sheet positions in securitisations by CaixaBank Group, as of 31 December 2023, by type of exposure and role irrespective of whether a significant portion of the regulatory risk exists.

Table 8.61. Securitisation positions by type of exposure

Amounts in millions of euros	2023		2022
Type of exposure	Exposure	% of total	Exposure
1) Securitisation positions in which the Group acts as originator	**26,475**	**97.99%**	**28,421**
A. On-balance sheet securitisation positions	26,391	97.68%	28,303
Securitisation bonds - senior tranche	18,417	68.17%	19,087
Securitisation bonds - mezzanine tranche	5,972	22.10%	7,167
Securitisation bonds - first loss tranche	126	0.47%	130
Subordinated loans	1,876	6.94%	1,920
B. Off-balance sheet securitisation positions	84	0.31%	117
Liquidity facilities	2	0.01%	2
Interest rate derivatives	82	0.30%	115
2) Securitisation positions in which the Group does not act as originator	**543**	**2.01%**	**96**
A. On-balance sheet securitisation positions	543	2.01%	96
Securitisation bonds - senior tranche	542	2.01%	96
Securitisation bonds - mezzanine tranche	0.10	— %	0.12
Securitisation bonds - first loss tranche	0.05	— %	0.05
Subordinated loans	0.50	— %	0.63
B. Off-balance sheet securitisation positions	–	— %	–
Liquidity facilities	–	— %	–
Interest rate derivatives	–	— %	–
Total value	**27,018**	**100.00%**	**28,517**

The table above shows all securitisation exposures, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates the application of impairment losses. In addition, consistent with the indications of the EBA mapping document for SEC1, in the case of securitisations without risk transfer and with retention type A, C and D (COREP C14.00 - column 61=N and column 80=A/C/D), the retained position is estimated as securitised exposure multiplied by the retention percentage.

CaixaBank's exposure in securitisation tranches has been reduced globally by EUR 1,499 million, mainly as a result of:

- A reduction in the retained position of own traditional securitisations of EUR 4,886 million due to the periodic write-off of the same during the 2023 financial year.
- Exposure increase of EUR 1,960 million and EUR 2,933 million due to the retained position of the new securitisation CaixaBank Consumo 6 and CaixaBank Pymes 13, respectively.
- A decrease by EUR 799.7 million due to the recurring amortisation of the Gaudí II, Gaudí III and Gaudí IV synthetic securitisations.
- Drop of EUR 1,152.9 million due to the settlement of securitisations CaixaBank Consumo 2, CaixaBank Consumo 3, CaixaBank Consumo 4, CaixaBank Pymes 8, CaixaBank Pymes 9 and FCT Vasco by BPI.
- EUR 446 million rise due to the increase of the Group's investment positions mainly due to the new position in the securitisation on the Portuguese tariff deficit, Verse 8.

The table EU SEC1 shows further details of CaixaBank Group's positions in securitisation transactions at year-end 2023, broken down by type of exposure, type of securitisation and type of action. The variations with respect to the previous year in the EU SEC1 table are explained by the same reasons as mentioned above.

Table 8.62. EU SEC1 - Securitisation exposures in the non-trading book

Amounts in millions of euros	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional				Synthetic		Subtotal	Traditional		Synthetic	Subtotal	Traditional		Synthetic	Subtotal
	STS		Non-STS					STS	Non-STS			STS	Non-STS		
		Of which: SRT		Of which: SRT		Of which: SRT									
Total exposures	**1,960**	**–**	**23,403**	**97**	**1,111**	**1,111**	**26,475**	**–**	**–**	**–**	**–**	**–**	**543**	**–**	**543**
Retail (total)	1,960	–	18,514	97	–	–	20,475	–	–	–	–	–	533	–	533
Residential mortgage	–	–	17,364	97	–	–	17,364	–	–	–	–	–	36	–	36
Credit cards	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other retail exposures	1,960	–	1,151	–	–	–	3,111	–	–	–	–	–	497	–	497
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wholesale (total)	–	–	4,889	–	1,111	1,111	6,000	–	–	–	–	–	10	–	10
Loans to corporates	–	–	4,605	–	1,111	1,111	5,716	–	–	–	–	–	–	–	–
Commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lease and receivables	–	–	284	–	–	–	284	–	–	–	–	–	10	–	10
Other wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

The table above shows all securitisation exposures in the banking book, including own securitisations, with and without risk transfer, and third-party securitisations. The reported exposure incorporates impairment losses. In addition, according to the EBA mapping document, in the case of securitisations without risk transfer and with retention type A, C and D (COREP C14.00 - column 61=N and column 80=A/C/D), the retained position is estimated as securitised exposure multiplied by the retention percentage.

As previously mentioned, all of CaixaBank Group's securitisation positions belong to the held-to-maturity portfolio: there are no securitisation positions in the held-for-trading portfolio. Therefore, the table "Securitisation exposures in the trading book" (EU SEC2) is not included in this document.

Table 8.63 shows the outstanding balance of securitised contracts, together with the volume of impaired or non-performing transactions and losses recognised by the Group in the last six months, by type of exposure, are shown below.

As regards traditional securitisations, the Group generally retains the securities issued following its activity as originator. The portfolio of traditional securitisations originated is mostly on residential mortgages.

Table 8.63. EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
Amounts in millions of euros		Of which: exposures defaulted	
Total exposures	**27,589**	**944**	**12**
Retail (total)	21,463	842	13
Residential mortgage	18,299	742	14
Credit cards	–	–	–
Other retail exposures	3,164	100	(1)
Re-securitisation	–	–	–
Wholesale (total)	6,126	102	(1)
Loans to corporates	5,842	94	2
Commercial mortgage	–	–	–
Lease and receivables	284	8	(3)
Other wholesale	–	–	–
Re-securitisation	–	–	–

8.4. EQUITY PORTFOLIO

The risk associated with equity investments (or investees) **is defined as 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 CaixaBank Group companies' equity investments.

€
Equity portfolio risk RWAs

€
Equity portfolio risk EAD

100%
EAD under internal models

This category comprises the minority equity holdings not included in financial assets at fair value through profit or loss, as well as holdings in subsidiaries that are not fully consolidated in the prudential balance sheet due to the nature of their business activity, primarily VidaCaixa, the parent company of CaixaBank's insurance group.

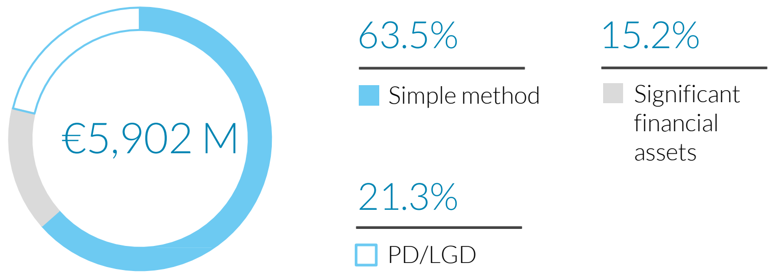
As part of the necessary monitoring and control of the risks associated with the portfolio, there is a corporate risk management policy for equity holdings that establishes the governance mechanisms for the investment and divestment of the Group companies' equity holdings and a structure of warnings and limits.

In measuring capital requirements on the equity portfolio, CaixaBank Group mainly uses the PD/LGD method and the simple method. The significant positions (with a holding above 10%) in financial institutions and insurance companies not belonging to the financial conglomerate are applied a weighting of 250% for the portion not deducted from own funds —there is currently no deduction for this item—. For the insurance companies of the financial conglomerate, mainly VidaCaixa, Article 49.1 of the CRR is applied, with a weighting by the simple method of 370%.

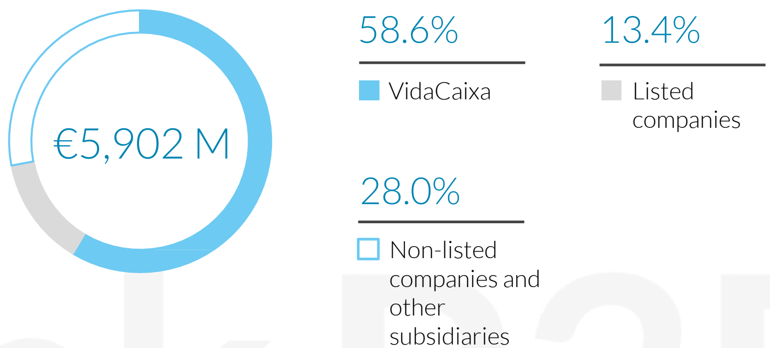
A. Annual evolution

In 2023 equity portfolio RWAs decreased by €1,141 million, down 6% year-on-year. The main movements include the lower exposure to VidaCaixa, the application of IFRS 17 and the reduction in the carrying amount of certain investees' dividend distributions.

/ **EAD IN EQUITY PORTFOLIO** – Breakdown by approach, %



/ **EAD IN EQUITY PORTFOLIO** – Breakdown in terms of listed or unlisted instruments, %



8.4.1. EQUITY PORTFOLIO RISK MANAGEMENT

A. Description and general policy

The risk associated with equity holdings (or investees) is part of the credit risk for investments that are not classified in the held-for-trading portfolio. More specifically, the Corporate Risk Catalogue considers it as a specific type of credit risk, reflecting the possibility of incurring losses in a medium and long term horizon as a result of adverse movements in market prices or the impairment loss of positions of CaixaBank Group companies' equity portfolio.

B. Structure and organisation of the risk management function

In the Group, equity holdings are subject to monitoring and specialist analysis. This monitoring and analysis is carried out at a deeper level in the case of permanent shareholdings or those involving a material investment amount and impact on capital.

The Group's organisational structure has various levels of risk management and control.

_First line of defence

- **Financial control and analysis:** through specialists focusing exclusively on monitoring changes in economic and financial data, as well as understanding and issuing alerts in the event of changes in regulations and competition in the countries and sectors in which the investees operate. These analysts are in the Directorate of Financial Accounting, Control and Capital.

  They also liaise with listed investees' investor relations departments and gather the information, including reports by third parties (e.g. g. investment banks, rating agencies) needed for an overview outlook of possible risks to the value of the stakes.

  In general, with the most significant shareholdings, both the estimates of and actual data on investees' contributions to income and equity (where applicable) are updated regularly by the analysts. In these processes, the market and analyst outlooks (recommendations, target prices, ratings, etc.) are shared with senior management for regular comparison with the market.

  The conclusions on the profit and loss and the most relevant alerts of changes in the contributions of equity investments are submitted to the Management Committee and shared with CaixaBank's governing bodies, generally each quarter.

- **Accounting recognition:** the Financial Accounting division, also located within the Directorate of Financial Accounting, Control and Capital, ensures that all necessary information meets the relevant quality requirements, is entered into the Group's IT systems by the required deadlines, and that the subsequent external reporting is carried out. In this process, the controls established in the Internal Control over Financial Reporting (ICFR) system are applied, and the regulations set out therein are fulfilled. In matters of finance, changes in shareholders' equity in companies accounted for using the equity method are also recognised, as well as comparing the investees ratings.

_Second line of defence

Corporate Risk Management Function & Planning is responsible for the second line of defence functions for this risk.

On the one hand, it manages the risk of impairment of shareholdings by analysing their impairment tests. And on the other hand, it monitors and reports the exposure and regulatory capital consumption associated with the investees, as well as other measurement metrics, such as Value at Risk (VaR).

It also performs functions related to risk quantification and monitoring, such as (i) the incorporation, on a daily basis, of the market risk of derivatives and the exchange risk associated with the investee portfolio into the Group's market risk monitoring procedures; and (ii) the ongoing monitoring of risks in relation to financial market operations in connection with financial investee companies.

_Third line of defence

The function of Internal Audit as the third line of defence is included in section 3.1.2 Third line of defence.

C. Management of equity exposures at CaixaBank

As part of the necessary monitoring and control of the risks associated with the portfolio, there is a corporate risk management policy for equity holdings that establishes the governance mechanisms for the investment and divestment of the Group companies' equity holdings and, within the RAF, a structure of warnings and limits.

D. Measurement and information systems

Within the margins set by the regulations and in accordance with the objective of adopting the most risk-sensitive advanced methods, the criterion for assigning the various risk measurement approaches to the equity investments not included in the trading book is as follows.

Firstly, holdings that may be subject to deductions from own funds under Article 36 of the CRR are identified. The part not deducted from these holdings is assessed on the basis of its accounting classification, strategic nature and internal *rating* availability.

To do this, taking into account the provisions of Article 143.3 of the CRR, all components of the equity portfolio must receive the same methodological treatment in entities with authorisation to use internal models. In this way, the methodological treatment for capital consumption will generally depend on the following:

1. The accounting classification of the holding: for investments classified in the portfolio at fair value with changes in other comprehensive income, the calculation is carried out *a priori* using the internal VaR model.
2. The permanence strategy: for investments intended to be held on a long-term basis or with a long-term link in their management, the credit risk is the most significant. Therefore, the PD/LGD approach is used where possible.

   The internal models on which this approach is based are those described in previous sections (see subsection "Use of the internal ratings-based method" in 8.1.3.), and they are assigned according to the relevant segmentation criteria.

   In application of Article 155,3 of the CRR, the Group adopts a conservative approach to the standard, assigning an LGD of 90% in any case.

If the requirements for applying the aforementioned methods are not met or there is insufficient information on the equity position in order to assess an internal rating and assign a reliable and duly justified PD, the simple risk-weighting method is applied in accordance with current regulations.

In the case of exposure not deducted from own funds in significant financial holdings and insurance interests (i.e. over 10%), Article 48 of the CRR states that its weighting will be fixed at 250%. This is the case except for VidaCaixa, given that it is a subsidiary of the insurance sector that belongs to the same financial conglomerate with authorisation to apply Article 49.1 of the CRR, which means that the tangible exposure of the holding is exempt from deductions from own funds and the general regime must be applied to it, which – in this case – is the simple method with a risk weighting of 370%.

The result obtained from using internal models to measure capital charges (VaR, PD/LGD) is a key element for calculating the quantity and quality of the risk assumed, without prejudice to the analysis of other types of measurements that supplement those required by regulations and are designed to determine the market value of the holdings, their liquidity, and the estimated contribution to the Group's profit and loss, and capital.

To illustrate this point, below are some of the reports which the *Corporate Risk Management Function & Planning* Department generates and distributes to the relevant internal committees:

- Market risk report, monitoring the risk (VaR) of the Group's trading derivatives in connection with its strategic holdings.
- The report on Currency Risk in Investee Companies, which includes monitoring of risk (VaR) for the exchange rate associated with these holdings.
- The Group's Positioning Report for financial instruments, which is part of the global monitoring of the positions that comprise market operations, and covers both the fixed-income and equity positions held by the Group, including those in VidaCaixa, and guaranteed mutual and pension funds.

8.4.2. MINIMUM CAPITAL REQUIREMENTS FOR RISK ASSOCIATED WITH THE EQUITY PORTFOLIO

The following table contains a breakdown of exposure and RWAs for the equity portfolio. This information is presented in accordance with the calculation methods set out in the European capital requirements regulation (CRD IV and CRR), and also in accordance with the equity instrument category[1].

Table 8.64. Exposure of the equity portfolio

Amounts in millions of euros

Simple	% of total	Original exposure	EAD	LGD	RWA	RWA density	EL	Capital (8%)
Simple method	63.5%	3,748	3,748	0.00%	13,821	368.79%	89	1,106
PD/LGD method (1)	21.27%	1,255	1,255	90.00%	2,767	220.42%	10	221
VaR method	0%	–	–	0.00%	–	0%	–	–
Significant financial investments	15.24%	899	899	0.00%	2,248	250%	–	180

(1) Based on LGD of 90%

Table 8.64 PY. Exposure of the equity portfolio

Amounts in millions of euros

					2022			
Simple	% of total	Original exposure	EAD	LGD	RWA	RWA density	EL	Capital (8%)
Simple method	61.96%	3,998	3,998	0.00%	14,754	369.05%	95	1,180
PD/LGD method (1)	22.13%	1,427	1,427	90.00%	2,658	186.23%	5	213
VaR method	0%	–	–	0.00%	–	0%	–	–
Total	**100.00%**	**6,452**	**6,452**	**90.00%**	**19,978**	**309.66%**	**101**	**1,598**

(1) Based on LGD of 90%

1 Described in section 8.4.1

8.4.3. QUANTITATIVE ASPECTS

A. Description, accounting recognition and measurement

The Group's equity investment portfolio features major companies that hold a prominent position in their respective markets and have a capacity to generate recurring value and profits. In general, these are strategic investments, and the Group is involved in their governing bodies and in defining their future policies and strategies. CaixaBank Group's 2023 financial statements show a breakdown of the companies in its equity investment portfolio, with information on their area of business and scope of activity.

Stakes in these companies are recorded under the following asset categories:

- **Investments[1]:** investments in the capital of entities classified as Group companies, jointly controlled entities or associates. It is classified under the asset in "Investments in joint ventures and associates".
- **Other shareholdings in equity instruments:** in general, the Group irrevocably exercises the option in the initial recognition of including – in the portfolio of Financial assets at fair value through other comprehensive income – investments in equity instruments that are not classified as held for trading and that, in the event of not exercising this option, would be classified as Financial assets compulsorily measured at fair value through profit or loss.

Financial assets at fair value with changes in other comprehensive income are always measured at fair value, with any changes in value, less the related tax effect, recognised with a balancing entry in equity. For holdings in listed companies, fair value is determined on the basis of the price that would be paid in an organised, transparent and deep market. At the time of sale, the corresponding loss or gain previously recognised in other comprehensive income is taken to reserves.

Investments are measured using the equity method, with the best estimate of their underlying carrying amount when the financial statements are drawn up. Generally accepted valuation methods are employed – for example, discounted cash flow (DCF) models, dividend discount (DDM) models, and others. No potential control premiums are considered for the purposes of valuation. Balance sheet and income statement projections are made for five years, as these are long-term investments. They are updated and adjusted on a half-yearly basis. Moderate hypotheses are used, obtained from reliable sources of information in addition to individual discount rates for each business activity and country. The growth rates used to calculate the terminal value beyond the period covered by the forecasts drawn up are determined on the basis of the data for the last period projected, and never exceed the estimated GDP growth of the country or countries in which the investees operate.

In addition, sensitivity analyses are performed for the assumptions using reasonable changes in the key hypotheses on which the recoverable amount is based, to confirm whether this continues to exceed the amount to be recovered.

1 For prudential purposes, subsidiaries that cannot be consolidated in view of their business activity are entered under this heading, since they are accounted for using the equity method.

B. Fair value and carrying amount of equity investments

The following table shows the fair value and carrying amount of the Groups' stakes and equity instruments not held for trading or in the portfolio of financial assets at fair value through profit or loss, as of 31 December 2023.

Table 8.65. Carrying amount of stakes and equity instruments not held for trading

Amounts in millions of euros

Financial assets at fair value through other comprehensive income (1)	**1,340**
Shares in listed companies	714
Shares in non-listed companies	626
Investments (2)	**4,511**
Listed	
Non-listed	4,511
Total carrying amount	**5,851**

Table 8.66. Fair value of equity investments and capital instruments not in the trading book

Amounts in millions of euros

Financial assets at fair value through other comprehensive income (1)	**1,340**
Shares in listed companies	714
Shares in non-listed companies	626
Investments (2)	**4,511**
Listed	
Non-listed	4,511
Total fair value	**5,851**

(1) The carrying amount of these assets is equal to fair value.
(2) The fair value of investee companies is the same as the carrying amount due to there not being any listed investees at December 2023.

The table below shows changes in accumulated other comprehensive income in equity instruments measured at fair value for CaixaBank Group in 2023, with the amounts taken to the income statement[1]:

Table 8.67. Fair value changes of equity instruments measured at fair value through other comprehensive income

Amounts in millions of euros

Balance at 31.12.2022 (3)	Amounts transferred to Reserves	Deferred tax assets/liabilities	Valuation gains and losses (1)	Balance 31.12.2023 (2)
(1,130)	5	(2)	(21)	(1,148)

(1) Before tax.
(2) Includes adjustments attributed to the Group.
(3) The Group has applied IFRS 17 and IFRS 9 (in the insurance business) since 1 January 2023, although the transition date for IFRS 17 is 1 January 2022, and therefore the comparative periods have been restated.

As of 31 December 2023, the market value of the Group's portfolio of listed investee companies, which only includes those classified as "Financial assets at fair value through other comprehensive income - equity instruments", amounted to EUR 714 million.

As of 31 December 2023, the market value of the portfolio of "Financial assets at fair value through profit and loss - equity instruments" amounted to EUR 124 million.

C. Value of equity exposures

As of 31 December 2023, the EAD for the risk associated with the equity shareholdings portfolio amounted to EUR 5,902 million. This amount includes the value of the portfolio of Financial assets at fair value with changes in other comprehensive income, stakes in associates and those in subsidiaries that are not consolidated due to their business activity.

1 See Note 22.2 "Other comprehensive income" of CaixaBank Group's 2023 financial statements.

Tabla 8.68. Exposiciones en participaciones de capital no incluidas en la cartera de negociación

Importes en millones de euros

Exposures	Original density of exposures	EAD	LGD	RAW	Density of RAW	Expected loss
Financial assets at fair value through other comprehensive income [1]	**1,483**	**1,483**	**90%**	**3,411**	**230.04%**	**8**
Shares in listed companies	**790**	**790**	**90%**	**1,404**	**177.74%**	**2**
Simple method	57	57		164	290.00%	–
VaR method	–	–		–	- %	–
PD/LGD method	733	733	90%	1,240	169.06%	2
Shares in non-listed companies	**693**	**693**	**90%**	**2,007**	**289.65%**	**6**
Simple method	229	229		846	370.00%	5
PD/LGD method	1	1	90%	2	279.21%	–
Significant financial investments	463	463		1,159	250.00%	–
Investments (subsidiaries, jointly controlled entities and associates)	**4,419**	**4,419**	**90%**	**15,425**	**349.03%**	**92**
Listed equity stakes	**–**	**–**		**–**	**- %**	**–**
PD/LGD method	–	–		–	- %	–
Significant financial investments	–	–		–	- %	–
Non-listed equity stakes	**4,419**	**4,419**	**90%**	**15,425**	**349.03%**	**92**
Simple method	3,462	3,462		12,811	370.00%	83
PD/LGD method	521	521	90%	1,525	292.57%	8
Significant financial investments	436	436		1,090	250.00%	–
Total	**5,902**	**5,902**	**90.00%**	**18,837**	**319.14%**	**99**

(1) Also includes the exposures of "Financial assets compulsorily measured at fair value through profit or loss".

D. Other information

The following is a breakdown of the value of specialised lending and equity exposures subject to the slotting method and the simple method by regulatory category and risk weighting.

94% of the total of specialised financing exposures is concentrated in the two best weighting tranches, mainly in maturities over 2.5 years. In 2023, particularly noteworthy is an increase of EUR 13,846 million in RWAs, mainly due to the rollout of this portfolio's slotting criteria.

Table 8.69a. EU CR10.1 - Specialised lending: project financing (slotting approach)

Amounts in millions of euros		Project financing [1]					
Regulatory categories	**Remaining maturity**	**On-balance-sheet amount**	**Off-balance-sheet amount**	**Risk weighting**	**Risk-weighted**	**RWA**	**Expected loss**
Category 1	Under 2.5 years	476	17	50.00%	478	181	–
	2.5 years or more	6,609	2,082	70.00%	6,736	3,742	27
Category 2	Under 2.5 years	277	31	70.00%	280	191	1
	2.5 years or more	5,448	1,974	90.00%	5,847	4,333	47
Category 3	Under 2.5 years	10	70	115.00%	10	11	–
	2.5 years or more	229	276	115.00%	289	308	8
Category 4	Under 2.5 years	–	–	250.00%	–	–	–
	2.5 years or more	107	6	250.00%	107	268	9
Category 5	Under 2.5 years	80	–	— %	80	–	16
	2.5 years or more	369	40	— %	370	–	185
Total	**Under 2.5 years**	**843**	**118**		**848**	**383**	**17**
	2.5 years or more	**12,762**	**4,378**		**13,349**	**8,651**	**276**

(1) Including credit risk and counterparty risk exposures
According to regulation 575/2013 in the calculation of regulatory capital by slotting criteria for the specialised lending portfolio, a tranche is established for each transaction for the corresponding RWA allocation, which is categorised as follows:
Category 1: Strong
Category 2: Good
Category 3: Satisfactory
Category 4: Weak
Category 5: Non-performing

Table 8.69b. EU CR10.2 - Specialised lending: income-producing real estate and high volatility commercial real estate (slotting approach)

Amounts in millions of euros

Income-producing real estate and high volatility commercial real estate [1]							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance-sheet amount	Risk weighting	Amount of exposure	RWA	Expected loss
Category 1	Under 2.5 years	23	–	50.00%	23	11	–
	2.5 years or more	158	232	70.00%	171	120	1
Category 2	Under 2.5 years	837	30	70.00%	847	593	3
	2.5 years or more	2,580	707	90.00%	2,625	2,362	21
Category 3	Under 2.5 years	30	30	115.00%	45	52	1
	2.5 years or more	218	188	115.00%	221	254	6
Category 4	Under 2.5 years	7	–	250.00%	7	19	1
	2.5 years or more	–	–	250.00%	–	–	–
Category 5	Under 2.5 years	29	–	0.00%	29	–	14
	2.5 years or more	34	5	0.00%	34	–	17
Total	**Under 2.5 years**	**925**	**61**		**951**	**675**	**20**
	2.5 years or more	**2,990**	**1,132**		**3,050**	**2,736**	**45**

(1) Including credit risk and counterparty risk exposures

Table 8.69c. EU CR10.3 - Specialised lending: object financing (slotting approach)

Amounts in millions of euros

		Commodities finance [1]					
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Risk-weighted	RWA	Expected loss
Category 1	Under 2.5 years	286	161	50.00%	286	142	–
	2.5 years or more	2,440	1,130	70.00%	2,480	1,705	10
Category 2	Under 2.5 years	38	–	70.00%	38	26	–
	2.5 years or more	963	193	90.00%	1,053	947	8
Category 3	Under 2.5 years	–	–	115.00%	–	–	–
	2.5 years or more	14	477	115.00%	195	224	5
Category 4	Under 2.5 years	–	–	250.00%	–	–	–
	2.5 years or more	18	–	250.00%	18	45	1
Category 5	Under 2.5 years	–	–	0.00%	–	–	–
	2.5 years or more	–	–	0.00%	–	–	–
Total	**Under 2.5 years**	**323**	**161**		**323**	**168**	**–**
	2.5 years or more	**3,434**	**1,801**		**3,746**	**2,922**	**25**

(1) Including credit risk and counterparty risk exposures

Table 8.69d. EU CR10.4 - Specialised lending: commodities finance (slotting approach)

Amounts in millions of euros

		Commodities finance [1]					
Regulatory categories	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Risk-weighted	RWA	Expected loss
Category 1	Under 2.5 years	–	–	50.00%	–	–	–
	2.5 years or more	–	–	70.00%	–	–	–
Category 2	Under 2.5 years	–	–	70.00%	–	–	–
	2.5 years or more	–	–	90.00%	–	–	–
Category 3	Under 2.5 years	–	–	115.00%	–	–	–
	2.5 years or more	–	–	115.00%	–	–	–
Category 4	Under 2.5 years	–	–	250.00%	–	–	–
	2.5 years or more	–	–	250.00%	–	–	–
Category 5	Under 2.5 years	–	–	– %	–	–	–
	2.5 years or more	–	–	– %	–	–	–
Total	**Under 2.5 years**	**–**	**–**		**–**	**–**	**–**
	2.5 years or more	**–**	**–**		**–**	**–**	**–**

(1) Including credit risk and counterparty risk exposures

Table 8.69e. EU CR10.5 - Equity exposures under the simple risk-weighted approach

Amounts in millions of euros

Categories	On-balance-sheet amount	Off-balance-sheet amount	Risk weighting	Risk-weighted	RWA	Expected Loss
Private equity exposures	–	–	190.00%	–	–	–
Exchange-traded equity exposures	57	–	290.00%	57	164	–
Other equity exposures	3,691	–	370.00%	3,691	13,657	89
Total	**3,748**	**–**		**3,748**	**13,821**	**89**

The following table shows exposure to risk associated with the equity portfolio, LGD and average risk weight. This shows that most shareholdings are concentrated in PD tranches of a good credit quality (with a PD below 0.50%).

Table 8.70. Exposure by exposure category and obligor grade

Amounts in millions of euros

PD range	Original exposure	EAD	Average PD	LGD	RAW	Density of RAW	PE	Capital (8%)
0.00 to <0.15	4	4	0.10 %	90.00 %	3	89.63 %	–	–
0.00 to <0.10	3	3	0.09 %	90.00 %	2	77.36 %	–	–
0.10 to <0.15	1	1	0.13 %	90.00 %	1	115.78 %	–	–
0.15 to <0.25	2	2	0.17 %	90.00 %	2	133.33 %	–	–
0.25 to <0.50	749	749	0.29 %	90.00 %	1,264	168.86 %	2	101
0.50 to <0.75	12	12	0.62 %	90.00 %	28	226.40 %	–	2
0.75 to <2.50	438	438	1.54 %	90.00 %	1,276	291.57 %	6	102
0.75 to <1.75	317	317	1.30 %	90.00 %	895	282.02 %	4	72
1.75 to <2.5	120	120	2.19 %	90.00 %	380	316.81 %	2	30
2.50 to <10.00	51	51	4.84 %	90.00 %	193	377.74 %	2	15
2.5 to <5	49	49	4.83 %	90.00 %	186	377.61 %	2	15
5 to <10	2	2	5.02 %	90.00 %	7	381.44 %	–	1
10.00 to <100.00	–	–	– %	– %	–	– %	–	–
10 to <20	–	–	– %	– %	–	– %	–	–
20 to <30	–	–	– %	– %	–	– %	–	–
30.00 to <100.00	–	–	– %	– %	–	– %	–	–
Performing portfolio	**1,255**	**1,255**	**0.92 %**	**90.00 %**	**2,767**	**220.42 %**	**10**	**221**
100.00 (Default)	–	–	– %	– %	–	– %	–	–
Total	**1,255**	**1,255**	**0.92 %**	**90.00 %**	**2,767**	**220.42 %**	**10**	**221**

09 Actuarial risk

Actuarial risk

The European regulatory framework of reference for insurance companies, known as Solvency II, is transposed into to the Spanish legal system through Act 20/2015 and Royal Decree 1060/2015, which are known, respectively, as LOSSEAR and ROSSEAR. This framework is supplemented by the technical standards approved by the European Commission (ITS), which are directly applicable to the insurance group, and guidelines published by EIOPA (European Insurance and Occupational Pensions Authority), which have been adopted by the Directorate-General for Insurance and Pension Funds (DGSFP) as their own.

In accordance with the European Solvency II Directive, **actuarial risk** is defined in the Corporate Risk Taxonomy as the **risk of loss or adverse change in the value of commitments taken on via insurance contracts or pensions with customers or employees, derived from the divergence between the estimate for actuarial variables employed in pricing and reserves and their real evolution.**

Actuarial risk is inherent to the activity of entering into insurance contracts which, within the Group, is focused on the sub-group of companies headed by VidaCaixa (hereafter, VidaCaixa Group). Through VidaCaixa Group, CaixaBank Group is exposed to actuarial risk from unfavourable changes in mortality, longevity, disability and morbidity, catastrophic, crash and expense risk factors.

In addition to the activity of entering into contracts, actuarial risk also arises from the defined benefit pension commitments of the Group companies with their employees. At CaixaBank, the risks inherent in these agreements are managed by VidaCaixa by entering into insurance contracts, while those of the Portuguese banking subsidiary, BPI, are implemented through a Pension Fund managed by BPI Vida e Pensões, a subsidiary of VidaCaixa in Portugal.

This risk is managed with the aim of ensuring the Group has the capacity to meet commitments to its insured parties, optimising the technical margin and keeping balances within the limits established in the RAF.

With the aim of ensuring correct risk management, CaixaBank has a Corporate Policy for managing financial-actuarial risk, which lays down the general principles, governance framework, control framework and information reporting framework, which are applicable to all Group companies with exposure to such risk.

Furthermore, VidaCaixa Group companies have their own financial-actuarial risk management policies and frameworks that serve as the development of this Corporate policy. Due to its relevance, it is worth mentioning the Policy for subscribing and constituting reserves, which identifies various parameters for risk approval, measurement, rate-setting and, lastly, to calculate and set aside reserves covering underwritten policies. General operating procedures are also in place for underwriting and the provision of reserves. Similarly, the Reinsurance Policy makes it possible to identify the extent to which risk is passed, taking into account the risk profile of direct insurance contracts.

Within the banking prudential scope, the capital requirements related to VidaCaixa Group's actuarial risk are implicit in the quantification of the Group's actuarial risk, in accordance with the provisions of capital regulations for investments in insurance companies, such as that of CaixaBank in VidaCaixa. In this case, there is also the particular circumstance that both companies form a financial conglomerate subject to a specific additional supervision.

9.1. STRUCTURE AND ORGANISATION OF THE RISK MANAGEMENT FUNCTION

CaixaBank's Board of Directors is ultimately responsible for outlining and supervising the Group's risk management framework; therefore, it approved a Corporate Policy for managing financial-actuarial risks. Through this Policy, the Board of Directors delegates the Group's actuarial risk supervision and management tasks to CaixaBank's Risk Committee and Global Risk Committee.

In CaixaBank, the Corporate Risk Management Function & Planning Division and the Internal Audit Division, as the areas responsible for the corporate risk management and audit functions, respectively, assume the strategic guidance, supervision and coordination with regard to the respective internal control functions of the subsidiaries, while safeguarding the scope of these functions.

When undertaking its corporate function, the Directorate of Corporate Risk Management Function & Planning proposes the Corporate Policy for managing financial-actuarial risk and oversees the adequate corporate alignment with the management and control functions of financial-actuarial risk.

Meanwhile, VidaCaixa's Board of Directors, as the head of CaixaBank Group's insurance sub-group, outlines and supervises its proprietary risk management framework, approving and monitoring its specific policies that develop the Corporate Policy for the management of financial-actuarial risk. Through these proprietary policies, the VidaCaixa Board of Directors has assigned its VidaCaixa Risk Committee, as a specialised committee, the mission of supporting and advising the company's Board of Directors on overall risk propensity, as well as its strategy. Its main functions include supervising the effectiveness of risk management systems. In addition, the VidaCaixa Global Risk Committee, which reports to the Risk Committee and the company's Board of Directors, undertakes the functions of global management, control and monitoring of the risks that VidaCaixa Group may incur.

Coordination between the Group's Corporate Risk Management Function & Planning Division and VidaCaixa's Actuarial and Risk Function Division, within the framework of functional dependence of the subsidiaries' risk management function with respect to the parent company, ensures an adequate system of control and monitoring of the insurance business from CaixaBank.

9.2. RISK MANAGEMENT. MEASUREMENT AND INFORMATION SYSTEMS

The actuarial risks assumed through underwriting life insurance contracts are managed in conjunction with the inherent risks arising from the financial assets acquired for hedging purposes.

The actuarial risk management set out in policies aims to ensure the long-term stability of the actuarial factors that have an impact on the technical performance of the insurance products underwritten. Actuarial risk factors include mortality and longevity risks in the life insurance lines, where VidaCaixa incorporates a partial internal model in its management according to the methodology established in the Solvency II Directive, which is submitted annually to its Regulatory Body. The model is based on data from historical experience that provides a more adapted vision of the risk profile of the insured group.

The Group, through its insurance company VidaCaixa, limits its exposure to interest rate risk by applying the financial immunisation techniques set out in the provisions of the DGSFP (Directorate-General for Insurance and Pension Funds).

For credit and liquidity risk in the insurance business, the Group has risk management frameworks that outline minimum credit quality and diversification levels.

As regards measuring, monitoring and controlling financial-actuarial risks, VidaCaixa:

- Monitors financial-actuarial risk through various indicators. The most relevant metrics are included in the RAF of the VidaCaixa Group and CaixaBank Group, which are aligned with each other.
- Frequently analyses the evolution of the risk profile of the portfolios.
- Performs ongoing analysis of the evolution of the asset and liability items, including information regarding the profitability and duration of the items according to maturities, the asset-liability mismatch and the estimated evolution of the financial technical margin.
- Frequently analyses the liquidity situation of the various portfolios.
- Performs annual stress exercises as part of the ORSA (Own Risk and Solvency Assessment) exercise on self-assessment and projection of the risks and solvency of the VidaCaixa Group.

Furthermore, it should be noted that the systems for measuring actuarial risk, from which the sufficiency of the actuarial reserves are quantified and assessed policy-by-policy, are integrated with the management of the insurance business. In this sense, production operations, irrespective of the channel, are recorded in the systems using the various contracting and benefits management applications that are directly integrated or connected via automated interfaces with provisioning and capital requirement calculation applications. Investment management software is used to manage and control the investments backing the company's insurance activity. All of the applications are accounted for automatically in the accounting support software. There is a series of applications that perform management support tasks within these integrated and automated systems. It is worth noting applications for data processing that are used for the preparation of reporting information and risk management. There is also a solvency and risk datamart, which serves as a support tool for compliance with all the requirements of the Solvency II Directive.

9.3. REPORTING

The position and control of the risks of the insurance company VidaCaixa is monitored regularly by VidaCaixa's Management, Investment and Global Risk committees and CaixaBank's Global Risk Committee and ALCO. This involves calculation and analysis of the sufficiency of technical provisions, analysis of the sufficiency of expenses, and analysis of products and operations. The reports prepared include:

- The expense surcharges sufficiency report.
- The annual internal longevity and mortality calibration and validation reports.
- Annual report on the actuarial function, which includes, among others, the monitoring of margins and the adequacy of hypotheses used in the calculation of technical provisions.
- The VidaCaixa Group's RAF monitoring report.

Furthermore, a number of reports have been prepared for the VidaCaixa Board of Director's Risk Committee, such as the RAF monitoring report and the technical provision control environment report.

With respect to the application of Solvency II, in 2023, the annual and quarterly QRTs (Quantitative Reporting Templates) at a European level were presented to the insurance supervisor (DGSFP). In addition, the VidaCaixa Group Solvency and Financial Condition Report was published in May 2023.

9.4. HEDGING POLICIES AND MITIGATION TECHNIQUES

One of the elements available to the Group to mitigate the actuarial risk assumed is to pass on part of the risk to other entities, through reinsurance contracts. To do so, the Group, and specifically VidaCaixa, has a Reinsurance policy, which is updated at least annually, that identifies the extent to which risk is passed on, taking into account the risk profile of direct insurance contracts, and the type, suitability and effectiveness of the different reinsurance agreements.

By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

CaixaBank Group, through VidaCaixa, establishes in the Reinsurance Policy:

- The strategy and general principles governing reinsurance management.
- The governance, management, control and reinsurance information frameworks.

In this regard, VidaCaixa Group establishes tolerance limits based on the criteria governing the selection of reinsurance companies and the maximum retained risk.

10

Structural rate risk

Structural **rate risk**

-2.56% / +2.95%

Sensitivity of the 1-year net interest income of sensitive balance sheet items in an interest rate scenario of +/- 100 bp

+2.12% / -2.88%

Sensitivity of the economic value of the balance sheet in an interest rate scenario of +/- 100 bp, divided by the Tier 1 figure.

Interest rate risk is inherent to the banking business and **impacts the net interest income or the economic value of the balance sheet** due to changes in market interest rates.

CaixaBank Group's management of this risk seeks to:

- **Optimise the net interest margin.**
- **Preserve the economic value of the balance sheet.**

To carry out these management procedures, measurements are taken on net interest income and on the economic value in an interest rate baseline scenario (implicit market rates) and in other stressed scenarios. The results of the stressed scenarios are compared with those of the baseline scenario to obtain risk measurements, which are then compared with the risk appetite thresholds set out in the RAF.

These measurements are updated monthly and assumptions are periodically reviewed to ensure that they reflect the current market situations and the characteristics of the balance sheet.

The Group shows risk levels that are in line with its appetite, risk profile and the thresholds specified at the bank supervisory level.

As of 31 December 2023, CaixaBank uses fair value hedges as a strategy to mitigate its exposure and preserve the economic value of its balance sheet.

A. Annual evolution

In terms of net interest income in 2023, CaixaBank continued to benefit from the bullish interest rate cycle, maintaining a balance sheet structure that is favourable to this environment. The high net interest income as a percentage of total profits and a business model focused mainly on retail allow the bank to benefit structurally from high interest rate environments in absolute terms. From the management point of view, the bank has been gradually adopting management drivers during the restrictive phase of the monetary cycle in order to significantly reduce its sensitivity to net interest income if an abrupt change in the interest rate cycle were to occur. Given the comfortable liquidity situation, the volume of ECB funding was fully amortised.

10.1. MANAGEMENT OF STRUCTURAL RATE RISK

A. Definition and general policy

The interest rate risk is defined in the Corporate Risk Catalogue as the negative impact on the economic value of the balance sheet's items or on the net interest income due to changes in the temporary structure of interest rates and its impact on asset and liability instruments and those off the Group's balance sheet not recorded in financial assets held for trading. As balance sheet assets and liabilities are linked to different benchmark indices and have differing maturities, they may be contracted (in the case of new production) or renewed at interest rates different to those currently prevailing. This can affect their fair value and the margin they generate.

With the aim of ensuring correct risk management, the Group has a Corporate Policy for managing interest rate risk, which lays down the corporate principles, governance framework, control framework and information reporting framework that is applicable to all Group companies with exposure to such risk.

The management of this risk by the Group seeks to i) optimise the net interest income and ii) maintain the economic value of the balance sheet, while at all times taking into account the metrics and thresholds of the Risk Appetite Framework (RAF) in terms of volatility of the financial margin and value sensitivity.

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 repricing risk and yield curve risk components), basis risk and optionality risk. This last sub-risk considers automatic optionality, related to the evolution of interest rates, and the optionality of customer behaviour, which is not solely dependent on interest rates.

Also considered is the credit spread risk arising from non-trading book activities (CSRBB), resulting from changes in the market price of credit risk, liquidity risk and potentially other characteristics of instruments with an interest rate credit risk. This risk is explicitly and exhaustively assessed and monitored in risk management processes.

The structural interest rate risk is measured and monitored on a monthly basis using data from the close of the previous month. The assumptions are periodically revised to ensure that the measurements are suitable for the current market situation and the characteristics of the Group's balance sheet.

B. Structure and organisation of the risk management function

The Board of Directors has assigned functions related to the ongoing monitoring of risk management to the Risk Committee and to the Global Risk Committee. The ALCO is in charge of managing, monitoring and controlling structural rate risk. To this end, it monitors compliance with the RAF on a monthly basis, focusing both on the net interest margin and on economic value.

_First line of defence

The ALM (Assets and Liabilities Management), which reports to CaixaBank's Finance Division, is responsible for the management of structural rate risk, within the constraints imposed by management and regulatory thresholds.

The Balance Sheet Analysis and Monitoring Division, which reports to the Finance Division, oversees modelling, analysis and monitoring of interest rate risk, and maintenance of the databases and forecasting tools needed to carry out such measurements. It also proposes and implements the methodologies and improvements required for its functions.

As part of its functions, the Balance Sheet Analysis and Monitoring Division reports on changes arising in the risk, and the factors affected by such changes, not only to the ALCO but also to those responsible for internal monitoring and the second and third lines of defence:

_Second line of defence

The Structural and Market Risk Division, under the Corporate Risk Management Function & Planning Division, is responsible for structural rate risks.

_Third line of defence

See section 3.1.2. Internal Control Framework - Third line of defence.

C. Risk management. Measurement and information systems

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 measurement: static measurements are those that are not designed based on assumptions of new business and refer to a specific point in time.

- **Static gap:** shows the contractual distribution of maturities and interest rate reviews for applicable balance sheet or off-balance aggregates at a particular date. GAP analysis is based on comparison of the values of the assets and liabilities reviewed or that mature in a particular period.
- **Balance sheet economic value:** this is calculated as the sum of: **i)** the fair values of net interest rate-sensitive assets and liabilities on the balance sheet; **ii)** the fair value of off-balance sheet products (derivatives); and **iii)** the net carrying amounts of non-interest rate-sensitive asset and liability items.
- **Economic value sensitivity:** the economic value of sensitive balances on and off the balance sheet is reassessed under the various stress scenarios considered by the Group. The difference between this value and the economic value calculated at current market rates gives us a numeric representation of the sensitivity of economic value to the various scenarios employed. The Group then uses this sensitivity measurement to define operating risk thresholds for economic value for particular interest rate scenarios.
- **Value at Risk (VaR):** applying the monthly historical variations to the current rate levels, the potential impact on economic value is calculated both by the risk-free interest rate and the credit spread (limited to the balance sheet positions affected).

Dynamic measurement: based on the balance sheet position at a given date and also take into account the new business. Therefore, in addition to considering the current on- and off-balance-sheet positions, growth forecasts for the Group's budget are included.

- **Net interest income projections:**

  The Group projects future net interest income (1, 2, 3 and 4 years ahead) under various interest rate scenarios. The objective is to project net interest income according to current market curves, the outlook for the business and wholesale issuances and portfolio purchases and sales, and to predict how it will vary under stressed interest rates scenarios.

  Net interest income projection depends on assumptions and events other than just the future interest rate curve; customer behaviour (early loan payments and early redemption of fixed-term deposits), the maturity of on-demand accounts and the future performance of the Group's business are other factors also taken into account.

- **Sensitivity of net interest income:**

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

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

- **Earnings at risk (EaR):** applying the monthly historical variations to the current rate levels, the potential impact on the Bank's financial margin is calculated both by the risk-free interest rate and the credit spread (limited to the balance sheet positions affected).

The main interest rate scenarios used to measure the structural interest rate risk are:

- Scenarios of instantaneous and parallel variation of the interest rate curve by +/- 100 bp, as well as a gradual change in the curve of +/- 200 bp over a two-year horizon, and others with a different change in the slope. In all these cases, negative interest rates are allowed up to a certain estimated level.
- The six regulatory scenarios, defined by the EBA (EBA/RTS/2022/10), parallel and change in slope.
- Simulated scenarios based on historical information that account for movements in slope and the base effect, observed in different rate cycles (up and down) and market stress conditions.

With regard to measurement tools and systems, information is obtained at the transaction level of the Group's sensitive balance sheet transactions from each computer application used to manage the various products. This information is used to produce databases with a certain amount of aggregation in order to speed up the calculations without impairing the quality or reliability of the information.

The assets and liabilities management application is parameterised in order to include the financial specifics of the products on the balance sheet, using customer behaviour models sensitive to movements in interest rates, such as models on prepayments or models on sight deposits. Growth data budgeted in the financial planning (volumes, products and margins) and information on the various market scenarios (interest and exchange rate curves) are also fed into this tool, in order to perform a reasonable estimate of the risks involved. It measures the Group's static gaps, net interest income and economic value.

D. Hedging policies and mitigation techniques

To mitigate the structural interest rate risk, the Group actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementarity between the sensitivity to fluctuations in interest rates on deposits and on lending transactions arranged with customers or other counterparties. As of 31 December 2023, CaixaBank uses fair value hedges as a strategy to mitigate its exposure and preserve the economic value of its balance sheet. The most significant hedges on the Bank's balance sheet are loan hedges, issuance hedges, on-demand account hedges and, in BPI (CaixaBank Group company), term deposit hedges. The most significant are issuance hedges which are structured as macro fair value hedges.

10.1.1. QUANTITATIVE ASPECTS

Interest rate risk in the banking book is subject to specific control and includes various risk measures, such as analysis of the sensitivity of net interest income and the present value of future cash flows to different interest rate scenarios, including scenarios of negative interest rates.

The sensitivity of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios (immediate parallel and progressive movements of different intensities, as well as six scenarios of changes in slope).

The most likely scenario, which is obtained using the implicit market rates, is compared with other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 bp each, is approximately -2.56% in the rising scenario and +2.95% in the falling scenario.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on economic value. The sensitivity of equity to sensitive balance sheet assets and liabilities, taking into account scenarios of immediate rising and falling interest rates of +/- 100 bp in each case, is approximately +2.12% in the rising scenario and -2.88% in the falling scenario, compared to the Tier 1 figure.

The following table shows measurements of this risk for the current year and the previous year in the different scenarios used for management of the Group's balance sheet for both economic value and for net interest income. The table follows the document structure of the Basel (BIS) standard and gives effect to principle 8 in the document on entities' obligation to publish relevant measurements on their IRB risk.

The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of risk in the banking book, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

Table 10.1. EU IRRBB1 - Interest rate risk of non-trading book activities

Amounts in millions of euros

Period	ΔEVE		ΔNII	
	Economic Value Sensitivity (2)		Sensitivity to 12-month Interest Margin (3)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Parallel up	0.75%	(1.28)%	(5.60)%	8.90%
Parallel down (SOT)	(11.35)%	(3.49)%	3.78%	(8.62)%
Steepener (SOT)	4.99%	8.71%		
Flattener (SOT)	(11.04)%	(8.98)%		
Short rate up	(7.38)%	(8.80)%		
Short rate down (SOT)	4.18%	8.79%		
Maximum (1)	(11.35)%	(8.98)%	(5.60)%	(8.62)%
Period	**31.12.2023**		**31.12.2022**	
Capital Tier 1	32,800		31,732	

(1) The term "Maximum" refers to maximum loss.
(2) The criterion has been modified in the economic value sensitivity calculations and, as per the EBA/RTS/2022/10 guide, the aggregation of all currencies, taking into account for each one, a multiplier correction factor of 0.5 is applied if the sensitivity is positive.
(3) Sensitivities to net interest income are calculated based on the projected financial margin in the baseline scenario, and are not adjusted for FVTOCI.

The main changes in risk levels are due to the increase in interest rates, the drop in sight deposits and the higher volume in deposits.

The interest rate risk in the banking book assumed by CaixaBank Group is below levels considered significant (outliers) under current regulations.

CaixaBank continues to carry out a series of actions designed to strengthen the monitoring and management of balance sheet interest rate risk.

10.1.2. MODELLING

There are a number of key assumptions related to measurement and monitoring of the structural interest rate risk in the balance sheet. The corporate model risk policy regulates the framework for updating and validating all the models defined through a control environment of three lines of defence.

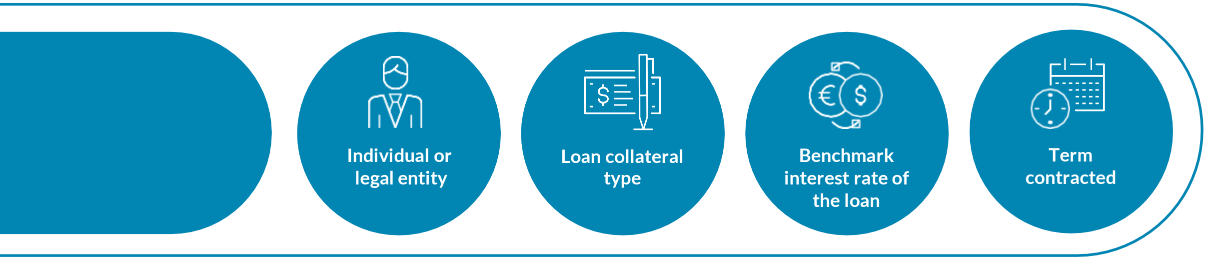
A. Early termination

CaixaBank is currently using multi-variant regression models to model the risk of early contract termination of both loans and fixed-term deposits.

The dependent variable in these models is the monthly rate of early termination.

The assumptions of early termination of asset and liability products are obtained using internal models based on past experience, employing the behavioural variables of customers, variables concerning the products themselves, macro variables and seasonality variables.

As regards modelling early loan terminations, which is the only modelling currently relevant, it is conducted on different groups of contracts that have a homogeneous behaviour profile. These homogeneous groups are constructed on the basis of certain relevant characteristics of the loans that determine their prepayment behaviour:



The selected explanatory variables considered are as follows:

- appreciation of property prices
- annual rate of change in housing prices
- difference between the interest rate of CaixaBank mortgages compared to the interest rate of the competition
- applicable taxation
- debt/disposable income of families
- seasonality
- residual life of the loan
- the 12-month Euribor
- corporate debt/GDP

B. Sight deposits

Sight deposits are products with no contractual maturity, subject to two types of options: i) the one purchased by the customer and allows them to withdraw their funds without notice and ii) the one purchased by the Bank, which is able to review the return received by the customer.

The modelling of both options translates into the representation of sight deposits as a liability with a nominal amount that can be amortized, which periodically pays a coupon. Where the balance to be repaid and its average maturity is subject to the stability of the balances, as well as their sensitivity to changes in interest rates.

In this regard, the Company's corporate model is based on the following sub-models:

- Betas model. Its goal is to determine the variation in the cost of deposits based on the variation in the benchmark interest rates, as well as on other factors such as the excess liquidity in the system represented by variables such as the Loan to Deposit.
- Models for determining stable and unstable balances. To determine the stable balance of each type of sight deposit, a statistical model is used based on the historical distribution of aggregate balances at the segment and account type level, and the observed balance or outflow decreases with respect to the historical trend of balances. The unstable balance is defined as the maximum outflow under a confidence level of 99%. The remaining balance is considered stable.
- Models for determining core balances (stable and not sensitive to changes in interest rates) and non-core balances (stable or sensitive balances). Of the proportion of the stable balance identified for each type of account, the core balance is that which is not sensitive to interest rates. In general, this sensitivity will be determined by the elasticity of each account at the interest rate level.

  Thus, for indexed products, whose elasticity to changes in interest rates is 100%, their total balance will be classified as non-core balance (stable + unstable balance). In the case of non-interest bearing accounts, the elasticity is close to 0%, therefore the entire balance would be classified as core. However, in this type of non-remunerated accounts, we must determine the balance surplus that is subject to a transfer of balances from sight deposits to term deposits in a context of rising rates, and thus once the remuneration of deposits increases. To estimate the proportion of the balance in non-interest bearing accounts that is potentially sensitive to interest rates, the distribution of the liability resources is analysed in terms of the percentage of customers in a normalised interest rate period and under economic conditions in which banks remunerated term deposits in order to obtain financing. It thus represents a situation of maximum migration from sight deposits to term deposits. This distribution is extrapolated to the current balances to determine the percentage of stable and non-sensitive balance. The rest of the balance is classified as a potentially sensitive balance or "moveable balance". The likelihood of moving is determined by the change in the cost (beta) of deposits. Thus, the proportion of potentially sensitive balances that, due to the beta level, have a high probability of moving is classified as non-core balance. And the remainder is core.
- Model for determining the average life of each balance type identified by segment based on conservative criteria. In the case of unstable balances or with a 100% probability of moving, they are assigned an immediate maturity. The remaining sensitive balances that can be migrated are assigned the minimum average maturity for non-sensitive products (1 year). For balances that are stable and non-sensitive, an average maturity is applied based on the historical analysis of balances and the average life of the accounts.

For deposits in euros - the most relevant type - the average maturity is 3.98 years and the maximum maturity is 20 years. This maximum maturity is assigned to the non-remunerated sight deposits of the retail segment classified as core. Financial institutions are not modelled, so they go to overnight. Similarly, currencies are a small volume in proportion to the euro and due to their characteristics, they are assigned a maximum maturity of one day.

The average and maximum maturities for retail and non-financial wholesale for the position in euros are as follows:

Table 10.2. Average and maximum maturities for retail and non-financial wholesale

	Average maturity (years)		Maximum maturity (years)	
	Total	Core	Total	Core
Retail	4.75	6.12	20.00	20.00
Non-financial Wholesale	0.44	1.00	2.00	2.00

C. Non-Performing Exposures (NPE)

The EBA Guidelines[1] lay out the general criterion that, for the purposes of IRRBB, financial institutions should consider non-performing exposures (net of provisions) as interest rate sensitive instruments, and expected cash flows and their timings must be reflected in the projection model.

Based on the parameters of the credit risk models (probability of default and loss given default) for each operation, the interest rate and amortization flows of this portfolio are projected individually on the basis of two probable states: correction and no correction.

D. Trade margins in metrics of economic value

The calculation of economic value includes trade margins, and cash flows are discounted with the risk-free curve.

E. Positions in non-euro currencies

Positions in non-euro currencies have little materiality and do not take into account correlations between currencies for modelling purposes.

1 EBA/GL/2022/14.

10.2. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk relates to the potential risk to the value of balance sheet items due to fluctuations in the exchange rate.

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

The Finance Division is responsible for managing the exchange risk arising from balance sheet positions denominated in foreign currency, a task performed through the market risk hedging activity undertaken by the ALM (Assets and Liabilities Management) Division.

The Group hedges its foreign exchange risk by arranging cash transactions or using financial derivatives to mitigate asset and liability positions on the balance sheet. However, the nominal amount of these instruments is not reflected directly in the balance sheet but rather as memorandum items for financial derivatives. This risk is managed by seeking to minimise the level of foreign exchange risk assumed in commercial operations, which explains why the Group's exposure to the risk is low or virtually non-existent.

As a result of the active management of currency risk by the Markets Area, the remaining minor foreign currency positions of the commercial balance sheet and of the treasury activity are primarily held with credit institutions in major currencies (such as the US dollar, pound sterling or Swiss franc). The methods for quantifying these positions, which are the same, are applied jointly with the risk measurements used for the treasury activity as a whole.

Market risk capital requirements for structural exchange rate risk are calculated using the standard method and detailed for the purposes of RWAs within market risk. When the exposure is less than 2% of the total equity, the exemption set out in Art. 351 of the CRR shall apply. As of 31 December 2023, the Group's foreign currency positions are mostly concentrated in the equity shareholdings of BPI, specifically in Banco de Fomento de Angola, denominated in kwanza, and the share capital in the Morocco branch, in dirhams.

11 Liquidity and funding risk

Liquidity and funding risk

€
Total liquid assets (HQLA + collateral available in facility)

92%
Weight of customer liabilities in total funding

215%
LCR ratio at 31 December 2023

This risk analysis evaluates the Group's ability to **access market financing, meet its payment obligations and finance its investment activity.**

Liquidity and funding risk in CaixaBank Group is managed to ensure that the Group can comfortably meet all of its payment obligations, and to prevent its investment activities from being affected by a lack of lendable funds, whilst remaining compliant with the appetite thresholds established in the RAF at all times.

This goal makes it possible to maintain a stable and balanced funding structure, with a predominant contribution from customer deposits and limited use of wholesale markets, in line with the Group's funding strategy.

A. Annual evolution

The liquidity metrics remained at comfortable levels throughout 2023. Total liquid assets amounted to €160,204 million at 31 December 2023, up €21,193 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 is no balance drawn in the ECB facility at 31 December 2023, after the early repayment of the TLTRO III balance, there being no outstanding financing at year-end. In 2023, a TLTRO III balance of €15,620 million was repaid, of which €7,143 million correspond to ordinary repayments and €8,477 million to early repayments. The return of TLTRO III does not affect the total balance of liquid assets, but it does affect their composition (transfer of HQLAs to other collateral available in the facility).

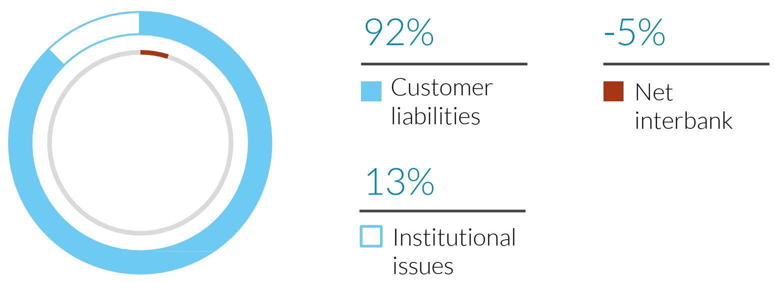
The Group's **Liquidity Coverage Ratio** (LCR) at 31 December 2023 was 215%, showing an ample liquidity position (203% LCR average last 12 months), versus the minimum requirement of 100%.

The **Net Stable Funding Ratio** (NSFR) stood at 144% at 31 December 2023, versus the 100% regulatory minimum requirement.

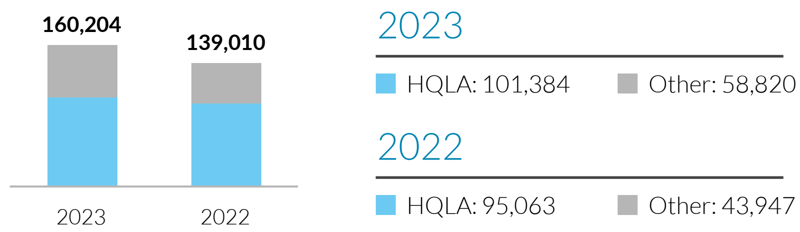
The funding strategy is built on two key aspects: (i) a structure based mainly on customer deposits, as reflected in a Loan-to-Deposits (LTD) ratio of 89% at 31 December 2023; (ii) supplemented with funding in capital markets.

The structure of wholesale issuances is diversified and the maturity profile is comfortable, with relatively low amounts maturing over the coming financial years.

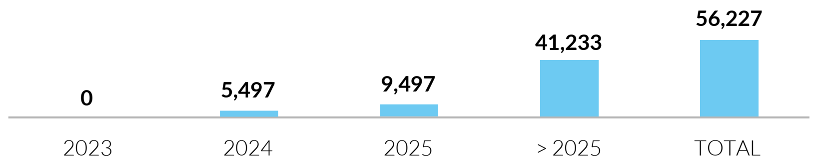
/ **FINANCING STRUCTURE** - Distribution by source of funding, %



/ **TOTAL LIQUID ASSETS** - In €M



/ **MATURITIES** - Distribution of wholesale issuances by year of maturity



11.1. MANAGING LIQUIDITY AND FUNDING RISK

A. Definition and general policy

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

With the aim of ensuring correct risk management, the Group has a corporate liquidity risk management policy which lays down: the corporate principles, governance framework, control framework and information reporting framework, which is applicable to all Group companies with exposure to such risk.

The Group manages this risk in order to ensure liquidity is maintained at levels that allow it to comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, operating at all times within the Risk Appetite Framework (RAF).

As stated by the members of the Board of Directors in the Concise Statement of this document:

- The risk management framework of the Group is deemed appropriate in relation to the approved risk appetite.
- The Group maintains a medium-low risk profile with liquidity levels in line with the business model and risk appetite defined by the Board of Directors of CaixaBank.
- The liquidity metrics are comfortable vis-à-vis payment commitments, with a stable funding structure and comfortable maturity profile over the coming years.
- The Group has coherent liquidity metrics that are consistent with its management policies and which are considered to be aligned with the risk appetite established by the Board of Directors.

Liquidity risk management is decentralised across three units (CaixaBank sub-group, BPI sub-group and CaixaBank Wealth Management Luxembourg, S.A.).

_Liquidity risk management strategies and processes:

a. Identifying material liquidity risks for the Group and its liquidity management units.
b. Formulating the strategic principles the Group must observe in managing each of these risks.
c. Establishing the relevant metrics for each of these risks.
d. The establishment of appetite, tolerance and, where applicable, recovery thresholds within the RAF.
e. Setting up management and control procedures for each of the risks, including mechanisms for internal and external systematic monitoring.
f. Defining a stress-testing framework and a Liquidity Contingency Plan to ensure that liquidity risk is managed accordingly in situations of moderate and serious crisis.
g. And a recovery planning framework, in which scenarios and measures are devised for stress conditions.

The liquidity strategy can be summarised as the maintenance of liquidity levels within the RAF in order to comfortably meet all payment obligations on time and prevent investment activities from being affected by a lack of lendable funds.

In particular, the Group holds specific strategies with regard to: (i) management of intraday liquidity risk; (ii) management of the short-term liquidity; (iii) management of the sources of financing/concentrations; (iv) management of liquid assets; and (v) management of encumbered assets. Furthermore, the Group has procedures to minimise liquidity risks in stress conditions through (i) the early detection of the circumstances that could cause it; (ii) minimising negative impacts; and (iii) active management to overcome a potential crisis situation.

CaixaBank has established risk appetite indicators at the Group and management unit levels. These include the following main indicators:

- **Level** [1] where four indicators are established in the areas of: (i and ii) short-term liquidity (position and Liquidity Coverage Ratio [LCR]), (iii and iv) long-term funding structure (NSFR and retail).
- **Level 2**[2] where ten secondary indicators are established in the areas of: (i) funding cost; (ii) short-term liquidity (position), (iii) balance sheet structure (wholesale), (iv) concentration of wholesale funding maturities, (v) concentration of funding from counterparties, (vi) and (vii) concentration of ECB funding, (viii) intraday liquidity, (ix) asset encumbrance and (x) stress metric.

A stress metric is in place to ensure the integration of stress exercises into risk appetite and risk management processes. This metric is based on an internal stress model that was developed to comply with best practices (EBA "Guidelines on institutions' stress testing EBA/GL/2018/04") and the EBA ILAAP guidelines called "Guidelines on ICAAP and ILAAP: information collected for SREP purposes").

CaixaBank Group uses liquidity stress tests (internal model, survival period calculated based on C66 Maturity Ladder and the LiST 2019 extreme scenario, liquidity stress for ICAAP and liquidity stress for the recovery plan) as a key element for decision-making in the field of liquidity risk. Among other things, these tests can verify RAF liquidity targets and project metrics to anticipate breaches of liquidity targets and limits set in the Risk Appetite Framework (RAF). The internal liquidity model and the recovery plan use as an assumption all risk sources identified in the process of liquidity risk identification. CaixaBank Group uses tests at a consolidated level (in accordance with the EBA guidelines on stress) but also for each of its liquidity risk management units. The main characteristics of these exercises are as follows:

The internal stress model is a Reverse Stress Test in which RAF 1 funding/liquidity financial metrics are calculated under three scenarios (systemic, idiosyncratic and combined) before and after the implementation of measures. This exercise quantifies severe but feasible stress impacts that involve a breach of one or more of the threshold levels of the RAF 1 liquidity/funding financial metrics. It considers deposit outflows, additional drawdowns on credit lines, non-renewal of wholesale funding maturities, rating downgrade triggers/securitisations, valuation stress, credit rating stress, collateral maturities, liquidity stress of the liquidity buffer of the set of hedges of mortgage/property bonds issued and others. In addition, feasible measures are quantified for each scenario (ECB funding with available collateral, collateral generation and ECB discounting, equity-collateralised funding and commercial measures). RAF level 1 financial metrics (potential liquidity on the balance sheet, LCR, NSFR and LTD) and other magnitudes (such as funding taken from ECB), and RAF level 2 metrics, such as Asset Encumbrance, Wholesale Funding or actual liquidity on net LCR outflows are projected.

CaixaBank Standalone's survival period is calculated from the contractual flows reported monthly in the C.66 Maturity Ladder. It also incorporates stressed liquidity hypotheses equivalent to the extreme scenario of the LiST 2019 stress test.

1 Established by the Board of Directors and reported to it regularly.
2 Limits delegated by the Board of Directors to Management for monitoring, management and control.

Regarding the ICAAP exercise, in addition to a central scenario (based on the Operating Plan and Strategic Plan), a weakness scenario is constructed that takes into account an adverse macroeconomic scenario and projecting in the long term (over three years) the various flows that impact liquidity. This scenario also establishes specific liquidity impacts such as deposit outflows or reductions in the value of liquid assets due to rating and valuation impacts. RAF level 1 financial metrics (potential liquidity on balance sheet, LCR, NSFR and LTD) and other magnitudes (such as the actual liquidity position), or RAF level 2 metrics, such as Asset Encumbrance and Wholesale Funding, are projected.

The stress exercise for the Recovery Plan is a Reverse Stress Test in which at least the RAF 1 metrics are calculated before and after the implementation of measures in the different recovery scenarios. In general, three scenarios with an impact on liquidity are typically projected (systemic, idiosyncratic liquidity and combined), and at least the following impacts are considered: deposit outflows, additional drawdowns on credit lines, non-renewal of wholesale funding maturities, rating downgrade triggers/securitisations, valuation stress, credit rating stress, collateral maturities and others. The measures considered (applicable in all or some of the scenarios) are ECB funding with available collateral, collateral generation and ECB discounting, equity-collateralised funding, commercial measures and sale of assets. Following the application of measures, the main recovery indicators (potential liquidity on the balance sheet, LCR, NSFR and LTD) and auxiliary liquidity indicators (wholesale funding ratio on the balance sheet, actual liquidity on net outflows, LCR and asset encumbrance) are projected.

The strategic principles tools used to achieve the liquidity management goal are the following:

Decentralised liquidity management system

in three autonomous units (sub-group of CaixaBank, BPI and CaixaBank Wealth Management Luxembourg, S.A.), in which a segregation of functions exists to ensure optimal management, control and monitoring of risks.

Maintenance

an efficient level of liquid funds to meet obligations assumed, fund business plans and comply with regulatory requirements.

Active liquidity management

through continuous monitoring of liquid assets and balance sheet structure.

Sustainability and stability

as principles of the funding source strategy, based on: (i) customer deposit-based funding structure and (ii) capital market funding, complementing the funding structure.

B. Structure and organisation of the liquidity risk management function (regime, considerations and other arrangements)

The Board of Directors has assigned functions related to the ongoing monitoring of risk management to the Risk Committee and to the Global Risk Committee. The ALCO is in charge of managing, monitoring and controlling liquidity risk. To do so, it monitors, on a monthly basis, compliance with the Risk Appetite Framework (RAF), the Bank's long-term funding plan, trends in liquidity, expected gaps in the balance sheet structure, indicators and alerts to anticipate a liquidity crisis so that it can take corrective measures in accordance with the Liquidity Contingency Plan. It also analyses the potential liquidity levels under each of the hypothetical crisis scenarios.

_First line of defence

The ALM (Asset and Liability Management), Treasury and Funding Division, which reports to CaixaBank's Finance Division, is responsible for analysing and managing liquidity risk, ensuring that liquid assets are permanently available in the balance sheet, i.e., minimising the liquidity risk in the banking book in accordance with the guidelines established by the ALCO. The Balance Sheet Analysis and Monitoring Division, which also reports to the Finance Division of CaixaBank, oversees the analysis and monitoring of liquidity risk. The analysis is performed under both normal and business-as-usual market situations and under stress situations.

_Second line of defence

Independently of the divisions that form the first line of defence, the Risk Structures and Market Risk Division, which reports to the Directorate of Corporate Risk Management Function & Planning, as a second line of defence, is responsible for risk control, monitoring and assessment of the risk control environment and for the identification of potential areas of improvement.

_Third line of defence

See section 3.1.2. Internal Control Framework - Third line of defence.

C. Scope and nature of information transmission and liquidity risk measurement systems

Liquidity risk is measured, monitored and controlled through static measurement of the liquidity position, dynamic measurement of liquidity projections and stress test exercises for liquidity under different scenarios. In addition, static and dynamic comparisons of the funding structure are performed and regulatory ratios are calculated (LCR, NSFR and Asset Encumbrance).

Static measurements of liquidity are calculated on a daily basis, including certain Risk Appetite Framework (RAF) metrics. Monthly liquidity projections are performed, including the most relevant RAF metrics, together with two stress test exercises (quarterly internal model and survival period based on the C66 Maturity Ladder and the monthly LiST 2019 extreme scenario). Annual liquidity stress tests are carried out for the Recovery Plan and the Internal Capital Adequacy Assessment Process (ICAAP).

An Internal Liquidity Adequacy Assessment Process (ILAAP) is carried out every year. This includes a review of the Management Framework for Liquidity and Funding Risk, in accordance with the requirement received from the supervisor. In addition, the CaixaBank Board of Directors makes a declaration about the adequacy of liquidity buffers for existing funding and liquidity risks.

With regard to the declaration on the adequacy of the liquidity buffers for existing funding and liquidity risk in the 2023 ILAAP:

It is declared that liquidity risk management and levels at the consolidated group of credit institutions headed by CaixaBank are adequate.

The content of this declaration is as follows:

- **Scope of application:** The scope of application of the ILAAP corresponds to the Consolidated CaixaBank Group, formed of CaixaBank S.A. as the parent company, and its subsidiary companies integrated into the regulatory consolidation. Liquidity risk management is decentralised across three units (CaixaBank sub-group, BPI sub-group and CaixaBank Wealth Management Luxembourg, S.A.).
- **Identification of liquidity risks and formulation of liquidity risk strategies:** CaixaBank Group regularly carries out a comprehensive identification process for all material liquidity risks, which enables dynamic management and anticipation of these risks. All material risks have a corresponding liquidity risk strategy.

  With a view to meeting regulatory expectations, thresholds have been established for non-material risks. Thresholds are not set for material risks because they have a corresponding specific strategy, and they are linked to RAF indicators that allow them to be monitored and controlled.

  The goal of the general liquidity risk strategy is to maintain liquidity levels at all times within the Risk Appetite Framework (RAF) thresholds to ensure payment obligations can be met comfortably on time, without harming investment activity owing to a lack of lendable funds.
- **Liquidity risk governance:** CaixaBank Group has sound liquidity and funding governance processes that comply with best practices in the field of governance. This enables the Group to exchange information among its different companies, manage the risks in its various subsidiaries or entities, as well as in the Group as a whole, thereby ensuring effective supervision of the Group.
- **Funding strategy and plans:** CaixaBank Group has an appropriate funding structure, which adheres to the funding risk management strategy in place and is in line with the established Risk Appetite Framework. Funding through deposits opened through the branch network plays a predominant role, underpinned by wholesale funding that is diversified through the use of a variety of instruments, investors and maturities.
- **Management of liquidity buffers:** CaixaBank Group also has robust procedures in place to identify, manage, monitor and control its liquid asset base. The Group has a satisfactory level of liquid assets, considering the regulatory restrictions, defined risk appetite, and liquidity and funding risks identified.
- **Management of collateralised assets (asset encumbrance):** CaixaBank Group has classified asset encumbrance risk as a material risk, and has therefore drawn up a specific strategy to manage this risk, and a metric for measuring it and setting a threshold in the RAF. CaixaBank Group has solid monitoring procedures for asset encumbrance, maintaining a reasonable level and within the levels established in RAF.
- **Transfer pricing system:** CaixaBank Group has a transfer pricing system that is fully integrated into its management processes, through which funding transactions are remunerated, while funding costs are passed on to lending transactions. The system is an essential part of segment accounting.
- **Intraday liquidity:** CaixaBank Group has sufficient procedures in place in each management and control unit for intraday liquidity risk, remaining at very comfortable levels with respect to the risk appetite level.
- **Liquidity stress tests:** CaixaBank Group carries out various liquidity stress tests: two specific internal liquidity tests (internal stress model and survival period calculated based on the C66 Maturity Ladder and the LiST 2019 extreme scenario), and two other tests carried out annually, corresponding to the Recovery Plan and the ICAAP. In all

cases, the results are satisfactory. Even in the more severe scenarios, the liquidity targets established in the Risk Appetite Framework (RAF) are met. However, for the survival period calculated based on the C66 Maturity Ladder and the LiST 2019 extreme scenario, the management objective of exceeding the six-month (180 days) survival period is easily satisfied.

> **Liquidity Contingency Plan:** The Group's liquidity management units have a robust Liquidity Contingency Plan that includes: (i) an early-detection framework; (ii) a governance and activation model; (iii) a broad range of measures intended to generate liquidity, which is quantified regularly; and (iv) an internal and external Communications Plan.

> **ILAAP self-assessment:** CaixaBank Group has carried out the ILAAP self-assessment.

D. Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

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

a. Authority from the General Meeting of Shareholders or, as the case may be, from the Board of Directors to issue, depending on the nature of the type of instrument.

b. Availability of several facilities open with (i) the ICO, under credit facilities – mediation, (ii) the European Investment Bank (EIB) and (iii) the Council of Europe Development Bank (CEB). In addition, there are financing instruments with the ECB for which a number of guarantees have been posted to ensure that liquidity can be obtained immediately:

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

d. In order to ease access to short-term markets, CaixaBank currently maintains the following:

> Interbank facilities with a significant number of financial institutions (national and international), as well as with central banks.

> Repo facilities with a number of domestic and foreign counterparties.

> Access to central counterparty clearing houses for repo business (LCH SA - Paris, BME Clearing and EUREX Frankfurt).

e. The Contingency Plan and Recovery Plan contain a wide range of measures 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.

E. Strategy for the management of funding sources/concentrations

CaixaBank Group has developed a decentralised funding model based on autonomous entities that are responsible for meeting their own liquidity needs and based on the following principles:

a. Maintaining a stable funding base of customer deposits, pursuing maximum customer loyalty, leading to greater stability in their balances. Knowledge of the different stability levels of retail deposits according to customers' loyalty and operating level.

b. Active management of wholesale funding with continuous monitoring of wholesale funding markets, availability of a broad range of instrument types for the execution of transactions, ratings by different agencies (credit rating of the institution and of instruments issued), close relationship with investors in order to optimise funding costs and market access. The execution of these transactions shall seek diversification of instruments, currencies, investors and maturities.

Several metrics are used to monitor and control the funding structure (loan-to-deposits ratio, NSFR, wholesale funding ratio) and concentration metrics (concentration of counterparties, wholesale funding maturities and ECB funding).

11.2. QUANTITATIVE ASPECTS

The breakdown of CaixaBank Group's high-quality liquid assets (HQLAs) is as follows:

Table 11.1. Liquid assets (HQLA)

Amounts in millions of euros	2022		2023	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	93,888	93,850	100,557	100,522
Level 2A assets	363	308	194	165
Level 2B assets	1,664	905	1,394	697
Total [1]	**95,915**	**95,063**	**102,145**	**101,384**

(1) Criteria established to determine the LCR (liquidity coverage ratio).

Banking liquidity, measured by the high-quality liquid assets (HQLAs) used to calculate the LCR, in addition to the balance that can be drawn on the credit facility with the European Central Bank that does not comprise the aforementioned assets, amounted to EUR 160,204 and 139,010 million in December 2023 and December 2022, respectively.

Compliance with the liquidity coverage ratio became came mandatory on 1 October 2015. This entails maintaining an adequate level of high-quality liquid assets (HQLA) available to meet liquidity needs for a 30 calendar day stress scenario which considers a combined financial sector-wide and entity-specific crisis. The regulatory limit established is 100%. CaixaBank has included thresholds for this metrics within the Risk Appetite Framework (RAF).

The table below presents the LCR ratio at 31 December 2023:

Table 11.2. LCR (Liquidity Coverage Ratio)

Amounts in millions of euros	2022	2023
High-quality liquid assets (numerator)	95,063	101,384
Total net cash outflows (denominator) (a-b)	48,911	47,067
Cash outflows (a)	60,823	59,861
Cash inflows (b)	11,912	12,794
LCR (Liquidity Coverage Ratio) (1)	194%	215%

(1) According to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to liquidity coverage requirement for credit institutions.

The table below presents the average monthly LCR figures for the last four quarters.

Table 11.3. EU LIQ1 - Quantitative information on LCR

Amounts in millions of euros

	CaixaBank consolidated	Total unweighted value (average)				Total weighted value (average)			
	Quarter ending on	31.12.23	30.09.23	30.06.23	31.03.23	31.12.23	30.09.23	30.06.23	31.03.23
	Number of months used to calculate the average	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	Total high quality liquid assets (HQLAs)					98,374	103,278	114,740	131,137
	CASH OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	304,434	305,617	307,300	308,107	19,323	19,827	19,986	20,101
3	Stable deposits	233,677	237,219	239,126	239,854	11,684	11,861	11,956	11,993
4	Less stable deposits	62,444	65,444	66,599	67,545	7,640	7,966	8,030	8,108
5	Unsecured wholesale funding	80,738	79,952	79,727	80,407	31,833	31,832	32,080	32,711
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	30,543	29,782	28,453	27,611	7,448	7,265	6,940	6,736
7	Non-operational deposits (all counterparties)	49,285	49,200	50,527	52,062	23,476	23,598	24,394	25,241
8	Unsecured debt	910	970	747	734	910	970	747	734
9	Secured wholesale funding					760	660	575	527
10	Additional requirements	110,995	109,996	108,661	106,759	9,853	9,880	9,849	9,636
11	Outflows related to derivative exposures and other collateral requirements	1,181	1,174	1,142	1,072	1,181	1,174	1,142	1,072
12	Outflows related to loss of funding on debt products	258	304	416	413	258	304	416	413
13	Credit and liquidity facilities	109,557	108,518	107,103	105,275	8,414	8,402	8,292	8,152
14	Other contractual funding obligations	745	730	863	1,126	186	187	328	568
15	Other contingent funding obligations	32,943	32,826	32,591	32,267	94	94	94	121
16	TOTAL CASH OUTFLOWS					62,050	62,480	62,913	63,664
	CASH INFLOWS								
17	Secured lending (e.g., reverse repos)	2,347	2,993	3,403	4,155	134	245	339	421
18	Inflows from fully performing exposures	16,938	16,678	16,500	16,176	12,254	12,090	11,958	11,729
19	Other cash inflows	1,090	1,132	1,079	1,072	1,090	1,132	1,079	1,072
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	20,376	20,803	20,982	21,404	13,478	13,467	13,376	13,223
EU-20a	Fully exempt inflows	0	0	0	0	0	0	0	0
EU-20b	Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c	Inflows subject to 75% cap	19,201	19,529	19,529	19,432	13,478	13,467	13,376	13,223
	TOTAL ADJUSTED VALUE								
21	LIQUIDITY BUFFER					98,374	103,278	114,740	131,137
22	TOTAL NET CASH OUTFLOWS					48,572	49,013	49,537	50,441
23	LIQUIDITY COVERAGE RATIO (%)					203%	210%	230%	259%

Qualitative information related to the LCR:

Table 11.4. EU LIQB - Qualitative information on LCR

(a)	Explanations of the main metrics that influence the LCR result and the evolution of the contribution of the LCR calculation inputs over time	The LCR result is affected by two components: HQLA and net outflows (gross outflows minus gross inflows). As regards the structure of gross outflows, the most significant components at 31/12/2023 were "unsecured wholesale funding" with a weight of 51.3%, "retail deposits and deposits from small business customers" at 31.1% and "additional requirements" at 15.9%. Meanwhile, the most significant inflow item was "inflows from fully performing exposures", with a weight of 90.9%. As for the evolution of the numerator and denominator of the ratio, note: (i) in terms of the HQLA, there was a decrease of 4.7% due to the return of the TLTRO III in December 2023 (repaid early) / June 2023, an effect that was offset mainly due to balance sheet liquidity generation, the positive evolution of the commercial gap and a higher volume of new issuances than maturities; (ii) As for the change in net outflows, there was a small decrease of 0.9% in the December figure compared to the figure for September, mainly due to the drop in outflows (heading of retail deposits and deposits from SMEs) and an increase in inflows due to credit investment. As for the evolution of the contribution of the main components, the balance of "retail deposits and deposits of small companies" decreased by 0.4% and the balance of "unsecured wholesale funding" increased by 1.0%.
(b)	Explanations of LCR variations over time	The last 12-month average ratio at 31/12/2023 stood at 203% compared to 291% (last 12-month average) at 31/12/2022 (decrease of 88 percentage points). The decrease in the ratio is due mainly to the decrease in HQLAs due to the return of TLTRO III (advance) of December 2023 / June 2023, an effect that was partly offset by the generation of liquidity in the balance, the positive evolution of the commercial gap and a higher volume of new issuances than maturities
(c)	Explanations regarding the actual concentration of funding sources	One of the Group's liquidity management principles is to diversify wholesale funding sources by instruments, investors, currencies, markets and maturities. Furthermore, due to its commercial nature, funding is primarily based on retail customer deposits, which is inherently more stable than wholesale funding.
		This is demonstrated in the LCR template (EU LIQ1), which shows that the unweighted value of "retail deposits and deposits from small business customers" is much higher than that of "unsecured wholesale funding". Furthermore, the bulk of the balance within retail deposits is concentrated in "stable balances", which indicates a high diversification of funding positions.
(d)	High-level description of the composition of the institution's liquidity buffer.	At year-end December 2023, 99.1% of assets were level 1, with a significant weight of central governments and public sector companies. 0.7% are Level 2B assets and 0.2% Level 2A assets.
(e)	Derivative exposures and possible collateral	Most derivative transactions are subject to collateral contracts, which cover the market value of these transactions. The liquidity risk associated with the impact of an adverse market scenario, which would produce variations in the market values of such derivatives, and therefore additional liquidity needs due to an increase in the provision of collateral, is included in the LCR ratio, in which the most significant 30-day net variation over the preceding 24-month is calculated and then added as liquidity needs.
(f)	Currency mismatch in the LCR	CaixaBank has no significant currencies (balance in foreign currency >5% of liabilities without equity) other than the base currency (euro).
(g)	Other elements of the LCR calculation that are not included in the LCR disclosure template but that CaixaBank considers relevant to its liquidity profile	Not applicable.

A. NSFR (Net Stable Funding Ratio)

The NSFR ratio came into force in June 2021 with a required regulatory limit of 100%. The ratio has a large weighting in customer deposits in the Group's funding structure and limited use of wholesale markets for short-term funding. This provides a balanced funding structure, resulting in an NSFR of 144% at the end of 2023.

The NSFR for the last four quarters is shown below:

Table 11.5. EU LIQ2 - Net Stable Funding Ratio (NSFR)

Amounts in millions of euros		31.12.23					30.09.23					30.06.23					31.03.23				
	CaixaBank consolidated	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted amount
	Amounts in foreign currency	No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more	
	AVAILABLE STABLE FUNDING ITEMS																				
1	Equity elements and instruments	37,163	1,999	–	5,309	42,472	36,773	1,000	999	5,292	42,565	36,835	–	1,999	5,262	43,096	37,639	1,500	1,000	4,142	42,281
2	Shareholders' equity	37,163	1,999	–	5,309	42,472	36,773	1,000	999	5,292	42,565	36,835	–	1,999	5,262	43,096	37,639	1,500	1,000	4,142	42,281
3	Other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail deposits	–	290,044	15,736	1,822	288,748	–	298,960	2,567	1,836	284,886	–	303,779	1,955	1,287	288,448	–	303,883	1,027	219	286,584
5	Stable deposits	–	229,052	5,423	1,405	224,156	–	232,594	930	1,552	223,401	–	239,329	689	919	228,936	–	238,511	396	93	227,054
6	Less stable deposits	–	60,993	10,313	417	64,592	–	66,366	1,636	283	61,486	–	64,450	1,266	367	59,512	–	65,373	631	126	59,530
7	Wholesale funding	–	119,487	2,442	45,641	83,959	–	130,934	2,823	46,622	86,485	–	126,767	17,811	41,090	88,500	–	124,414	18,342	41,053	84,763
8	Operational deposits	–	30,572	1	7	2,101	–	32,578	3	2	2,021	–	33,630	7	5	1,888	–	27,511	6	9	2,018
9	Other wholesale funding	–	88,914	2,441	45,634	81,859	–	98,356	2,820	46,620	84,464	–	93,137	17,804	41,085	86,612	–	96,903	18,336	41,044	82,745
10	Interdependent liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Other liabilities	1,378	4,943	1,959	4,724	5,704	3,248	5,438	1,561	2,489	3,270	3,115	8,360	1,425	2,897	3,609	2,946	8,547	1,545	2,944	3,717
12	NSFR derivative liabilities	1,378	–	–	–	–	3,248	–	–	–	–	3,115	–	–	–	–	2,946	–	–	–	–
13	All other liabilities and equity not included in the above categories	–	4,943	1,959	4,724	5,704	–	5,438	1,561	2,489	3,270	–	8,360	1,425	2,897	3,609	–	8,547	1,545	2,944	3,717
14	**Total available stable funding**	**–**	**–**	**–**	**–**	**420,883**	**–**	**–**	**–**	**–**	**417,206**	**–**	**–**	**–**	**–**	**423,655**	**–**	**–**	**–**	**–**	**417,346**

	Amounts in millions of euros	31.12.23					30.09.23					30.06.23					31.03.23				
	CaixaBank consolidated	Unweighted value by residual maturity					Unweighted value by residual maturity					Unweighted value by residual maturity					Unweighted value by residual maturity				
	Amounts in foreign currency	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 month s < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount	No maturity	< 6 months	6 months < 1 year	One year or more	Weighted amount
	AVAILABLE STABLE FUNDING ITEMS																				
17	Performing loans and securities:	–	60,715	23,498	259,202	224,275	–	58,991	22,650	260,196	230,374	–	67,910	24,157	264,035	235,531	–	62,607	25,707	265,497	229,771
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	–	6,885	705	505	969	–	5,537	121	1,213	1,741	–	6,239	2,121	1,206	2,758	–	6,776	1,781	607	1,754
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	–	5,099	1,566	5,770	7,175	–	4,987	1,569	5,514	7,469	–	7,394	2,155	5,079	7,568	–	7,142	1,964	4,470	6,711
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs, of which:	–	27,389	16,794	123,792	202,277	–	28,685	16,755	125,879	208,986	–	34,594	15,373	126,139	213,139	–	29,099	17,434	127,051	209,028
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	13,605	7,583	39,117	106,311	–	14,376	8,101	18,048	92,861	–	19,748	6,996	22,334	99,990	–	16,536	8,486	44,262	114,156
22	Performing residential mortgages, of which:	–	3,365	3,420	117,313	–	–	3,385	3,458	117,205	–	–	3,560	3,599	120,732	–	–	3,779	3,789	122,128	–
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	3,075	3,101	103,022	–	–	3,074	3,126	102,347	–	–	3,210	3,265	105,532	–	–	3,366	3,412	106,463	–
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance sheet trade finance products	–	17,976	1,012	11,823	13,854	–	16,397	747	10,385	12,178	–	16,122	909	10,880	12,066	–	15,811	739	11,240	12,278
25	Independent assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
26	Other assets	No mapping to reporting	17,223	1,248	39,420	41,938	No mapping to reporting	19,472	549	40,194	42,607	No mapping to reporting	18,703	1,294	41,415	43,841	No mapping to reporting	18,045	1,074	41,751	44,016
27	Physical traded commodities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
28	Cash, securities or other assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties	–	18	–	75	79	–	22	–	58	68	–	28	–	65	79	–	29	–	68	82

Amounts in millions of euros		31.12.23					30.09.23					30.06.23					31.03.23				
	CaixaBank consolidated	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted amount	Unweighted value by residual maturity				Weighted esper amount
	Amounts in foreign currency	No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more		No maturity	< 6 months	6 months < 1 year	One year or more	
	AVAILABLE STABLE FUNDING ITEMS																				
29	NSFR derivative assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Derivative liabilities as calculated according to NSFR before deducting variation margin posted	–	11,161	–	–	558	–	13,131	–	–	657	–	13,114	–	–	656	–	12,644	–	–	632
31	All other assets not included in the above categories.	–	6,044	1,248	39,345	41,300	–	6,320	549	40,136	41,882	–	5,561	1,294	41,349	43,106	–	5,372	1,074	41,683	43,301
32	Off-balance sheet items	–	33,782	12,815	94,667	6,580	–	33,664	12,064	93,238	6,553	–	31,278	12,862	90,653	6,324	–	31,648	13,058	90,788	6,375
33	**Total required stable funding**	–	–	–	–	**293,083**	–	–	–	–	**300,814**	–	–	–	–	**307,757**	–	–	–	–	**300,531**
34	Net stable funding ratio (%)					144%					139%					138%					139%

B. Asset encumbrance

The table below shows encumbered and unencumbered assets based on median values of quarterly data for 2023:

Table 11.6. EU AE1 Encumbered and unencumbered assets

Amounts in millions of euros	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
Assets of the reporting institution	**106,615**	**33,341**			**442,048**	**89,605**		
Equity instruments	–	–	–	–	1,775	1,008	1,616	1,008
Debt securities	33,375	33,262	31,448	31,336	57,184	53,471	52,905	49,199
of which: covered bonds	–	–	–	–	2	2	2	2
of which: securitisations	4	–	4	–	56	–	55	–
of which: issued by general governments	31,268	31,268	29,502	29,502	50,282	50,282	46,590	46,590
of which: issued by financial corporations	1,554	1,521	1,458	1,425	4,110	3,217	3,480	2,593
of which: issued by non-financial corporations	251	162	249	161	3,349	383	3,348	382
Other assets (1)	73,241	79			382,947	33,973		

(1) Regarding unencumbered assets, "Other assets" is the main component, representing 87% of the total carrying amount of unencumbered assets (contains primarily credit investments). Credit investments represent 74% of the total carrying amount of unencumbered assets. Furthermore, unencumbered assets considered not available for encumbrance in the normal course of business represent 13% of the total carrying amount of unencumbered assets and include assets other than the loan portfolio.

These assets relate mainly to loans securing issuances of mortgage-covered bonds (covered bonds and mortgage bonds) and asset-backed securities, debt securities that are delivered under repurchase agreements, asset-backed securities pledged as collateral for securities lending transactions and assets pledged as collateral (loans or debt instruments) for access to ECB refinancing operations. They also include the balance of cash delivered to secure derivatives transactions. All encumbered assets are held by CaixaBank, S.A. and Banco BPI.

Complementing the previous table on our own assets, the following table includes information on assets received. The collateral received is primarily due to reverse repos, securities lending, cash and debt securities received to secure trading in derivatives and own senior debt securities issued, as well as covered bonds and securities issued and not pledged. The table below shows average values for assets securing financing transactions and unencumbered assets in 2023, calculated using quarterly data:

Table 11.7. EU AE2 — Collateral received and own debt securities issued

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
Amounts in millions of euros		of which hypothetically eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	6,639	6,433	17,393	13,309
Loans on demand	6	–	–	–
Equity instruments	–	–	–	–
Debt securities	6,631	6,433	14,875	13,309
of which: covered bonds	1,159	1,159	1,956	1,916
of which: securitisations	127	16	1,403	134
of which: issued by general governments	4,334	4,334	11,704	11,704
of which: issued by financial corporations	1,325	1,176	3,607	2,126
of which: issued by non-financial corporations	4	1	–	–
Loans and advances other than loans on demand	–	–	–	–
Other collateral received	–	–	2,519	–
Own debt securities issued other than own covered bonds or asset-backed securities	–	–	244	–
Own covered bonds and asset-backed securities issued and not yet pledged	–	–	60,839	–
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**111,685**	**38,272**		

The following table shows the amount of the covered bonds and asset-backed securities retained:

Table 11.8. Amount of the covered bonds and asset-backed securities retained

Amounts in millions of euros

	Carrying amount of the underlying asset pool	Fair value of retained issued liabilities
	Unencumbered	Unencumbered
Own covered bonds and asset-backed securities issued and not yet pledged	100,670	66,519
Retained issued covered bonds	79,389	44,819
of which: CaixaBank	72,447	38,925
of which: BPI	6,942	5,895
Retained issued asset-backed securities	21,281	21,699
of which: CaixaBank	21,281	21,699

(*) Figures as of 31/12/2023

The following table shows the asset encumbrance ratio, based on median values of quarterly data for 2023.

Table 11.9. Average asset encumbrance ratio

Amounts in millions of euros	Median[1]
Encumbered assets and collateral received	**111,685**
Equity instruments	–
Debt securities	38,438
Loans and receivables	73,246
Other assets	–
Total assets + Total assets received	**568,695**
Equity instruments	1,775
Debt securities	110,212
Loan portfolio	397,287
Other assets	58,218
Asset encumbrance ratio	19,53%

(1) Average calculated on quarterly data.

The asset encumbrance ratio at 31 December 2023 and 2022 is as follows:

Table 11.10. Asset encumbrance ratio

Amounts in millions of euros	2022	2023
Encumbered assets and collateral received	**108,056**	**88,658**
Debt securities	26,399	29,101
Loans and receivables	81,657	59,557
Other assets	–	–
Total assets + Total assets received	560,398	557,836
Equity instruments	1,710	1,766
Debt securities	113,802	107,446
Loan portfolio	382,732	390,854
Other assets	62,154	57,770
Asset encumbrance ratio	19,28%	15,89%

The ratio has dropped by 3.39 percentage points, from 19.28% at 31/12/2022 to 15.89% at 31/12/2023, thanks primarily to paying back the TLTRO III.

The following table shows the relationship between the liabilities guaranteed and the assets by which they are guaranteed, using average 2023 values, based on quarterly figures:

Table 11.11. EU AE3 Sources of encumbrance

Amounts in millions of euros	Corresponding liabilities, contingent liabilities, or securities loaned	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Book value of selected financial liabilities	73,792	97,126

The previous table shows the liabilities guaranteed and the assets by which they are guaranteed. These tables show the charges resulting from activities with derivatives, deposits (including asset transfer transactions, central bank funding and securities loans with VidaCaixa), issuances (covered bonds and securitisation bonds) and others.

As can be seen from the previous table, the value of the encumbered assets exceeds the liabilities they cover. These excess guarantees are mainly due to:

- Funding with mortgage-covered bonds: for each mortgage bond issued, it is necessary to maintain a legal guarantee of 105%. However, for the purposes of calculating this ratio, all of the hedges must be considered to be encumbered. This is because the new regulation on guaranteed bonds (in force since July 2022) introduces an external authorisation requirement to be able to withdraw the excess collateral from the hedging portfolio. This means that the excess collateral applied to mortgage bonds for calculating the ratio is 182% (total overcollateralisation existing at the close of the fiscal year).
- ECB funding, guaranteed mainly using mortgage-covered bonds, public-sector covered bonds, SAREB, retained securitisations and loans. In this case, the excess collateral is due to two facts: the valuation adjustments applied by the central bank, and the excess collateral established for the various issuances: 182% for mortgage-covered bonds; and 255% for regional bonds.

The data of the asset encumbrance ratio in relation to the business model and the differences between the reporting scope of the ratio and other information are explained below:

- CaixaBank Group is a predominantly retail bank that carries out a strategy and maintains a funding structure that is mainly based on maintaining a stable base of customer deposits, supplemented by active and conservative management of wholesale funding. Customer deposits make up 92% of the funding structure.
- This business model facilitates a collateral management strategy oriented towards maintaining a prudent level of encumbered assets that can mitigate the uncertainty of unsecured credits. This facilitates access to funding sources (secured and unsecured), and also contributes to the availability of a sufficient collateral reserve, which is of particular importance in stress situations. CaixaBank Group has an asset encumbrance ratio of 15.89% at 31 December 2023, which illustrates the foregoing.
- With regard to the segmentation and use of collateral, the main source of collateral is the loan portfolio used for covered bond issues and securitisations (market and own portfolio for pledging the facility of the European Central Bank), followed by the securities portfolio for short-term transactions (repos).
- Data within the consolidation scope is used for disclosure of the LCR, NSFR and asset encumbrance data for regulatory or prudential purposes in the Information of Prudential Relevance. This scope differs from the scope used for disclosure of public information owing to the non-consolidation of the insurance company.

12 Market risk

Market risk

€
Market risk RWA

79%
RWA under internal models

€
Annual average Value at Risk (VaR) 10d

The market risk of CaixaBank Group's trading portfolio quantifies **possible losses that could arise due to fluctuations** in interest rates, exchange rates, credit spreads, external factors or prices in the markets where it operates.

The Group's activity in the financial markets focuses mainly on providing a service to customers, minimising exposure to risk.

CaixaBank uses internal models to estimate capital requirements for market risk. CaixaBank's Credit Valuation Adjustment (CVA) hedges and BPI's held-for-trading and foreign exchange positions are assessed under the standardised approach.

CaixaBank carries out three types of stress testing on the value of its positions (under extreme crisis scenarios) in order to estimate potential losses on the portfolio in the event of extraordinary changes in the risk factors to which it is exposed.

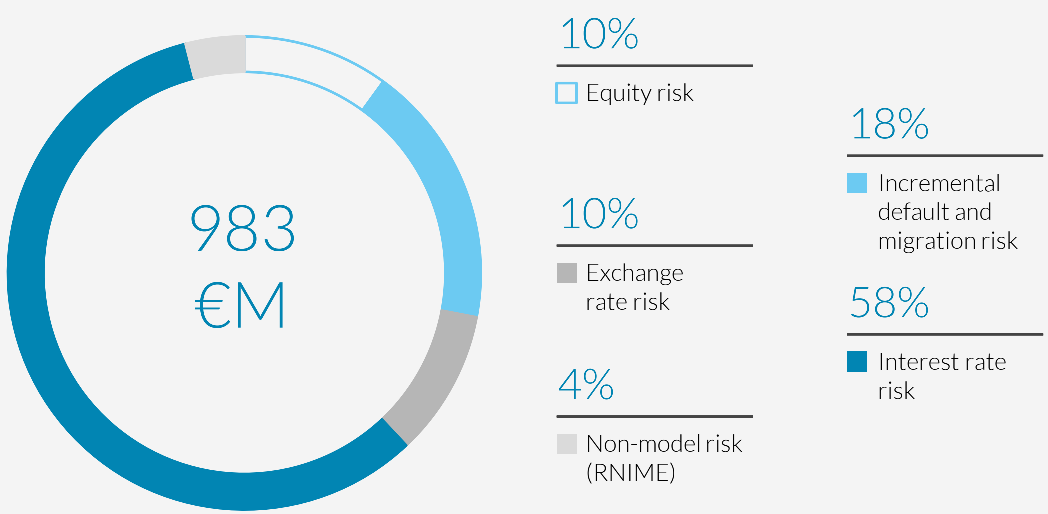
The losses estimated using the VaR (Value at Risk) calculation are compared to actual daily results to verify that the risk estimates supplied by the internal model are appropriate, in a backtesting exercise. The results of these comparisons in 2023 were satisfactory, meaning that there were no additional capital requirements for this risk.

Capital requirements for exchange rate risk are concentrated in consumption by CaixaBank's internal model.

A. Annual evolution

RWA due to market risk at the end of 2023 was 983 million euros, a decrease of EUR 147 million from the close of the previous year (-13%). This evolution is explained by the reduction in the interest rate risk position and, to a lesser extent, by the exchange rate, which offsets the increase in market risk consumption, whose capital consumption is calculated using the standard method.

/ **RWA BY MARKET RISK** - Distribution by type of risk, %



12.1. MARKET RISK MANAGEMENT

A. Definition and general policy

The Group defines market risk as a loss of value, with impact on results or solvency, of a portfolio (set of assets and liabilities), due to adverse movements in prices or market rates.

The market risk of CaixaBank Group's trading portfolio quantifies possible losses that could arise due to fluctuations in interest rates, exchange rates, credit spreads, external factors or prices in the markets where it operates.

In prudential terms, the market risk perimeter consists of financial assets and liabilities that are held for trading or form part of a portfolio of financial instruments (jointly identified and managed) for which there is specific evidence of a trading intention. According to points (85) and (86) of Article 4(1) of Regulation EU 575/2013, "trading intent" exists when positions are intended to be either resold in the short term or held to benefit from actual or expected short term price difference between buying and selling prices or from other price or interest rate variations. Therefore, trading activity includes:

- Transactions related to the management of market risk arising from commercial or distribution efforts involving typical operations in financial markets with the Group's customers.
- Transactions carried out to obtain returns through trading and positioning in, mainly, money, fixed-income, equity and currency markets.
- CVA hedging derivatives for credit and market risk, which are recognised from an accounting perspective in the trading book.
- The market risk regulatory perimeter includes the deposits and repos arranged by trading desks for management.

CaixaBank has policies and procedures in place for managing the Group's trading books, bearing in mind its own ability to manage risks and best market practices, and for determining which positions are to be calculated based on the internal model for regulatory capital requirements.

The specific policy for determining, identifying, managing, monitoring and controlling this scope for inclusion in the internal model is checked on a daily basis: A specific unit of the Risk area, which operates independently of the business areas, measures and calculates the performance and risks of the trading book and ensures compliance with the policy.

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

The Group also has sufficient systems and controls that provide prudent and reliable estimates of the fair value of financial instruments, such as policies and procedures setting out the responsibility of each area in the measurement process and reporting lines (ensuring the independence of this function from the business areas), the data sources used, the eligible models and the timing of closing prices.

B. Structure and organisation of the risk management function

Market risk governance follows three lines of defence, on which the Group's internal control framework is based, guaranteeing strict segregation of functions and the existence of several layers of independent control:

_First line of defence

Comprising business units that cause exposure to market risk, i.e., the Markets and ALM, Treasury & Funding Areas in the Finance Division and the Transactions Area in the Resources Division. These areas are responsible for identifying, managing and controlling the risks associated with their activity and for implementing the approved policies and procedures.

_Second line of defence

CaixaBank's Structural and Market Risk Department, part of CaixaBank's Directorate of Corporate Risk Management Function & Planning is responsible for the valuation of financial instruments, as well as for the measurement, control and monitoring of the related risks, for the estimation of counterparty risk and for the operational risk associated with activities in financial markets.

Furthermore, the Model Validation and Risk Department performs internal validation of the models and methodologies used to quantify and monitor market risk.

_Third line of defence

The internal audit functions, as the third line of defence, are included in section 3.1.2. Internal control framework.

_Measurement and information systems

As part of the required monitoring and control of the market risk undertaken, the CaixaBank Board of Directors and, by delegation of the latter and on a more restricted basis, the Global Risk Committee and Finance Division, approve **a structure of overall VaR and sensitivity limits for accepting this risk at the entity.**

The benchmark market risk measurement is VaR at 99% with a one-day time horizon for which the RAF defines a limit for the Group's trading activities of EUR 20 million (excluding the economic hedging credit default swaps [CDSs] for the CVA, recognised for accounting purposes in the held-for-trading portfolio).

The daily VaR of CaixaBank uses the methodology of historical simulation, based on calculating the impact of historical changes in risk factors on the value of the current portfolio; it takes into account the daily changes over the last year with a confidence interval of 99%. The Historical VaR simulation is adequate since it does not include any assumptions on the statistical behaviour of 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 (VaR spread), which constitutes an estimate of the specific risk attributable to the security issuers. This calculation is also done using the same historical methodology, assuming daily variations 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 (without current position), and equities plus the Spread VaR.

To verify the suitability of the risk estimates, two backtests (gross or actual; and net or hypothetical) are conducted to compare the daily results to the VaR. Stress tests are also performed on the value of the Market area positions and on positions included in the internal model in order to calculate the potential losses on the portfolio in situations of extreme crisis.

In BPI, the standard measurement for market risk is parametric VaR at 99% with a 10-day time horizon.

_Hedging policies and mitigation techniques

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the market risk metrics defined by CaixaBank Group are commensurate with the established risk tolerance levels. The RAF approved by CaixaBank's Board of Directors sets a limit for VaR with a one-day time horizon and confidence level of 99% for CaixaBank's trading activities, excluding hedging derivatives for the CVA, which are considered within the CVA management framework. Moreover, positions in both the held-for-trading portfolio and in the banking investments portfolio are restricted to the concentration limits set out in the RAF (e.g. concentration in large exposures, in the public sector or in an economic sector).

As part of the required monitoring and control of the market risks undertaken, the Board of Directors and, on a more restricted basis, the Global Risk Committee and Finance Division approve a structure of overall VaR and sensitivity limits for the assumption of market risk at CaixaBank. This structure establishes the following types of limits:

- **Global limit.** The Board of Directors is responsible for defining the maximum level of market risk that may be undertaken in the Group's treasury and trading management operations.
- **Limit on operations of CaixaBank's Markets** division.In accordance with the general framework determined by the Board of Directors, the Global Risk Committee or CaixaBank's Finance Division are authorised to implement the market risk limits structure and to determine lower levels of maximum risk if appropriate given the market circumstances or the approved management approach. This has been used to draw up specific limits for these operations, both on a global basis (VaR, stop loss, stress test, as determined by the Global Risk Committee) and by risk factors (as determined by the Executive Finance Division), e.g. interest rate, inflation or equity volatility.
- **Limit on trading derivatives linked to equity holdings.** In accordance with the general framework determined by the Board of Directors, the Global Risk Committee approves specific limits (VaR, stop loss and stress test) for this activity, which is managed with market risk management criteria and included in the internal model for market risk.

In addition, CaixaBank's Global Risk Committee supplements the limit structuring by defining specific limits on incremental risk of default and rating migration (IRC) of the fixed-income portfolios, as well as on stressed VaR.

Furthermore, BPI's General Risks Division determines the overall limit structure of VaR and sensitivities for the market risk acceptance activity in the Portuguese subsidiary within the thresholds and levels set by the Group's RAF.

12.2. MINIMUM CAPITAL REQUIREMENTS FOR MARKET RISK

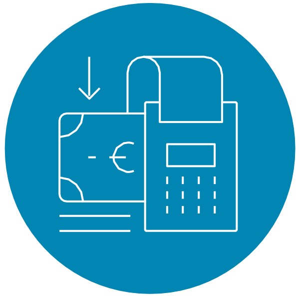
CaixaBank Group's capital requirements for market risk at 31 December 2023 were EUR 79 million, a drop of 31% compared to the year before. This evolution is explained by the lower interest rate and exchange rate risk.

The table below shows the breakdown of RWAs separated into Position Risk Of the trading book and foreign exchange risk and risk for the position in Gold Under The Standardised Approach.

Table 12.1. EU MR1 - Market risk under the standardised approach

Amounts in millions of euros	RWA	Capital requirements
Outright products		
Interest rate risk (general and specific)	209	17
Equity risk (general and specific)	–	–
Foreign exchange risk	–	–
Commodity risk	–	–
Options[1]		
Simplified approach	–	–
Delta-plus approach	–	–
Scenario approach	–	–
Securitisation (specific risk)	–	–
Total	**209**	**17**

(1) This only applies when using standard methods.



Market risk capital requirements for hedging derivatives of CVA credit risk (in this case, CDSs, also included in the held-for-trading portfolio in the accounts) are calculated under the standardised approach (specific interest rate risk), as are the requirements for balance sheet exchange rate risk in the banking book and in equity holdings.

The capital requirements for market risk under internal models amount to EUR 62 million, which represents 79%, or practically all, of the total requirements for market risk.

There were no requirements for settlement risk on the reporting date.

Capital requirements for market risk under internal models amount to **EUR 62 million**, which represents **79% of the total requirements for market risk.**

12.3. QUANTITATIVE ASPECTS

A. Internal models

The Group is subject to market risk as the result of adverse movements in the following risk factors: interest rate, foreign exchange rates, share prices, inflation, volatility and changes in the credit spread of private fixed-income positions and credit derivatives. All material risk factors are captured in the metrics of the internal VaR, stressed VaR, and incremental default risk model and migrations. Estimates are drawn up daily, on the basis of sensitivity and VaR, aggregated and also segmented by risk factor and business unit.

The scope of application of the internal model encompasses the aforementioned risk factors for the held-for-trading accounting portfolio, except for those arising from CVA credit default swaps (CDSs). Deposits and repos arranged by trading desks are also included in the scope of the model. The risk management function is performed through three business units, which report to the Finance Division: Markets (divided into Rates and Equity Derivatives, Fixed Income and Foreign Exchange), CVA and Funding Value Adjustment (FVA) Management and Pricing, and Investee Derivatives[3]:

- The main function of Markets is to trade and execute transactions in the market to meet the funding needs of CaixaBank customers and generation of income by taking proprietary positions.
- CVA and FVA Management and Pricing is responsible for hedging the CVA risk, as well as for determining the marginal CVA and FVA of new derivatives that are acquired.
- Investee Derivatives manages and ensures the profitability of the equity portfolio by trading derivatives.

In July 2006, CaixaBank requested permission from the Bank of Spain to use an internal VaR model for the calculation of minimum capital requirements for market risk in the trading portfolio, foreign currency risk, gold risk and commodity price risk. In 2007, following the appropriate validation process, the Bank of Spain granted permission for the use of this

3 The CVA and FVA Management and Pricing and Investee Derivatives business units are attached to the ALM, Treasury & Funding Area internal model, which was first applied for the calculation of capital requirements at 31 December 2007. Subsequently, in 2011, a request was made for the Bank of Spain to permit the use of internal models to calculate the capital requirements for IRC and stressed VaR. In 2012, following the appropriate validation process, the Bank of Spain authorised the use of this internal model, which was first applied for the calculation of 31 December 2011. Within the Group, only CaixaBank uses internal models to determine capital requirements for market risk. In 2023, the European Central Bank, after its corresponding inspection, authorised the implementation of three relevant changes in the internal model, which were made in June 2023. Since that time, the internal model has been updated to date through successive non-material changes.

B. Characteristics of the models used

The methodologies used to comply with the requirements of Part 3, Title IV, Chapter V, Sections 1-4 of Regulation EU 575/2013 for calculating own fund requirements according to the Group's internal model are as follows.

As a general rule, there are two types of measurements which constitute a common denominator and market standard for the measurement of market risk: sensitivity and VaR.

- Sensitivity represents risk as the impact a slight change in risk factors has on the value of positions, without providing any assumptions about the probability of such a change.
- To standardise risk measurement across the entire portfolio, and provide certain assumptions regarding the extent of changes in market risk factors, VaR methodology is employed using a one-day time horizon and a statistical confidence interval of 99% (i.e. 99 times out of 100, actual losses will be less than the losses estimated in the VaR model). The methodology used to obtain this measure is historical VaR:

Historical VaR is calculated according to the impact on the portfolio's present value of historical daily changes in risk factors over the past year, with daily updating of the observation window. Historical VaR is adequate since it does not include any assumptions about the statistical behaviour of risk factors.

The historical VaR also includes the consideration of non-linear relationships between the risk factors. Risk factors are modelled using relative changes, except for interest rate variations, for which absolute changes are used. A large majority of the changes are calculated by a full revaluation of the portfolio, verifying that the estimated VaR is immaterial where delta-vega approximations are used.

A single model is used that splits the general (systematic) and specific (diversifiable) risk of equities, whilst the specific risk of private fixed-income and credit derivatives is estimated in a separate calculation (spread VaR). Interest rate VaR separates out the general and specific risk of sovereign debt in a single model.

The total VaR is the aggregate of the scenarios considered in the calculations of fluctuations in interest rates, exchange rates (and the volatility of both), inflation, commodities (without current position), and equities, and the Spread VaR calculation, yielding the 99th percentile of said aggregated vector.

C. Additional measures to VaR

As an analysis measurement, the Group completes the VaR measurements with the following risk metrics, updated weekly:

- Stressed VaR indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The stressed VaR calculation is leveraged by the same methodology and infrastructure as the historical VaR, with the only significant difference being the historical window selected.

Historical scenarios starting from September 2008 to the present day are taken into account when determining the stressed VaR window. The methodology consists of establishing a historic one-year window with the current position and moving the window for that P&L vector in single day's steps from 2008 to the present day.

The window that represents the highest VaR figure under the Historical VaR methodology is the one that determines the period and stressed VaR. A full revaluation approach is used to estimate the P&L (profit and loss) of the portfolio associated with the variations of the risk factors for each day of the data window with the current position, and the historical VaR formula is replicated. The replication of Historical VaR for each day of the window consists of choosing the 99th percentile of the P&L scenarios for the window ending on that date and starting one year earlier.

The annual period is chosen strategically based on the timing of the situation, and the annual stress period is reviewed quarterly. The stressed VaR window was established at year-end starting on 12/09/2008 and ending on 16/09/2009.

- The incremental default and migration risk reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9%, one-year time horizon, and a quarterly liquidity horizon. Given the high liquidity of portfolio issuances due to the existence of strict inclusion criteria that limit the concentration by country, rating, issuance and issuer, the liquidity horizon is assumed to be three months for all risk factor products/families. Therefore, the weighted liquidity horizon is three months.

It is estimated using the Monte Carlo simulation of possible future states for external issuer and issue ratings, based on transition matrices published by the main rating agencies, where dependence among credit quality variations between the different issuers is modelled using Student's t-distributions calibrated using historical CDS data series. This allows for higher correlations of default in the simulation.

Similarly to the IRB models, this sets a minimum probability of default of 0.03% a year. Incremental default and migration risk is mainly concentrated in the fixed-income desk, which is responsible for market making of sovereign debt and brokerage of private fixed-income securities. It covers all products with specific fixed income risk: bonds, bond futures and credit derivatives.

For management purposes, CaixaBank uses a one-day time horizon in both its VaR and stress VaR models. The regulatory models require a time horizon of 10 days. Both VaR and stressed VaR for regulatory purposes are scaled up by multiplying the aforementioned management metrics by the square root of 10. The maximum, minimum and average values of these measurements during 2023 with the regulatory time horizon of 10 days, as well as their value at the close of the reference period, are shown in the following table.

Table 12.2. EU MR3 - Values under the IMA assessment methodology for held-for-trading books

Amounts in millions of euros		
VaR (10 days, 99%)		
1	Maximum value	13
2	Average value	7
3	Minimum value	3
4	Period end	5
SVaR (10 days, 99%)		
5	Maximum value	34
5	Average value	11
5	Minimum value	6
5	Period end	9
IRC (99.9%)		
9	Maximum value	29
10	Average value	14
11	Minimum value	5
12	Period end	10
Comprehensive risk capital charge (99.9%)		
13	Maximum value	–
14	Average value	–
15	Minimum value	–
16	Period end	–

1 IMA: Internal Model Approach

The different elements determining final regulatory charges using the internal market risk and RWA flows model for each of the aforementioned measurements are shown below. Charges for VaR and stressed VaR are identical and correspond to the maximum of the most recent available value and the arithmetic mean of the last 60 values, multiplied by a factor depending on the number of times the daily result was less than the estimated daily VaR. Similarly, requirements for incremental default and migration risk is the maximum of the last value and the arithmetic mean of the preceding 12 weeks. "Model updates/changes" in the RWA flows table mainly reflects the impact on RWAs of changes to the calibration and current time frame: weekly for IRC and stressed VaR, and daily for VaR.

Table 12.3. EU MR2-A - Market risk under the internal model approach (IMA)

Amounts in millions of euros

	RWA	Capital requirements
VaR (higher of values a and b)	206	17
Previous value		5
60D average x multiplication factor		17
SVaR (higher of values a and b)	355	28
Last value		9
60D average x multiplication factor		28
IRC	172	14
Latest value		10
12-week average		14
Comprehensive risk	–	–
Latest value		–
12-week average		–
Other	40	3
TOTAL	**773**	**62**

Table 12.4. EU MR2-B - RWA flow statements under the IMA approach

Amounts in millions of euros

	VaR	SVaR	IRC	Global risk measurement	Other	Total RWAs	Total capital requirements
RWAs at previous period end	**373**	**519**	**152**		**74**	**1,118**	**89**
Regulatory adjustment	(275)	(406)	(85)			(767)	(61)
RWAs at previous period end (end of the day)	**98**	**112**	**67**		**74**	**352**	**28**
Movement in risk levels	2	(43)	89		(34)	14	1
Model updates/changes	(39)	39	(32)			(32)	(3)
Methodology and policy							
Acquisitions and disposals	–	–	–			–	–
Exchange rate movements							
Other							
RWAs at the end of the reporting period (end of the day)	**62**	**108**	**125**		**40**	**334**	**27**
Regulatory adjustment	145	247	48			439	35
RWAs at the end of the reporting period	**206**	**355**	**172**		**40**	**773**	**62**

There was a slight decrease in 2023 in RWAs in the Internal Model. This is explained by the lower consumption of VaR and stressed VaR components due to a lower interest rate risk, and lower consumption due to exposure from risk factors not included in the calculation engine of the model (RNIME).

CaixaBank uses appropriate valuation models and inputs in accordance with standard market practice, prioritising in the following order: official market price, market price from independent contributors or valuation models according to commonly accepted methodologies and market inputs from standard market contributors. These valuation processes are managed by the Corporate Risk Management Function & Planning Division. As such, they are totally separate from the business areas. Furthermore, the processes are subject to internal review processes in compliance with IPV (Independent Price Verification) principles.

Even though the values obtained are compared daily to other banking counterparties, the fair value of an asset may be subject to a certain degree of uncertainty arising from the existence of alternative market data sources, bid-offer spreads, alternative models and their unobservable parameters, and concentration or illiquidity of the underlying asset. The uncertainty in fair value is measured by adjusting eligible own funds through Additional Valuation Adjustments (AVA).

Adjustments for this uncertainty are applied and calculated mainly for assets with limited liquidity, where the most conservative bid-offer spread from comparable sources or conservative assumptions under the scope of the mark-to-model measurement are used (this term is used to determine prices by valuation model rather than via markets through observable market variables). It should be noted that the volume of Level 3 assets in the trading portfolio is marginal (EUR 40 million), and null for the internal market risk model perimeter, thereby significantly reducing the potential model risk.

D. Verification of the reliability and consistency of the internal models

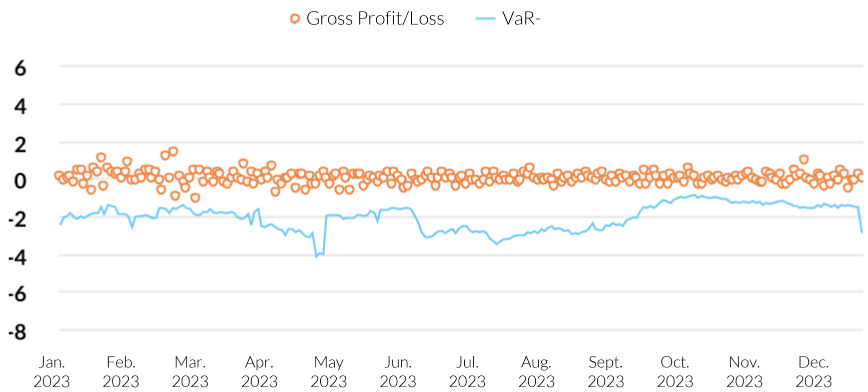
To confirm the suitability of the estimates of the internal model, daily results are compared against the losses estimated under the VaR technique, which is what is referred to as backtesting. The risk estimate model is checked in two ways:

- Though 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 that compares the total result obtained during the day (including intraday transactions) to VaR for a one-day time horizon, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and estimating the risk.

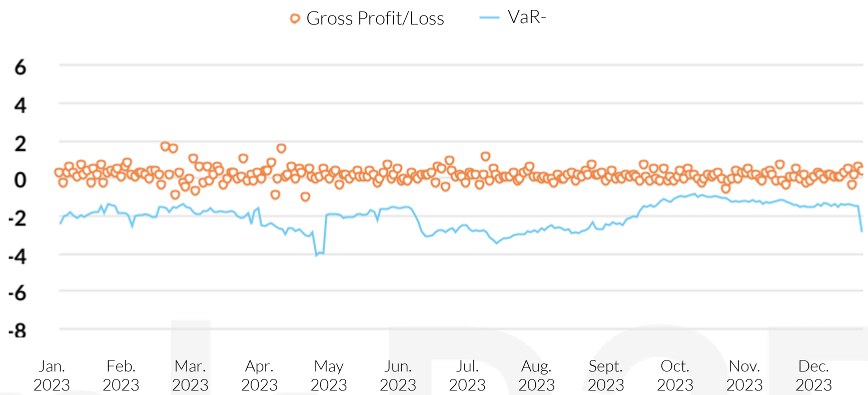
The daily result used in both backtesting exercises does not include mark-ups, reserves, fees or commissions.

Table 11.5. EU MR4 - Comparison of VaR estimates with profit and loss

/ **DISTRIBUTION OF DAILY NET PROFIT VS DAILY VAR** - In millions of euros



/ **DISTRIBUTION OF THE DAILY GROSS PROFIT VS DAILY VAR** – In millions of euros



During the year, there were no excesses in the gross or net backtesting exercises of the internal model.

Backtesting is not carried out for the IRC model. Simulations, with an annual liquidity horizon or bell curve, run with different numbers to verify stability, are used to validate the internal consistency and accuracy of the results of the model. In its annual review, the Model Validation and Risk Department analyses the methodology used to calculate the IRC and describes any changes made since the last review.

In addition, the IRC of the portfolio at a reference date is checked with the use of an internal tool developed independently of the one used to calculate capital requirements. Lastly, an assessment is made of the IRC's sensitivity to changes in the matrix of correlations, recovery rates and the probabilities of default.

E. Stress test

Stress testing techniques are used on the value of the trading positions to calculate the possible losses on the portfolio in situations of extreme stress:

- **Systematic stress:** this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in all relevant factors. It considers parallel shifts in interest rate curves; changes at various points of the slope of the interest rate curve; variation of the spread between interest rate instruments and public debt securities (bond-swap spread); parallel shifts in the EUR/USD curves; the JPY and GBP; and variation in exchange rate volatility, share prices, variations in the volatility of shares and commodities.
- **Historical scenarios:** this technique addresses the potential impact of actual past situations on the value of the positions held, such as: the collapse of the Nikkei in 1990; the US debt crisis and the Mexican peso crisis in 1994; the 1997 Asian crisis; the 1998 Russian debt crisis; the emergence of the technology bubble in 1999 and its collapse in 2000; the terrorist attacks that have caused the most severe effects on the financial markets in recent years; the credit crunch of the summer of 2007; the liquidity and confidence crisis caused by the collapse of *Lehman Brothers* in September 2008; the widening of credit spreads in peripheral countries of the eurozone due to the contagion effect of the crises in Greece and Ireland in 2010; and the Spanish debt crisis in 2011 and 2012.
- **Reverse Stress Test:** a technique that assumes a high-vulnerability scenario given the portfolio's composition and determines what variations in the risk factors lead to this situation.

The analysis of historical scenarios and systematic stress is based on all business units, except for credit spread stress, which is only performed on the private fixed-income portfolio.

In IRC, stress testing is carried out in different types of scenarios, such as scenarios of default of relevant exposures, downgrading of a notch of different exposures. Depending on the characteristics of the portfolio, alternative scenarios are defined. These may include a rating downgrade for long positions and an upgrade for short positions if there are significant offsetting positions. Lastly, an assessment is made of the IRC's sensitivity to changes in the matrix of correlations, recovery rates and the probabilities of default.


F. Monitoring and control

As part of the monitoring and control of the market risks assumed, there is a structure of overall VaR limits complemented by the definition sub-limits, stressed VaR and incremental default and migration risk, stress test and stop loss results and sensitivities for the various management units that could assume market risk.

The risk factors are managed using economic hedges on the basis of the 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 eliminate 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, levels for each hedge are established and monitored, expressed as ratios between total risk and the risk of the hedged items.

The Market and Structural Risk Department, under the Corporate Risk Management Function & Planning Division, is responsible for monitoring these risks. To perform its functions, it monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market results), quantifies the market risk assumed, monitors compliance with global limits and analyses the ratio of actual return to the risk assumed. With the results obtained from these activities, it produces a daily report on positions, risk quantification and the utilisation of risk thresholds, which is distributed to Senior Management, the officers in charge of managing these risks, the Model Validation and Risk Department and the Internal Audit Department.

Therefore, it is responsible for reporting any breaches to Senior Management and the appropriate risk-taking unit, calling for the restructuring or closure of the positions leading to this situation or seeking explicit authorisation to maintain them from the appropriate body. The risk report is distributed daily, and provides an explicit comparison between actual consumption and the authorised limits.

Estimates of sensitivity and VaR are also reported daily, both at the aggregate level and segmented by risk factor and business unit, as well as the following market risk monitoring reports:

- All the activity of the Markets division.
- The position constituted by the internal market risk model for the calculation of capital requirements, including equity derivatives on investees.
- The foreign currency position in the banking book.

The monitoring process generally consists of three different sections: daily risk measurement, backtesting and Stress Testing.

Finally, CaixaBank's treasury and market activities and the risk measurement and control mechanisms used for these activities are subject to ongoing internal audit.

Based on the set of measures described above, the management of market risk on trading positions in markets is in accordance with current methodological and monitoring guidelines.

Operational risk

13.4.1 Conduct and compliance

13.4.2 Legal and regulatory

13.4.3 Technology

13.4.4 Other operational risks

13 Operational risk

Operational risk

€
Operational risk RWAs

100%
RWAs under standardised approach

Distribution of operational losses
88.0%
Commercial practices (61%), external fraud (18%), employment practices (9%), other (12%)

In the regulatory context, **operational risk is defined as the possibility of incurring financial losses due to inadequate or failed** internal processes, people and systems or from external events.

Given the varying nature of the operational events, CaixaBank includes the following operational risks in the Corporate Risk Catalogue: conduct and compliance, legal and regulatory, technology and other operational risks.

For each of these risks in the Catalogue, the Group maintains specific management frameworks, without prejudice to the existence of an additional operational risk management framework corporate policy.

CaixaBank integrates operational risk into its management processes in order to deal with the financial sector's complex regulatory and legal environment. The objective of managing this risk is to improve the quality of business management, supplying the appropriate information to allow decisions to be made that ensure the organisation's long-term continuity, improvements to its processes and the quality of both internal and external customer service.

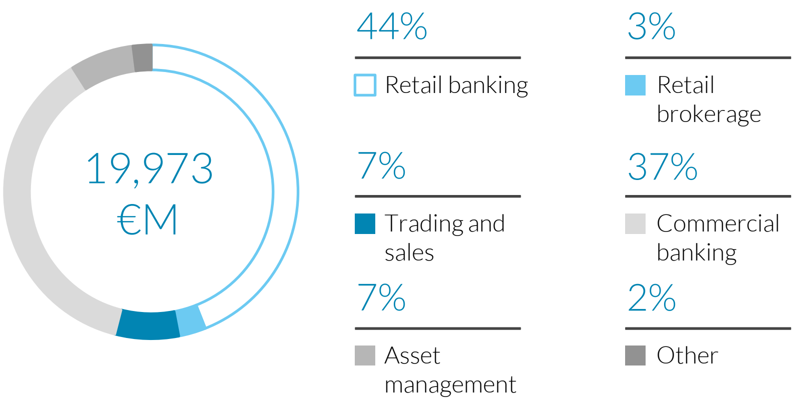
Although the standard method is used to calculate regulatory capital, the Group's operational risk measurement and management is based on policies, processes, tools and methodologies that are risk-sensitive, in line with market best practices.

A. Annual evolution

In 2023, progress was made to integrate the management of operational risk into CaixaBank Group, where the clearest focus was on preventing and mitigating future losses, as regards the monitoring performed by a specific internal committee (Operational Risk Committee), continuing the development of the second line of defence functions specialising in each operational risk, as the most visible measures. There was less litigation in most of the main legal matters, and the mitigation plans included in the control frameworks were strengthened, if necessary.

In accordance with the provisions of the Corporate Operational Risk Management Policy, CaixaBank is working to integrate climate and environmental risk factors into its operational risk management by identifying loss events, measuring and managing their impact, through any of the levers of the operational risk management framework, including the development of extreme scenarios to integrate them into the operational risk economic capital model (both physical assets and transition scenarios).

/ **RWA OF OPERATIONAL RISK** - Distribution by business line, %



/ **OPERATIONAL LOSSES** - Distribution by regulatory risk, %

13.1. OPERATIONAL RISK MANAGEMENT

A. Definition

Operational risk is defined as the possibility of incurring losses due to the failure or unsuitability of processes, people, internal systems and external events. Given the varying nature of the operational events, CaixaBank does not list operational risk as a single item in the Corporate Risk Catalogue. Instead, it has included the following operational risks: conduct and compliance, legal and regulatory, technology and other operational risks. For each of these risks in the Catalogue, the Group maintains specific management frameworks, without prejudice to the existence of an additional operational risk management framework corporate policy.

B. General policy

In keeping with the Corporate Policy for Managing Operational Risk, the Group seeks to manage this risk consistently and uniformly across all the companies that make it up. It achieves this by promoting consistency in the tools, measurements and reporting used for all of them, ensuring the existence of full and comparable information for operational risk decisions. It also promotes the use of advanced measurement and management models for each business sector; these are implemented consistently with the degree of development and maturity in each sector.

The Group manages operational risk by having the necessary tools, policies and structures in place in accordance with the best market practices.

C. Structure and organisation of the management of operational risk

_Governance framework

The pillars on which the Group's operational risk governance framework is based are:

- Compliance with the principles set out in corporate policy by Group companies within their scope.
- Corporate supervision of the parent company.
- Alignment of strategies between Group companies, and alignment with best practices, supervisory expectations and current regulations.
- Maximum involvement of the Governing Bodies and Management of Group companies.
- Internal control framework based on the three lines of defence model that guarantees the strict segregation of functions and the existence of several layers of independent control.

_Control framework

In accordance with the Three Lines of Defence model, the Group's internal control framework for operational risk comprises the following layers of independent control:

- The **first line of defence** integrated into the procedures and processes of the operational units that effectively manage operational risk. It is responsible for applying internal policies and procedures in the field of operational risk; proactively implementing measures to identify, manage and mitigate operational risk; and
- The Compliance, Control and Public Affairs (CCPA) Division is responsible for the direct exercise of the **second line of defence** functions for non-financial risks, which include operational risks (conduct and compliance, legal and regulatory, technology and other operational risks). In particular:

- > The Compliance and Control Division is responsible for ensuring that the Group operates with integrity and in compliance with the applicable regulations, internal standards and standards of conduct. It also manages, monitors and controls compliance risk, which encompasses conduct risk and legal and regulatory risk.
- > The second line of defence has also developed control frameworks for the most relevant operational risks.

> The internal audit functions, as the third line of defence, are included in section 3.1.2. Internal Control Framework - **third line of defence.**

D. Operational Risk Categories

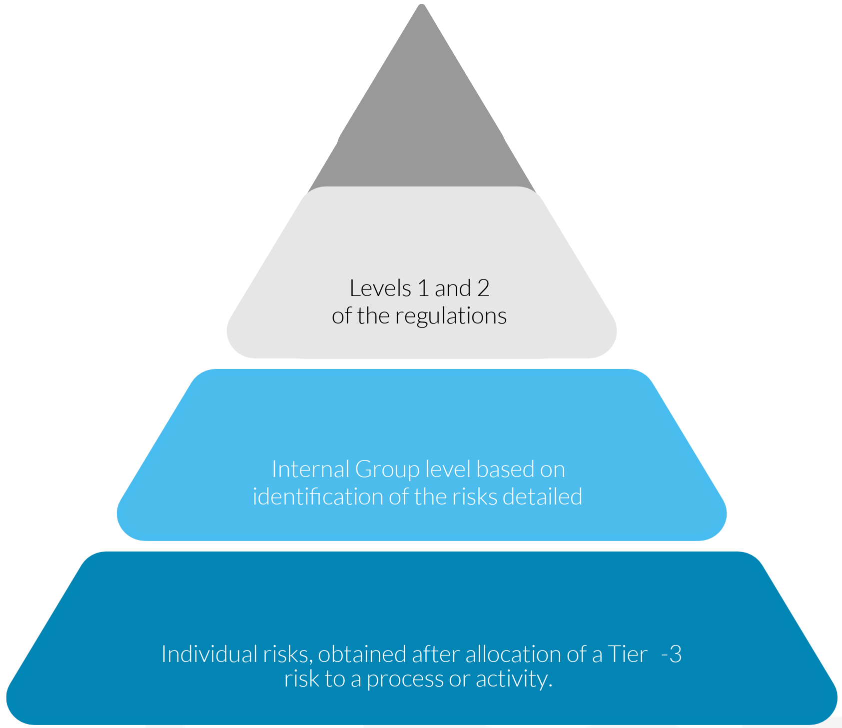
Operational risks are structured into four categories or hierarchical levels, from the most generic to the most specific and detailed:

- **Levels 1 and 2** of the regulations: level 1 comprises 7 sub-categories (Internal Fraud; External fraud; Employment and safety practices in the workplace; Customers; Products and business practices; Damage to physical assets; Business interruptions and system failures; and Execution, delivery and management of processes), and level 2 comprises 20 sub-categories.
- Internal Group **level 3**: represents the combined individual risk of all the business areas and Group companies.
- **Level 4** individual risks: represents the materialization of particular level 3 risks in a specific process, activity or area.

The Group has defined its own main risk categorization based on an analysis of operational risk in the various divisions and companies of the Group. The categories are the same for the entire Group and are shared by the qualitative approaches to identifying risks and the quantitative measurement approaches based on an operational loss database.

The diagram below illustrates the classification of operational risk types (Levels 1-4) in the Group.

/ **OPERATIONAL RISK TYPES**



E. Risk management. Measurement and information systems

The Group's overall objective with regard to the management of operational risk comprises a number of specific objectives that form the basis for the organisation and working methodology for managing operational risk. These objectives are:

> To identify and anticipate existing and/or emerging operational risks.

> To adopt measures to mitigate and sustainably reduce operational losses.

> To promote the establishment of continuous improvement systems for operating processes and the control structure.

> To exploit operational risk management synergies.

> To promote an operational risk management culture.

> To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

_The main milestones in 2023 were:

> Execution of the Master Plan for Non-Financial Risks 2023, presented to the governing bodies, as well as continued evolution of the Non-Financial Risk Control Framework and continued deployment of second line of defence functions specialised in the risks of the Corporate Risk Catalogue.

> More preventive Operational Risk Committee with improved governance and greater participation of the areas to identify weaknesses, prevention measures and action plans.

> Greater and improved governance of operational losses, increasing challenge and awareness.

> Awareness of operational risk at the corporate level: training in Headquarters (over two thousand people) and disclosure of knowledge to subsidiaries.

> Specific projects to reduce and improve the completeness of recurring operational losses (project to improve the completeness of information on external fraud, identification of operational losses associated with climate risk factors, both physical and transition, etc.)

> Risk Appetite Framework (RAF): monitoring the operational risk metrics.

> Annual updating of operational risk self-assessments and related controls, and extreme operational loss scenarios (new scenarios for physical risk and climate transition).

> Monthly budgetary monitoring of operational losses.

> Combined monitoring of the main preventive measures identified by the second and third lines of defence.

> Evolution of the economic capital model, including methodological improvements and inputs.

> Optimisation and revitalisation of the pool of operational risk indicators, KRIs.

> Complete the EBA 2023 stress test for operational risk.

13.2. MINIMUM OWN FUNDS REQUIREMENTS

The following table shows the Group's RWAs and own funds requirements for operational risk at 31 December 2023.

Table 13.1. EU OR1 — Operational risk own funds requirements and risk-weighted exposure amounts.

		Relevant indicator			Own fund requirements	Amount of risk exposure
Amounts in millions of euros		31.12.2023	31.12.2022	31.12.2021		
1	Banking activities subject to the basic indicator approach					–
2	Banking activities subject to the standardised approach or the alternative standardised approach	14,240	11,240	10,288	1,598	19,973
3	All portfolios subject to the standardised approach	14,240	11,240	10,288	1,598	19,973
4	Subject to the alternative standardised approach:					
5	Banking activities subject to advanced calculation approaches					

_Calculation of eligible own funds requirements

The Group applies the standardised approach for calculating regulatory capital requirements for operational risk, which consists of multiplying a Relevant Indicator of operational risk exposure by a coefficient.

The indicator, which is approximately equivalent to the three-year average of the gross margin of the income statement, must be broken down into eight regulatory business lines, which are assigned a specific multiplier coefficient, as shown in the following table:

Table 13.2 Breakdown of RWAs by operating business line

Amounts in millions of euros	Average relevant income	RWA	RWA density	Capital requirements
Retail banking	5,807	8,710	150%	697
Retail brokerage	367	550	150%	44
Asset management	978	1,467	150%	117
Commercial banking	3,934	7,377	188%	590
Agency services	38	71	188%	6
Trading and sales	620	1,396	225%	112
Business financing	171	384	225%	31
Payment and settlement	8	18	225%	1
Total	**11,923**	**19,973**	**168%**	**1,598**

This assumes that financial institutions are able to map the corresponding part of the Relevant Indicator to each of these regulatory business lines.

The regulatory framework establishes that financial institutions using the standardised approach must comply with certain requirements for operational risk management and measurement, as outlined below:

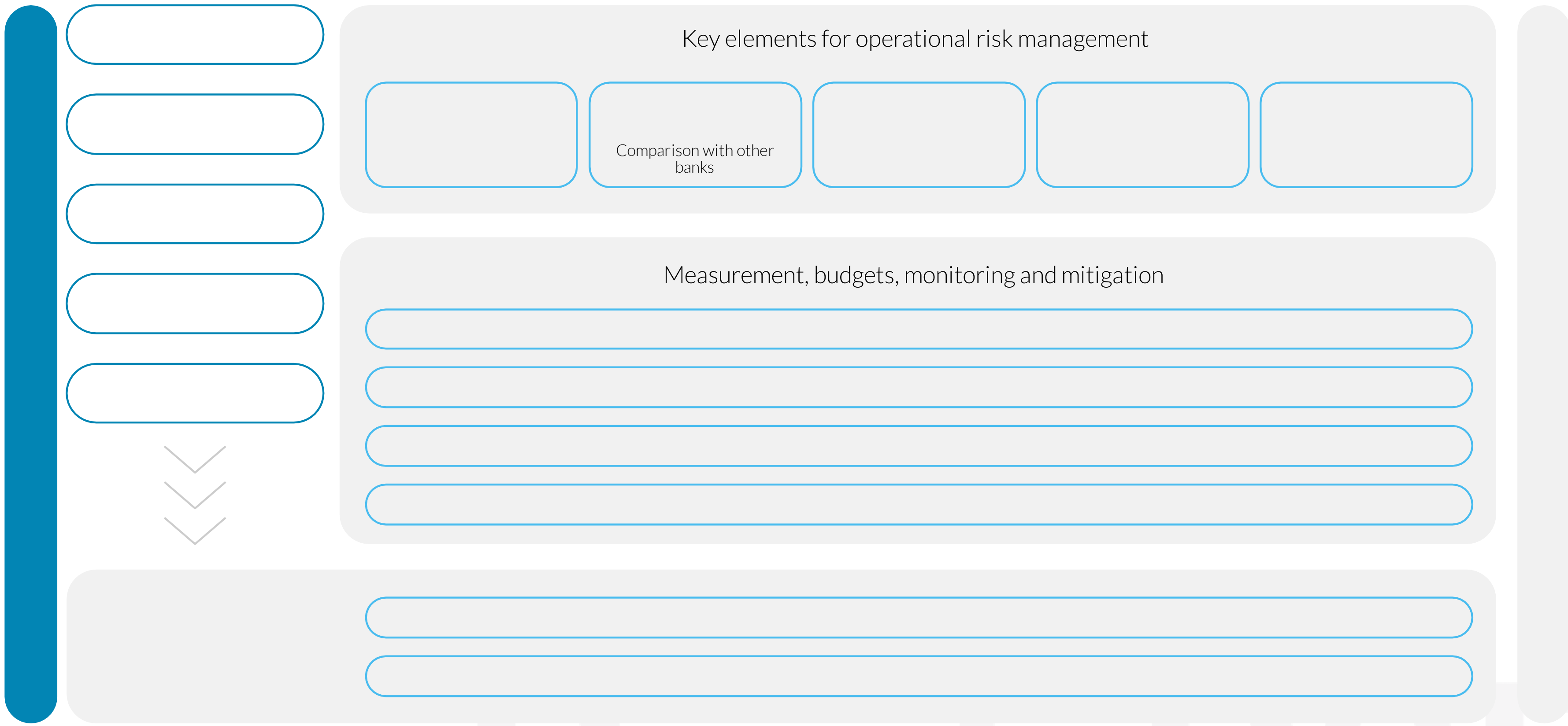
a. financial institutions shall have a well-documented operational risk assessment and management system with clearly assigned responsibilities. This system shall be subject to regular independent review by an internal or external service with the necessary expertise for this purpose;

b. the financial institution's operational risk assessment system shall be fully integrated into its risk management processes. The results of this system must be actively used in the process of monitoring and controlling the institution's operational risk profile;

c. financial institutions shall implement a senior management information system that reports on operational risk to managers responsible for the relevant functions within the institution. Financial institutions shall have procedures in place to take appropriate action based on the information contained in such reports.

13.3. OPERATIONAL RISK MANAGEMENT LEVERS

The management model is structured as follows:



The different methodologies implemented through operational risk management mechanisms and the measurement, monitoring and mitigation tools and procedures form part of the set of basic operational risk identification, measurement and evaluation tools, representing best practice in the sector.

The technological environment of the operational risk system provides all the functionality required and is fully integrated into the bank's transactional and information systems.

The main system is supported by an integrated tool, which has been customised to the Bank's needs. This component provides most of the functionality required for day-to-day operational risk management.

The tool is fed by multiple data sources from the transactional systems (of the bank itself and some Group companies) on a daily basis to capture key events, losses and key risk indicators (KRIs) for operational risk. It also offers interfaces for updating the organizational structure and other sources included in the data model.

All risk self-assessment processes, loss enrichments, KRI management, identification of weaknesses, action plans, etc. are carried out through workflows managed and controlled by the tool, keeping the persons responsible for pending tasks up-to-date with what is happening.

The system also supports loss reporting to the international Operational Riskdata Exchange (ORX) Association.

Finally, it is also important to note the integration with the Bank's information system: multiple interfaces have been designed for downloading all information from the system and uploading it into the Big Data environment to provide an analytical environment.

Operational risk is measured with the following aspects:

A. Quantitative measurement

_Internal database

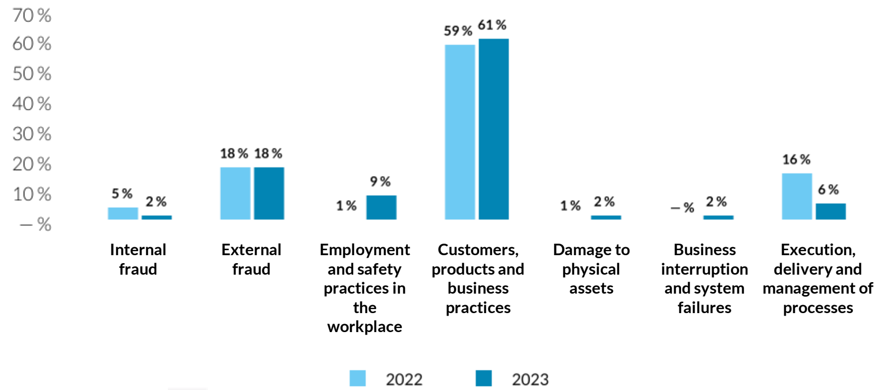
The internal operational loss database is one of the foundations for managing operational risk.

An operational event is the implementation of an identified operational risk, an event that causes an operational loss. It is the central concept in the Internal Database model. Loss events are defined as each individual economic impact related to an operational loss or recovery.

Therefore, an operational event may result in one, several or no operational effects, which may, in turn, be identified in one or several areas.

The distribution of gross operating losses by regulatory category (Level 1) of risk is shown below:

/ DISTRIBUTION OF GROSS LOSSES BY OPERATIONAL RISK CATEGORY



_External database

CaixaBank supplements its internal loss data with the anonymous quarterly exchange of external losses incurred at other institutions in the sector, through an association set up for this purpose (ORX).

This information allows us to increase the volume of information on events, which is used as an initial element in the qualitative scenario methodology, identify new operational risks and improve analytical capabilities for measuring operational risk.

B. Qualitative measurement

_ Self-assessments

Operational risks are subjected to self-assessments on an annual basis, which make it possible to: (i) obtain greater knowledge of the operational risk profile and the new critical risk; and (ii) maintain a standardised update process for the taxonomy of operational risks, which is the foundation upon which this risk's management is defined.

The self-assessments process involves the following phases:

- The centres under operational risk update and confirm the operational risk map (risks assigned to different centres).
- Risk assessment by the centre to provide estimates related to: the potential frequency and impact of possible loss events, the allocation of the risk to the appropriate Business Line, and assessment of the associated control.
- Validation of the assessment by the centre manager.
- Final validation by the Operational Risk Division.

In 2023, the annual update of the self-assessment of operational risks has been completed (having identified approximately 453), which will be used as a starting point for the 2024 budgeting.

_Operational risk scenarios

A series of expert workshops and meetings are also held annually to generate hypothetical extreme operational loss scenarios. The objective is 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.

_Operational Risk Indicators

Key Risk Indicators (KRIs) relating to operational risk are a tool used to measure quantitative or qualitative aspects that make it possible to (i) anticipate changes in operational risks, enabling a forward-looking approach to their management; and (ii) provide information on changes to the operational risk profile and the reasons for such changes. A KRI is a metric that detects and anticipates changes in said risk; its monitoring and management is integrated in the operational risk corporate management tool. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage operational risk.

The main concepts in the definition and structure of KRIs for operational risk are: the definition of each KRI (including any sub-KRIs), thresholds, alerts (and related actions), frequency, the updating method and criticality.

In 2023, the scorecard for managing KRIs was consolidated by reviewing the suitability of all the pre-existing indicators by risk category, and adding new indicators to increase or maintain the coverage of operational losses, the goal being to have these indicators cover a high percentage of said losses. Therefore, the aim is to maximise risk coverage, using KRIs as a challenge tool to prevent future losses.

_Action and mitigation plans

With the aim of mitigating the operational risk, action plans have been defined that entail appointing a centre to be in charge, setting out the actions to be undertaken to mitigate the risk, the percentage or degree of progress, which is updated regularly, and the plan's final commitment date. This allows mitigation via (i) decreasing the frequency at which the events occur, as well as their impact; (ii) possessing a solid structure of sustained control in policies, methodologies, processes and systems; and (iii) integrating into the everyday management of the Group the information provided by operational risk management levers.

The definition and monitoring process for action and mitigation plans involves the following three stages:

01. IDENTIFICATION | **02. DEFINITION** | **03. IMPLEMENTATION**

_Operational loss budget

An annual operational loss budgeting exercise is carried out that covers the entire scope of management and enables monthly monitoring to analyse and, where applicable, correct any deviations.

_Risk transfer (insurance)

The corporate insurance programme for mitigating operational risk is designed to **cover certain risks**, and it is updated annually.

The corporate insurance programme for mitigating operational risk is designed to cover certain risks, and it is updated annually. Risk transfer depends on risk exposure, tolerance and risk appetite at any given time.

Each year, an action plan is drawn up for the risk and insurance management system. The plan is predicated on the identification and assessment of operational and calamity risks, the analysis of risk tolerance, and the reduction of the total cost of risk (retention + transfer). This enables risk management and coverage to be integrated and streamlined as efficiently as possible, at the lowest cost possible, and with optimal security in accordance with the defined standards.

_Reporting framework

Establishing an adequate reporting framework is essential for managing operational risk. The main goals are:

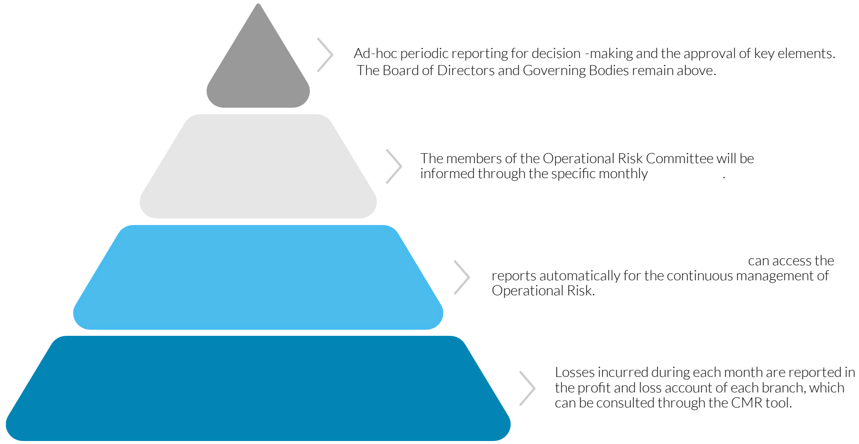
- To provide Senior Management and the Governing Bodies with timely, accurate, clear and sufficient information to facilitate decision-making and verify that transactions are being conducted within the set risk tolerance.
- To meet the reporting requirements of the supervisory bodies.
- To keep the Group's shareholders and stakeholders informed.
- To provide the managers of the different departments, particularly the management and control departments, with the necessary information to perform their operational risk-related duties.

This information is presented directly to the Operational Risk Committee by the responsible areas or designated persons of other committees or delegated task forces.

The Operational Risk Committee also reports periodically to the Global Risk Committee regarding the matters approved and information discussed during its meetings, as well as aspects that may materially affect the fulfilment of the risk appetite or the level of capital requirements.

During 2023, the governance of operational risk management was strengthened by consolidating a periodic requirement for reporting to the Management Committee on the trend in operational losses.

Accordingly, the Risk Management Function provides Senior Management and Governing Bodies with regular information on operational risk management, which includes at least an annual summary of the activities carried out by the second line of defence related to the management of this risk (activity report).



_Operational risk training and culture initiatives

One of the fundamental objectives of the operational risk management model is to ensure it is applied correctly on a day-to-day basis. For this purpose, the model is promoted through training sessions and the fostering of an operational risk culture throughout the Group.

The purpose of this operational risk culture training and promotion is:

- to raise awareness of operational risk, specifically in those areas and companies where it could materialize and which could foresee or detect it; and
- to internalize operational risk as inherent to all the organization's processes, ensuring that it is considered by all Group areas and companies when defining and developing processes, activities and methodologies.

Operational risk training processes are conducted on three levels (virtual classroom, supplementary documentation and specific initiatives), which cover with differing scope and depth of training requirements both at the general management tool level and at the specialized level of the various types of risks included in the set of operational risk.

13.4. CONNECTION WITH THE CORPORATE RISK CATALOGUE

The following risk categories in the **Corporate Risk Catalogue** are identified as operational risks: conduct and compliance, legal and regulatory, technology and other operational risks.

13.4.1. CONDUCT AND COMPLIANCE RISK

The conduct and compliance risk is defined in the Corporate Risk Catalogue as the risk of the Group applying criteria for action contrary to the interests of its customers and stakeholders, or actions or omissions by the Group that are not aligned with the legal or regulatory framework, or with internal policies, regulations or procedures, or with the codes of conduct, ethical standards and good practice. The Group's objective is to: (i) minimise the probability of occurrence of this risk, and (ii) if it occurs, to detect, report and address the weaknesses promptly.

The management of compliance and conduct risk is not limited to any specific area, but rather the entire Group. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage compliance and conduct risk, the dissemination and promotion of the values and principles set out in the Code of Business Conduct and Ethics are encouraged, and all employees of CaixaBank Group and members of the governing bodies must ensure that they are compliant as a core criterion guiding their day-to-day activities. Therefore, as the first line of defence, the areas whose business is subject to compliance and conduct risk implement and manage the first level of indicators and controls that are used to detect potential sources of risk and act effectively to mitigate them.

CaixaBank is firmly committed to preventing money laundering and the financing of terrorism. It is considered fundamental to establish the necessary measures and to revise them regularly in order to ensure that CaixaBank products and services are not used for any illegal activity. In this regard, CaixaBank collaborates with the appropriate regulators and authorities and reports all suspicious activities detected.

In accordance with Law 10/2010, CaixaBank bases conduct risk management and compliance on a model that relies on analysing and managing risk, through which it establishes, applies and maintains procedures to prevent and detect money laundering and the financing of terrorism, as well as mechanisms for the correct application of the international financial sanctions and countermeasures applied in the performance of its activities, business and relations, both nationally and internationally, adopting measures to prevent and minimise the risks to which it is exposed.

The main money laundering and terrorist financing prevention measures are as follows:

- CaixaBank's AML/CFT governance structure.
- Internal policies, procedures and regulations for the prevention of money laundering.
- Risk-based approach. Robust risk control and early identification and mitigation processes are implemented.
- Recurrent training to facilitate understanding of AML/CFT risk throughout the organisation.
- Communication and awareness-raising for employees in the commercial network (culture of compliance).
- Traceability and quality of data (analytics as a basis for transformation).
- Design and digitisation of processes through the use of technology (preventive controls).
- Suitable means (technology, organisational structure and team).
- Reporting to senior management and governing bodies.
- Permanent contact with regulators and supervisors, and absolute collaboration with the competent authorities.

According to the provisions of Spanish law, the prevention of money laundering is subject to an annual review by an external and independent expert. No significant deficiencies were identified in the review carried out in 2023.

13.4.2. LEGAL AND REGULATORY RISK

Legal and regulatory risk is defined in the Corporate Risk Catalogue as the potential loss or decrease in the profitability of CaixaBank Group as a result of changes in the legislation, the improper implementation or interpretation of such legislation in CaixaBank Group's processes and its various operations, improper management of legal and administrative requirements or claims or complaints received.

This risk is managed by following certain working principles contained in the Corporate Policy to Manage Legal and Regulatory Risk in order to ensure that the risk appetite and tolerance limits defined in the Group's Risk Appetite Framework are observed.

Accordingly, the Group undertakes constant monitoring and control of regulatory changes with a view to ensuring greater legal protections and in defence of its legitimate interests, mainly those described in point 2.1 in relation to the regulatory environment. In 2023, the number of sustainability standards published continued to rise. In order to mitigate the legal risk in this area, the Group continued its detailed analysis of these standards, their interpretation and projects in order to properly implement them at the Group level. These actions are coordinated through the Regulation Committee, the body responsible for establishing the strategic positioning of the Group in matters concerning financial regulation, promoting the representation of the Bank's interests and coordinating the regular assessment and the regulatory initiatives and proposals that may affect the Group.

Furthermore, a group of committees (Transparency Committee, Product Committee, Privacy Committee) is coordinated to monitor, with regard to all the bank's activities, compliance with consumer protection and privacy regulations.

To ensure the correct interpretation of the rules, as well as a study of precedent and the rulings from the competence authorities, the competent administrative authorities are also consulted when necessary, in order to adjust its actions to these criteria.

Regarding claims filed with the Customer Service Department, as well as the sustained flow of existing litigation, the Group implements policies, criteria and procedures to analyse and monitor these claims and judicial processes. These elements provide a better understanding of the activities carried out by the Group with a view to identifying and establishing constant improvements in contracts and processes, implementing regulatory disclosure measures and promptly restoring customers' rights in the event of possible incidents through agreements and the establishment of the appropriate accounting hedges, in the form of provisions, to cover hypothetical financial losses whenever they are considered likely to occur.

13.4.3. INFORMATION TECHNOLOGY (IT) RISK

The IT risk is defined in the Corporate Risk Catalogue as the risk of losses due to hardware or software inadequacies or failures in technical infrastructure, due to cyberattacks or other circumstances, that could compromise the availability, integrity, accessibility and security of the infrastructures and data. The risk is broken down into 5 categories that affect ICT (Information and Communications Technology): i) availability; ii) information security; iii) change management and operation; iv) data integrity; and v) governance and strategy.

The current measurement of this risk is included in a regularly monitored RAF indicator, calculated using individual indicators and controls linked to the different fields comprising IT risk. Regular spot checks are carried out to verify the quality of the information and methodology used to create the reviewed indicators.

The management frameworks associated with the various areas of IT risk have been designed according to leading international standards, and are consistent with the Guidelines published by the different supervisors:

> **IT Governance:** designed and developed as per the ISO 38500 standard.

> **Information security:** designed and developed in accordance with ISO 27002 and the certification of the Information Security Management System based on ISO 27001.

> **Technological contingency:** designed and developed under the ISO 27031 standard.

> **Information Governance and Data Quality:** designed and developed in accordance with the international standards BCBS 239 (Basel Committee on Banking Supervision).

Through the different governance frameworks and management systems, CaixaBank aims to guarantee compliance with the recommendations of regulators and supervisors, and maximum security in operations, both in the usual processes and in extraordinary situations.

It also demonstrates to its customers, investors and other stakeholders its commitment to the governance of information, security and business continuity technologies by implementing management systems based on the most recognised international standards and the existence of different cyclical processes that rely on continuous improvement.

Similarly, CaixaBank has been designated a critical infrastructure operator by virtue of the provisions of Act 8/2011 and is under the supervision of the National Centre for the Protection of Critical Infrastructures dependent on the State Secretariat of the Ministry of the Interior.

Furthermore, CaixaBank 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 residual risk level, establishing mitigation plans where necessary.

13.4.4. OTHER OPERATIONAL RISKS

A. Definition and general policy

In the Corporate Risk Catalogue, this is defined as the losses or damage caused by errors or shortcomings in processes, due to external events or the accidental or intentional actions of third parties outside the Group. This includes risk factors related to outsourcing, business continuity and external fraud.

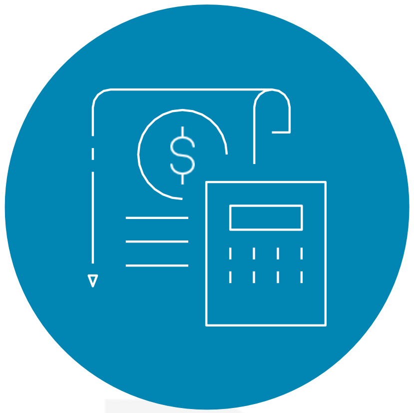
All of the Group's divisions and companies are responsible for the operational risks within their respective remits. This means identifying, assessing, managing, controlling and reporting on the operational risks of their activity by working with the second line of defence at CaixaBank (led by the Non-Financial Risk Control Department, which is part of the Compliance, Control and Public Affairs Division).

CaixaBank's second line of defence has developed control frameworks for outsourcing, external fraud and operational continuity risks, similar to those used for IT risk, to assess the effectiveness of the control environment and measure the level of residual risk, establishing mitigation plans where necessary. These reports are presented to management and governing bodies, as required.

14 Remunerations

Remunerations

Article 85 of Act 10/2014 of 26 June, on the arrangement, supervision and solvency of credit institutions (hereinafter, the LOSS), and Article 93 of Royal Decree 84/2015 of 13 February, which implements the LOSS, as well as Circular 2/2016 of 2 February of the Bank of Spain, lay out the contents of the reporting required on remuneration policies and practices in relation to those categories of personnel whose professional activities have a significant impact on the risk profile (Identified Staff), to be included as part of the Pillar 3 Disclosures pursuant to Article 450 of EU Regulation 575/2013 of the European Parliament and of the Council. This information is included throughout this chapter.



14.1. GOVERNANCE AND ORGANISATION

A. Introduction

The following information relates to employees of CaixaBank and the entities that form part of its consolidation group for prudential purposes (hereinafter, CaixaBank Group) who are classified as being members of Identified Staff pursuant to applicable regulations relating to 2023.

Banco BPI, MicroBank, CaixaBank Payments & Consumer, Telefónica Consumer Finance, Credifimo and CaixaBank Wealth Management Luxembourg have their own Remuneration Policies aligned with those of CaixaBank Group, which define their own Identified Staff following the same process used by CaixaBank.

The quantitative information includes details of the remuneration of the professionals who form the Identified Staff of the entire CaixaBank Group which, in turn, includes the professionals within the Identified Staff of BPI, MicroBank, CaixaBank Payments & Consumer, Telefónica Consumer Finance, Credifimo and CaixaBank Wealth Management Luxembourg.

B. Duties of the CaixaBank Remuneration Committee

The Spanish Corporations Act (Corporations Act) states that the duties of a listed company’s Remuneration Committee (RC) include putting forward a proposal to the Board of Directors regarding the remuneration policy for the Directors and Managing Directors or the persons performing its senior management functions and answering directly to the Board of Directors, Executive Committees or CEOs. Moreover, according to the Credit Institution Act, the RC is responsible for the direct oversight of remuneration of senior executives in charge of risk management and compliance functions.

CaixaBank's Articles of Association and the Regulations of the Board of Directors are consistent with these precepts.

Finally, in accordance with the EBA Guidelines, the RC must perform the following duties: (i) prepare the decisions on remuneration to be taken by the Board of Directors, (ii) provide support and advise the Board Of the Directors on the definition of the company's remuneration policy, also to ensure that this remuneration policy is impartial in terms of gender and supports the equality of treatment of diverse gender staff, (iii) support the Board of Directors in its oversight of the remuneration policies, practices and processes and in complying with the remuneration policy, (iv) check whether the remuneration policy in force is up to date and propose any necessary changes, (v) assess the mechanisms adopted to ensure that the remuneration system properly takes into account all types of risk, liquidity levels and capital, and that the general remuneration policy promotes and is consistent with adequate and effective risk management, and is in line with the business strategy, the objectives, culture and corporate values and the Entity's long-term interests.

The proposals of the RC are passed on to the Board of Directors for its consideration and, where applicable, approval. Should these decisions fall within the remit of the CaixaBank Annual General Meeting, the Board of Directors shall include these on the agenda as proposed resolutions along with the corresponding reports.

C. Composition of the CaixaBank Remuneration Committee

Under the provisions of the Corporations Act and the Credit Institution Act, at 31 December 2023, the Remuneration Committee comprised the following directors:

- Ms Eva Castillo Sanz (independent director), Chairwoman.
- Mr Joaquín Ayuso García (independent director), Member.
- Ms Cristina Garmendia Mendizábal (independent director), Member.
- Mr José Serna Masiá (proprietary director), Member.
- Ms Koro Usarraga Unsain (independent director), Member.

In 2023, CaixaBank's Remuneration Committee met 12 times, and its members received remuneration of EUR 165,375.

D. Duties of CaixaBank's Control Areas and Management Committee

EBA and ESMA guidelines establish that the independent business control functions (Internal Audit, Risk Control and Management, and Regulatory Compliance), other competent corporate bodies (Human Resources, Legal, Strategic Planning, Budget Management, etc.) and the business units shall provide the necessary information for the definition, implementation and supervision of the institution's remuneration policies. likewise, the EBA's guidelines also assign specific responsibilities to the human resources, risk management, compliance and internal audit functions, which are undertaken by the corresponding CaixaBank departments.

CaixaBank's Management Committee comprises representatives from the Risk, Finance, Internal Audit, Control and Compliance, Human Resources and General Secretariat (Legal Services) areas, among others. and it is responsible for ensuring that the necessary information is obtained and prepared for the RC to perform its responsibilities efficiently.

CaixaBank's Human Resources Department (hereinafter, HR) is in charge of promoting these actions within the Management Committee.

To prevent conflicts of interest, the Remuneration Committee is directly responsible for obtaining, preparing and reviewing information on: (i) the members of the CaixaBank Board of Directors, whether for their oversight or executive duties; and (ii) the members of the Management Committee.

With respect to external guidance, the Remuneration Committee has been advised by Ernst & Young Abogados S.L.P. ("EY") in the preparation of the Remuneration Policy of the Board of Directors to be submitted for approval at the 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.

E. Approval of the Remuneration Policy applicable to the Identified Staff in force in 2023

On 26 February 2015, the Remuneration Committee submitted its proposed Remuneration Policy for CaixaBank Group's Identified Staff to the Board of Directors for approval, pursuant to the requirements of Article 29.1d) of Act 10/2014, of 26 June, on the arrangement, supervision and solvency of credit institutions.

As a result of constant review, and with the aim of ensuring correct adaptation to regulations relating to remuneration, since 2016 the Board of Directors of CaixaBank has approved a series of changes to the Remuneration Policy applicable to the Identified Staff.

On 15 December 2021, the Board of Directors approved an amendment to CaixaBank Group's Identified Staff Remuneration Policy in order to reflect the latest regulatory developments approved since June and the implementation of the New Variable Remuneration Model 2022.

On 24 March 2022, the Board of Directors approved another amendment to the Remuneration Policy for Identified Staff involving:

- Restructuring the groupings of metrics and metrics of the Risk Adjustment Indicator and updating of the compliance scale.

- Adaptation of the wording of the section on *Deferred payment and payments for contract termination* to reflect the contents of CaixaBank's Policy of the Board of Directors, decoupling the procedure for making said payments from that established for the new Multi-Annual Variable Remuneration Scheme and adjusting it to the new applicable regulatory framework.

The last amendment to the Remuneration Policy of the CaixaBank Group's Identified Staff was approved by the Board of Directors on 21 December 2023. The main changes made were (i) to specify that, for the international branches and subsidiaries included in the prudential consolidation group not subject to CRD V, which are subject to the stipulations in the LOSS and its implementing regulation, in the EBA Directives and in Circular 2/2016, the regulation on the subject of remuneration in the countries where they are located will also be taken into consideration; (ii) the maximum percentage of variable over fixed of the independent control figures is further specified.

At the Annual General Meeting of 31 March 2023, the amendment to the remuneration policy for the Board of Directors for FY 2022-2025 was submitted for approval, after having been passed by the Board of Directors on 16 February 2023. This amendment was approved by 76.03% of the votes cast. This result is conditioned mainly by the abstention of a single shareholder who owns 17.32% of the capital. Excluding this sole shareholder from the votes, the change to the Remuneration Policy would have obtained a 99.06% approval.

The Board of Directors deemed it necessary to approve a change to the Policy approved in 2022 for the following reasons:

- The desire to improve transparency and control by the General Shareholders' Meeting over changes to the main components of executive directors' remuneration by eliminating updating mechanisms foreseen in the Policy;
- The amendment of provisions on severance payments resulting from the revision of the Guidelines on sound remuneration policies (Guideline 172.b of the EBA Guidance) under Directive 2013/36, applicable from 1 January 2022;
- Updating of remuneration for membership of the Board and its committees for directors in their capacity as such. The maximum annual amount is increased by 5%;
- Updating of the fixed and target remuneration of the Chairman and the CEO, and the contributions to the CEO's pension scheme. All the items have increased by 5%.

The aforementioned amendments are published on the CaixaBank website, in the section Shareholder Documentation 2023.
(https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Gobierno_Corporativo/JGA/2023/Informe_reeleccion_nombramiento_consejeros_EN.pdf).

The text of the Remuneration Policy for CaixaBank Directors is available on the Company's website.
(https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Gobierno_Corporativo/Politica_Remuneraciones_EN.pdf).

14.2. DESCRIPTION OF THE IDENTIFIED STAFF

During the 2023 financial year, CaixaBank Group determines which professionals, at an individual or consolidated level, must form part of the Identified Staff in accordance with the provisions of article 32.1 of the LOSS and RD 2021/923.

CRD V and DR 2021/923 establish the specific criteria for identifying persons whose professional activities have a significant impact on the risk profile of credit institutions.

In accordance with said regulations, members of Identified Staff should be identified using a combination of the qualitative and quantitative criteria set out therein.

Following this evaluation, which is documented in accordance with RD 2021/923 and other applicable regulations, CaixaBank's governing bodies approved the list of positions classified as Identified Staff. At year-end 2023, this list consisted of a total of 333 professionals, including CaixaBank Group's executive directors, non-executive directors, members of the Management Committee, senior executives and key employees.

14.3. QUALITATIVE INFORMATION ON THE REMUNERATION OF IDENTIFIED STAFF

A. General aspects

The remuneration policy for Identified Staff is structured taking into account both the economic environment and the Bank's profits, and comprises:

1. Fixed remuneration based on the level of responsibility and the career path of each employee, which constitutes a relevant part of total compensation.
2. Variable remuneration tied to the achievement of previously-established targets and prudent risk management.
3. Employee benefits.

Fixed remuneration is of a sufficient amount, while variable remuneration generally accounts for a relatively small percentage of fixed annual compensation. It cannot in any case exceed 100% of the total fixed remuneration unless the CaixaBank General Meeting approves a higher amount, which shall be no more than 200% of the fixed components.

In addition, the LOSS and EBA guidelines set out that the fixed and variable components of total remuneration must be duly balanced, and that the fixed component must constitute a sufficiently large proportion of total remuneration, and that the policy applied to variable component can be fully flexible up to the limits for paying such components.

In this regard, the EBA Guidelines establish that staff should not be dependent on the award of variable remuneration, as this would incentivise the taking of excessive short-term risk when the results of the entity or persons involved would not permit the award of the variable remuneration without the taking of such risks.

In lines with this, CaixaBank considers that the higher the possible variable remuneration compared to the fixed remuneration, the stronger the incentive will be to deliver the performance needed, and the bigger the associated risks may become. In contrast, if the fixed component is too low compared to the variable component, an institution may find it difficult to reduce or eliminate variable remuneration in a poor financial year.

Thus, implicitly, variable remuneration may become a potential incentive to assume risk, and therefore, a low level of variable remuneration is a simple protection method against such incentives.

On the other hand, the level of risk assumption must equally take into account the category of the professional included in the Identified Staff, applying the principle of internal proportionality. Under this principle, the appropriate balance of fixed and variable components of the remuneration may vary between professional categories, depending on the market conditions and specific context that the financial entity operates in.

Therefore, and in keeping with the objective of a reasonable and prudential balance between fixed and variable components, in CaixaBank the amount of fixed components are sufficient, and the percentage representing the variable remuneration over the fixed annual remuneration is, generally, relatively reduced.

Specifically, group companies have pre-established amounts for variable remuneration applicable to the salary bands of each function.

Lastly, EBA Guidelines establish that the remuneration of professionals who are responsible for independent control functions must be predominantly fixed and that, when these professionals receive variable remuneration, it should be determined independently of the business units they control and should include the results derived from the business decisions they participate in (e.g. the approval of new products). In particular, in CaixaBank Group, the total variable remuneration of the independent control functions will not exceed, in general, 50% of their fixed annual remuneration.

In addition, the Guide on the criteria for the organization and operation of the customer service departments of banks supervised by the Bank of Spain, dated 20 July 2021, establishes that when employees responsible for the control units of central services receive variable remuneration, it must be determined separately from the business units they control, including the results derived from the business decisions in which said employees participate, and shall have objectives that are independent of the business areas they supervise.

Similarly, the methods used to determine the variable remuneration of Customer Service staff must not compromise the objectivity of said staff or their independence. In this way, the parameters considered will not depend on the objectives and performance of the business units they supervise, nor on other circumstances that may generate conflicts of interest.

The EBA's final Guidelines on loan origination and monitoring, of 29 May 2020, establish that variable remuneration for staff involved awarding loans will include appropriate credit quality indicators in accordance with the Bank's risk appetite framework.

B. Relationship between fixed components and variable components for remuneration of the Identified Staff

As indicated in the previous section, the fixed remuneration amounts are sufficient and the percentage of variable components are duly balanced. This allows for application of a fully flexible policy with regard to the variable components of remuneration, until it is no longer possible to pay these components.

Based on the wage bands established for each function, the variable remuneration "target" amount corresponding to each member of the Identified Staff is determined taking into account the functions performed, the level of responsibility, and the impact on the risk profile.

Notwithstanding the foregoing, as set forth in the applicable legislation, the variable component of the members of the Identified Staff may not exceed 100 percent of the fixed components of the total remuneration of each one, unless the General Shareholders' Meeting approves a higher level, which must not exceed 200 percent of the fixed components.

There are no differences in the ratios of the variable component over the fixed components of the remuneration by geographic area, nor is there any theoretical discount applicable to the variable remuneration in the calculation of these ratios.

For 2023, the ratio between the variable and fixed components of the remuneration of the Identified Staff was 45%, and in all cases the limit of 100%, or 200% for cases authorised by the General Shareholders' Meeting, was respected.

To this end, the General Shareholders' Meeting held on 31 March 2023 approved the increase in the maximum level of variable remuneration for employees whose professional activities have a significant impact on the Company's risk profile, all in accordance with the detailed recommendation of the Board of Directors, available in the shareholder documentation https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Gobierno_Corporativo/JGA/2023/Recomendacion_pormenorizada_EN.pdf

Agreement Ten:

Approval of the maximum level of variable remuneration for employees *whose professional activities have a significant impact on the Company's risk profile.*

Approve that the level of variable remuneration of the one hundred and seventy-three (173) positions of the group of employees whose professional activities have a significant impact on the risk profile of the Company (Identified Staff) referred to in the "Detailed recommendation of the Board of Directors on the proposed resolution to approve the maximum level of variable remuneration for professionals belonging to the Identified Staff", may reach up to two hundred percent (200%) of the fixed component of their total remuneration, all under and subject to the provisions of Article 34 of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions.

The approval of this agreement has the following purposes: (i) to meet market conditions in the case of the twenty-five (25) positions included in Section I of the Annex to the aforementioned Detailed Recommendation, or (ii) for all positions included in Sections I and II of the aforementioned Annex, to increase the Company's capacity to meet the individual and collective commitments taken on in terms of termination payments under equal conditions for all members of its Identified Staff and the rest of its staff who have recognised variable compensation components, without implying a general alteration of the compensation practices and policies in force in the Company.

This agreement was approved by 77.01% of the votes at the General Shareholders' Meeting, at which 76.52% of the capital was present or represented. The detailed recommendation of the Board sets out the reasons and scope of the proposed decision and includes the number of persons affected, their positions, as well as the expected effect on the maintenance of a solid capital base, taking into account the provisions of the competent authority with regard to dividend distribution policies.

C. Fixed remuneration

As a general rule, Identified Staff are subject to the professional classification system and salary tables set out in applicable collective bargaining agreements and the specific employment agreements reached with workers' legal representatives.

Each employee's fixed remuneration is based on the position held, applying the salary table set out in the aforementioned collective bargaining agreement, and taking into account the professional level of the employee and the employment agreements currently in force, mainly reflecting the employee's professional experience and responsibility in the organisation through their role.

Positions in Headquarters, Regional Services and other non-regulated positions fall into a classification based on contribution levels, with salary bands established to foster internal fairness. Moreover, to ensure that the Bank remains competitive with its peers, these salary bands are quantified on the basis of the Bank's competitive position; this requires it to monitor market trends in salaries and take part in several annual salary surveys.

Fixed remuneration and the supplements applied to the positions of members of CaixaBank's Management Committee are based mainly on market criteria, through salary surveys and specific ad hoc research. The salary surveys and specific ad hoc research used by CaixaBank are performed by specialist top-tier companies, based on comparable financial sector companies in the European market, and, for posts not specific to the financial sector, leading companies in the IBEX and other companies with comparable business volumes.

D. Variable remuneration

_Variable remuneration with multi-year metrics

Risk-adjusted variable remuneration for Identified Staff is based on the remuneration mix (a proportional balance between fixed and variable remuneration, as mentioned above) and on performance measurements.

Ex-ante and ex-post remuneration adjustments are applied in view of the performance measurements, as a risk alignment mechanism.

Both quantitative (financial) and qualitative (non-financial) criteria are taken into account when assessing performance and evaluating individual results. The appropriate mix of quantitative and qualitative criteria also depends on the tasks and responsibilities of each staff member. In all cases, the quantitative and qualitative criteria and the balance between them should be specified and clearly documented for each level and category of staff.

Multi-year factors with only corporate criteria and that are used to adjust downward the payment of the deferred portion subject to multi-year factors are also used.

The indicators used to adjust the variable remuneration earned through the Variable Remuneration Scheme with Multi-Year Metrics to ex-ante risk vary based on the categories of Identified Staff.

For the purposes of the ex-ante adjustment of variable remuneration, all Identified Staff are assigned to one of the categories described below, with the exception of members of the Board of Directors in their supervisory role and any other positions determined based on their characteristics that have no variable remuneration; this assignment is carried out based on each person's functions and the staff in question are notified individually.

a. Executive Directors

The variable remuneration scheme with multi-year metrics, applicable starting in 2022, is determined on the basis of a target bonus that is established for each of them by the Board of Directors, at the proposal of the RC, and a maximum attainment of 120%.

The level of attainment for the annual factor metrics is set solely on the basis of corporate targets.

This part of the variable remuneration based on annual factors includes the upfront payment of the variable remuneration as well as the first two deferred payments.

The corporate targets, both annual and multi-annual, are set for each year by the CaixaBank Board of Directors, at the recommendation of the Remuneration Committee, and their weighting is distributed among objective items based on the Entity's main targets. For 2023, these items were:

Annual factors:

- ROTE, with a weight of 20%.
- Core Efficiency Ratio, with a weight of 20%.
- Variation in troubled assets, with a weight of 10%.
- Risk Appetite Framework, with a weight of 20%.
- Sustainability, with a weight of 10%.
- Conduct and compliance, with a weight of 10%.
- Quality, with a weight of 10%.

Multi-year factors:

- CET1, with a weight of 25%.
- TSR, with a weight of 25%.
- Multi-year ROTE, with a weight of 25%.
- Sustainability, with a weight of 25%.

The proposed composition and weighting of these corporate targets is established in accordance with the LOSS and its implementing regulations, and may vary among Executive Directors.

b. Members of CaixaBank's Management Committee.

As with the Executive Directors, the variable remuneration scheme with multi-year metrics, applicable starting in 2022, is determined on the basis of a target bonus that is established for each of them by the Board of Directors, at the proposal of the RC, and a maximum attainment of 120%.

The level of attainment for the multi-year metrics is set in accordance with the following parameters, which are measured:

- 45% based on individual targets.
- 55% based on corporate targets.

The 55% corresponding to corporate targets must be set each year by CaixaBank's Board of Directors, at the proposal of the Remuneration Committee. This is weighted across various concepts for which targets can be set, based on the Bank's main objectives. For 2023, these items were:

- ROTE, with a weight of 10%.
- Core cost-to-income ratio, with a weight of 10%.
- Variation in troubled assets, with a weight of 5%.
- Risk Appetite Framework, with a weight of 15%.
- Sustainability, with a weight of 5%.
- Conduct and compliance, with a weight of 5%.
- Quality, with a weight of 5%.

The part of variable remuneration based on individual targets (45%) has a minimum achievement level for collection of 60%, and a maximum of 120%. It is distributed across various targets related to CaixaBank's strategy.

The final valuation carried out by the RC may vary by +/-25% in relation to the objective assessment of the individual targets, providing that it remains below the limit of 120%. This flexibility allows for the qualitative assessment of the performance of the Management Committee member, and consideration of any exceptional targets that may have arisen during the year that were not considered at the outset.

As for the multi-year targets, they shall be set each year by CaixaBank's Board of Directors, at the proposal of the RC. This is weighted across various aspects for which targets can be set. For 2023, these items are the same as those set for the Executive Directors.

The proposed composition and weighting of these corporate targets must be established in accordance with the stipulations of the LOSS and its implementing regulations, and may vary among the members of the CaixaBank Management Committee.

C. Other categories

For professionals of other categories who are included in the Identified Staff, the variable remuneration system depends on their role and is adjusted to the risk reflecting the area to which they belong or the position they hold.

Therefore, all members of the Identified Staff are assigned a variable remuneration programme or specific bonuses.

Each business area has a specific bonus programme with its own structure and measurement criteria, based on the targets and terms and conditions that determine the variable remuneration assigned to Identified Staff in that area. The main areas in which these programmes are applied are: Commercial Banking, Private Banking, Business Banking, Transactional Banking, Finance, Corporate & Institutional Banking and International Banking.

The remuneration model applied in Headquarters and Regional Services is known as the "Targets Programme" and encompasses all members of Identified Staff who work in business control and support areas. The targets in these areas are set through an agreement between each employee and the employee's supervisor, and are consistent with the targets set for the area.

The maximum percentage of attainment varies between 100% and 150%, depending on the bonus scheme applicable to each professional; and the payment level is determined based on the achievement of individual and corporate targets, in the proportions set out in the corresponding bonus schemes approved by the Management Committee, after review by the Regulatory Compliance function to ensure its alignment with the remuneration policy and to avoid potential conflicts of interest.

The weighting for corporate targets is set for each year, and distributed across measurable concepts, based on the main targets for the area. These items may, by way of example, include some or all of the following:

- ROTE
- Cost-to-income ratio
- Sustainability
- NPAs
- Recurring expenses
- The ordinary income of the regional business
- Accounting NPL in the regional business
- Quality
- Conduct and compliance

In addition, to measure the achievement of the multi-year targets, the corporate targets that are set for each financial year will be taken into account, which may consist of, among others, all or some of those provided as examples:

- CET1
- TSR
- Multi-year ROTE
- Sustainability - Sustainable financing

The proposed composition and weighting of these corporate targets is established in accordance with the stipulations of the LOSS and its implementing regulations, and may vary between members of the Identified Staff.

Pursuant to the LOSS and the EBA Guidelines, the targets set for employees who perform control functions, on which their bonus-related performance is predicated, are established in accordance with the performance indicators set jointly by the employee and the employee's manager and are unrelated to the results achieved by the business areas they supervise or control.

_Risk adjustment indicator

For professionals in the other categories of the Identified Staff, the indicators used to adjust for ex-ante risk in the calculation of variable remuneration may vary according to the different categories of Identified Staff, pursuant to the following model.

The risk adjustment is based on the individual metrics or groupings of metrics of CaixaBank's Risk Appetite Framework (hereinafter, RAF). Depending on their area of responsibility or position, each member of the Identified Staff is assigned the individual groupings or metrics over which they have management capacity, in addition to the groupings or metrics that are considered transversal in nature. Full performance of these groupings or metrics determines the value of the Risk Adjustment Indicator (hereinafter, RAI).

The RAF comprises a set of quantitative and qualitative metrics that evaluate all of CaixaBank's risks. Due to their high correlation, some metrics have been grouped for the purposes of the RAI. The metrics or groupings of metrics are as follows:

- Grouping of solvency metrics (high-weighted grouping).
- Grouping of asset quality metrics.
- Grouping of profitability metrics.
- Market risk metric.
- Grouping of interest rate risk metrics.
- Grouping of risk liquidity metrics (high-weighted grouping).
- Grouping of concentration metrics.
- Longevity risk metric.
- Grouping of operational metrics.
- Conduct metric.
- Reputational risk metric.

The specific groupings or metrics that make up the RAI of each professional must be communicated individually to the interested party together with the Remuneration Policy.

Although the evaluation of the quantitative indicators comprising the RAF may return a numeric result, the RAF summarises the status of the metrics using a colour: green, amber or red. For the purposes of the RAI, the colour of RAF metrics will be taken into account. In the case of groupings of metrics, the worst metrics that make up a grouping will be taken as the colour.

The resulting RAI for the set of metrics for each professional must have a value of between 0 and 1, based on:

> The impacts indicated in the attached table for each of the variations at the level of RAF groupings and metrics applicable at the close of the year in question and the budget approved for that year will be added. The value of the indicator will fluctuate within the interval of 0.85-1, according to the following attainment scale of:

BUDGET	CLOSING	% ADJUSTMENT	% ADJUSTMENT
		0.0%	0.0%
		0.0%	0.0%
		0.0%	0.0%

In the event that at year-end one of the metrics included in the risk adjustment for each group enters Recovery (black in RAF), the value of the RAI indicator will be 0.

In high-weighted groupings, a bonus adjustment or penalty of 1.5x is applied.

The amount payable to members of this category is calculated using the following formula:

Risk-adjusted bonus = RAI x Bonus target x (% individual targets achieved + % of corporate targets achieved) x entity adjustment factor

The amount of the bonus received by each employee in each specific programme is based on performance and the results of the business and the Bank. The initial amount is adjusted according to a "bonus-adjustment factor" determined each year by the Bank's management, pursuant to applicable regulations. This adjustment aims to reflect the entity's overall profits and other, more qualitative factors.

In general, the adjustment is applied to all employees uniformly and ranges from a minimum of 0.85 to a maximum of 1.15.

_Special incentives

Members of the Identified Staff can occasionally be given incentives to achieve certain objectives, usually linked to the marketing and sale of third-party products or other products, taking into account the regulations applicable to retail banking in all cases; the amount of the incentives they are given in a particular financial year, plus any variable remuneration with multi-year metrics they accrue in the same year in the form of a bonus, shall be together considered part of the non-deferred cash portion of their remuneration for the purposes of deferment to be settled starting in the following financial year. The amount of the incentive will be set based on the conditions and parameters established in each particular case.

_Variable remuneration payment cycle

a. Professionals subject to deferred payment

In accordance with article 34.2 of the LOSS, deferral and payment in instruments will not be applied as described below when the total amount of the annual variable remuneration of the Identified Staff professionals does not exceed EUR 50,000 and does not represent more than one third of their total annual compensation.

For the categories of Executive Directors, members of the Management Committee and Persons Responsible for Independent Business Control Functions, the deferral is applied regardless of the total amount of variable compensation accrued.

b. Deferment process

On the payment date scheduled in the Bonus Programme for each employee, the percentage of variable remuneration accrued for the professional category in question is paid outright (hereinafter, Initial Payment Date).

The percentage of variable remuneration retained is as follows:

A 60% deferral will be applied to all of the variable remuneration granted that in total exceeds 50% of the minimum total remuneration amount that the EBA considers to qualify as a high earner for any particular financial year; for the purposes of calculating this figure, the portion of the early termination payments that has to be considered variable remuneration will be divided by the number of years the professional in question was with the company.

Provided that none of the situations giving rise to reduction occur, the retained portion of risk-adjusted variable remuneration for Executive Directors and members of the Management Committee and Persons Responsible for Independent Business Control of CaixaBank included in the identified staff is to be paid in five instalments, in the amounts and on the dates as follows:

- 1/5: 12 months after the Initial Payment Date.
- 1/5: 24 months after the Initial Payment Date.
- 1/5: 36 months after the Initial Payment Date.
- 1/5: 48 months after the Initial Payment Date.
- 1/5: 60 months after the Initial Payment Date.

60%
Executive Directors

50%
Management Committee and Persons with Control Functions separately from Business

40%
All other Identified Staff

For these purposes, deferred payments to be received 36, 48 and 60 months from the Initial Payment Date are subject to an additional adjustment through the multi-year metrics described above. This adjustment can only reduce the variable remuneration pending collection, and never increase it.

Provided that none of the situations giving rise to reduction occur, the retained portion of risk-adjusted variable remuneration for other Identified Staff is to be paid in four instalments, in the amounts and on the dates as follows:

> 1/4: 12 months after the Initial Payment Date.
> 1/4: 24 months after the Initial Payment Date.
> 1/4: 36 months after the Initial Payment Date.
> 1/4: 48 months after the Initial Payment Date.

For these purposes, deferred payments to be received 36 and 48 months from the Initial Payment Date are subject to an additional adjustment through the multi-year metrics described above. This adjustment can only reduce the variable remuneration pending collection, and never increase it.

c. Payment in cash and in instruments

50% of the payment made on the Initial Payment Date will be satisfied in cash, and the other 50% will be paid in CaixaBank shares after the applicable taxes are paid (withholdings or payments on account).

30% of the payment made on the Initial Payment Date will be satisfied in cash, and the other 70% will be paid in Caixabank shares after the applicable taxes are paid (withholdings or payments on account).

All shares delivered are subject to a withholding period of one year from delivery. During the retention period, the exercise of the rights conferred by the shares is vested in the employee, as the holder of the shares.

During the period of deferral, the entity obliged to pay the remuneration shall own both the instruments and cash whose delivery is deferred.

Pursuant to the principles of labour and contractual law applicable in Spain, and particularly the bilateral nature of contracts and equity in the accrual of reciprocal considerations, the deferred cash accrues interest in favour of the recipient, calculated by applying the corresponding interest rate to the first tranche of the account payable to the employee. Interest will only be paid at the end of each payment date and will apply to the cash amount of the effectively receivable variable remuneration, net of any due reduction.

As far as returns on instruments are concerned, as provided for under EBA Guidelines, the Bank will not pay interest or dividends on deferred instruments either during or after the deferral period.

_Conditional Annual Incentives Plan linked to the 2019-2021 Strategic Plan

The implementation of a conditioned annual Incentives Plan (CAIP) related to the 2019-2021 Strategic Plan was approved In the General Shareholders' Meeting of 5 April 2019. This plan, after a certain time period has elapsed, will allow for a certain number of ordinary CaixaBank shares to be received, provided that the Company's strategic objectives are met, along with the requirements described herein.

As a measure of responsibility on the part of CaixaBank's Management in view of the exceptional economic and social situation caused by COVID-19, at its meeting on 16 April 2020, the Board of Directors approved the proposal of the Management Committee that there be no allocation of shares corresponding the second cycle of the CAIP for the CEO, members of the Management Committee and key employees of CaixaBank and its Group companies.

The Plan comprises the free assignment, in 2019, 2020 and 2021, of a number of units to each beneficiary (the 'Units'), which are used as a base to establish the number of CaixaBank shares to deliver, where relevant, to each beneficiary of the Plan.

The assignment of Units in itself does not attribute the condition of shareholders in the Company to beneficiaries, given that the Units do not entail the attribution of economic or political rights, or any other kind of right related to the condition of shareholder. By virtue of this Plan, the condition of shareholder will be acquired, where relevant, upon delivery of shares in the Company.

The rights conferred by the assignment of Units are not transferable, with the exception of any special circumstances established in the Regulations of the Plan.

a. Duration, objective measurement periods and liquidation dates of the Plan:

The Plan has three cycles, each of three years, with three Unit assignments, each of which will take place in 2019, 2020 and 2021.

The first cycle goes from 1 January 2019 to 31 December 2021; the second cycle spans the period from 1 January 2020 to 31 December 2022; and the third cycle goes from 1 January 2021 to 31 December 2023.

Each cycle will have two periods for measuring objectives. The "First Measurement Period" corresponds to the first year of each cycle of the Plan, in which certain objectives linked to metrics described herein must be met. The "Second Measurement Period" corresponds to the 3-year duration of each cycle of the Plan, in which certain objectives linked to the metrics described herein must also be met.

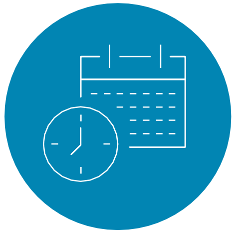
According to the degree to which the objectives of the First Measurement Period are attained, and on the basis of the Units assigned at the start of each cycle, in the second year of each cycle (“Grant Date”) the Beneficiaries will be granted a “Provisional Incentive" equivalent to a certain number of shares in the Company (“Granting of the Provisional Incentive"). The granting of the Provisional Incentive does not entail CaixaBank shares being delivered at that time.

The final number of shares to be delivered (the 'Final Incentive') is determined after each of the Plan's cycles ends and is subject to and dependent on the objectives corresponding to the Second Measurement Period of each of the Plan's cycles being met ("Determination of the Final Incentive"). Under no circumstances can the number of shares to be delivered corresponding with the Final Incentive exceed the number of shares in the Provisional Incentive on the Grant Date.

The shares corresponding to the Final Incentive of each cycle will be delivered by third parties on the third, fourth and fifth anniversary of the Grant Date for members of the Board of Directors who have executive functions and for members of the Management Committee (the “Settlement dates”, each one individually the “Settlement date”). For all other Beneficiaries belonging to the Identified Staff group, shares will be delivered in full on a single Settlement Date, on the third anniversary of the Grant Date.

Notwithstanding the above, the Plan was formally launched on 5 April 2019 (the "Commencement Date"), except for those Beneficiaries subsequently incorporated into the Plan, for whom a different Commencement Date may be set in the Invitation Letter.

The Plan ends on the last Settlement Date of shares corresponding to the third cycle of the Plan, i.e. in 2027 for members of the Board of Directors with executive functions and members of the Management Committee, and in 2025 for all other Beneficiaries belonging to the Identified Staff (the "End Date").



b. Reference share value

The share value that is used as a reference for assigning the Units in each of the cycles of the Plan, and which in turn is used to determine the number of shares to be delivered, corresponds to the arithmetic average price of the closing CaixaBank share price, rounded to three decimal places, during the trading sessions in January of each year in which a Plan cycle begins (i.e. January 2019, January 2020 and January 2021).

The value of shares corresponding to the Final Incentive that, where relevant, are finally delivered under the scope of the Plan, will correspond with the listed closing CaixaBank share price on the Settlement Dates of each of the Plan's cycles.

c. Determination of the number of Units to be assigned

The number of Units to be assigned to each Beneficiary in each of the Plan's cycles is determined by the Board of Directors, at the suggestion of the Remuneration Committee according to the following formula:

$$NU = TA / AAP$$

Where:

NU = the Number of Units to be awarded to each beneficiary, rounded up to the nearest whole number.

TA = Reference Target Amount of the Beneficiary according to their position.

AAP = Arithmetic average price, rounded to three decimal places, of CaixaBank share closing prices in stock market trading sessions in January of each year in which a Plan cycle begins (i.e., January 2019, January 2020 and January 2021).

Determination of the number of shares corresponding to the granting of the Provisional Incentive and of the number of shares corresponding to the Final Boost.

The total number of shares corresponding to the Granting of the Provisional Incentive on the Grant Dates is determined according to the following formula:

$$NCS = NU \times DIA$$

Where:

NCS = Number of Company Shares corresponding with the Granting of the Provisional Incentive of each Beneficiary, rounded up to the nearest whole number.

NU = Number of Units assigned to the Beneficiary at the start of each cycle of the Plan.

DIA = Degree of Provisional Incentive Attainment, according to the degree to which the objectives linked to the metrics linked to the Plan during the first year of each cycle are achieved.

The total number of shares corresponding to the Final Incentive to be delivered to each Beneficiary on the Settlement Dates will be determined according to the following formula:

$$NS = NCS \times \text{Ex-post adj.}$$

Where:

NS = Number of Shares in the Company corresponding to the Final Incentive to be delivered to each Beneficiary, rounded up to the nearest full number.

Ex-post Ex-Post = Ex-post adjustment on the Provisional Incentive of each cycle, according to the fulfilment of objectives corresponding to each cycle of the Plan.

d. Plan Metrics

The Degree of Fulfilment of the Provisional Incentive and, therefore, the specific number of CaixaBank shares corresponding to the Granting of the Provisional Incentive for each Beneficiary, on each of the Grant Dates in each cycle of the Plan, depends on the degree of fulfilment of a series of objectives during the First Measurement Period of each of the Plan's cycles, related to the following Company metrics:

(i) the evolution of the Core Cost-to-Income Ratio (CCIR), (ii) the evolution of the Return on Tangible Equity (ROTE), and (iii) the evolution of the Customer Experience Index (CEI).

The Degree of Fulfilment of the Provisional Incentive is determined according to the following formula, with the weightings included therein:

DIA = CCER x 40% + CROTE x 40% + CCEI x 20%

Where:

DIA = Degree of Provisional Incentive Attainment expressed as a percentage rounded to one decimal place.

CCER = Coefficient achieve in relation to the CER objective, according to the scale established for the CER objective in this section.

CROTE = Coefficient achieved in relation to the ROTE objective, according to the scale established for the ROTE objective under this Section.

CCEI = Coefficient achieved in relation to the CEI objective, according to the scale established for the CEI objective under this section.

For the three metrics, CER, ROTE and CEI, a coefficient of between 0% and 120% is established according to the scale of fulfilment of the objectives related to each of said measures. The objectives reached in relation to the three metrics will be determined by the Company itself.

A condition for Granting the Provisional Incentive will be that, in each of the Plan's cycles, on the end of the First Measurement Period of each, the ROTE metric exceeds a specific minimum value, which the Board of Directors will establish for each of the Plan's cycles.

The metrics for calculating the Ex-post Adjustment will be: (i) CaixaBank's Risk Appetite Framework ("RAF"), (ii) the Total Shareholder Return ("TSR") of the Company's shares, and (iii) the Global Reputation Index of CaixaBank Group ('GRI').

The Ex-post Adjustment is calculated according to the objectives reached in relation to each of said metrics upon the end of each cycle of the Plan, in accordance with the formula indicated below, with the weightings included therein:

Ex-post adj = CRAF x 60% + ATSR x 30% + CGRI x 10%

Where:

Ex-post adj = Ex-Post Adjustment to apply to the Provisional Incentive awarded during each of the Plan's cycles, expressed as a percentage, with a maximum potential of 100%.

CRAF = Coefficient achieved in relation to the RAF objective, according to the scale established for the RAF objective in this section.

ATSR = Attainment of TSR versus target TSR, based on the scale established for the TSR target in this section.

CGRI = Coefficient achieved in relation to the GRI objective, according to the scale established for the GRI objective in this section.

To calculate the fulfilment of the objective related to the RAF metric, an aggregate level of the scorecard of the Company's Risk Appetite Framework is used. This scorecard is formed of quantitative metrics that measure the different types of risk, and the Board of Directors establishes areas of appetite (green), tolerance (amber) or non-compliance (red), and determines the scale of fulfilment that establishes penalisation or bonus percentages according to the variation on each metric, between the situation of the RAF item at the start and end of the period.

In relation to the Company's TSR evolution in each of the Plan's cycles, this will be calculated by comparing the same indicator for another eighteen calculable reference banks (nineteen banks in total including CaixaBank). A coefficient between 0 and 1 will be established according to CaixaBank's ranking among the nineteen comparable banks. For anything beneath the median of the comparison group, the coefficient will be 0.

To determine the TSR, and with a view to avoid atypical movements in the indicator, the reference values will take into consideration the average mean price rounded to three decimal places of the shares' closing prices over 31 calendar days, both on the start and end date of the Second Measurement Period on each cycle. As well as 31 December, these 31 days will include the 15 days preceding and following the date in question.

The TSR metric will be calculated at the end of each of the Plan's cycles by a renowned independent expert, at the request of the Company.

The fulfilment of the GRI as an Ex-post Adjustment will be calculated on the basis of the variation of this metric in each of the Plan's cycles. For the first cycle of the Plan, the evolution between the value calculated at the end of 31 December 2018 and that of 31 December 2021 will be measured; for the second cycle, the evolution between 31 December 2019 and 31 December 2022 will be calculated; and for the third cycle, the evolution between 31 December 2020 and 31 December 2023 will be measured. If the variation is negative, i.e. if the reputation indicator goes down, the degree of fulfilment will be 0%. Otherwise, it will be 100%. The GRI indicator includes indicators related to CaixaBank's reputation risk, which, among other things, measures social, environmental and climate-change-related aspects, whereby any negative impact related to any of these issues would entail an adjustment to the total number of shares of the Final Incentive.

The Ex-post Adjustment could make the number of final shares to deliver lower, but never higher, than the number of shares corresponding to the Provisional Incentive on each of the Grant Dates.

As well as the foregoing, if, on the end date of each of the Plan's cycles, the CaixaBank TSR ranks between sixteen and eighteen (both inclusive) out of the eighteen banks comparable to the Company, the Final Incentive that may have resulted from the application of Ex-post Adjustments referred to in this section would be reduced by 50%.

Exceptionally, and only to determine the shares corresponding to the Granting of the Provisional Incentive on the Grant Date of the third cycle of the Plan, an additional multiplying coefficient will be included, which can be up to 1.6, and which will be applied to the DIA, and which will depend on the evolution of the CaixaBank TSR indicator in comparison to the same indicator for the seventeen comparable banks during the first cycle of the Plan.

Nevertheless, if CaixaBank ranks below the median among the aforementioned seventeen banks at the end of the first cycle of the Plan, no additional multiplying factor on the DIA will be applied.

e. Requirements for receiving shares

The requirements for the beneficiary to receive shares derived from each of the Plan's cycles are:

- They must comply with the objectives set for them under the Plan, subject to the terms and conditions set out in the Plan regulations.
- The beneficiary must remain part of the Company until the Settlement Dates corresponding to each of the Plan's cycles, except in special circumstances, such as death, permanent disability, retirement, and others as set out in the Plan regulations. In the event of voluntary resignation or lawful dismissal, the Beneficiary will forfeit their entitlement to shares under the Plan, notwithstanding the provisions of the Plan regulations. The shares will be delivered in all cases on the dates established for Beneficiaries of the Plan, in accordance with the requirements and procedures laid out in the Plan.

The Plan will only be settled and the shares delivered if this is sustainable and justified given CaixaBank's situation and results. The shares under this Plan established for each of the Settlement Dates will not be delivered to the beneficiaries - who will lose any right to receive them - in the event that CaixaBank makes a loss, does not distribute dividends or does not pass the stress tests required by the European Banking Authority at the end of the 2019-2021 Strategic Plan, i.e. at the end of the 2021 fiscal year.

f. Determination of the Provisional and Final Incentive of the First and Third Cycle of the 2019-2021 Annual Conditioned Incentives Plan

The degree of attainment of the provisional incentive for the first cycle is related to the performance of these indicators in 2019:

Item	%	Target	Result	DIA
Core Efficiency Ratio (CER)	40.00%	57.70%	57.40%	105.10%
Return on Tangible Equity (ROTE)	40.00%	7.30%	7.70%	107.30%
Customer Experience Index (CEI)[1]	20.00%	86.30%	86.30%	100.00%
TOTAL				**105.00%**

[1] *The CEI challenge was re-scaled during 2019, in accordance with the provisions at the time of its approval. This re-scaling was not applied to Senior Management, meaning, in this case, the Provisional Incentive's Degree of Attainment is 85%.*

The result of the ex-post adjustment and the calculation of the Final incentive is determined by the result of the following indicators for the period 2019-2021:

Item	%	Target	Result	DIA
RAF	60.00%	7 amber	5 amber	0.00%
TSR (Total Share Return)	30.00%	10th	14th	100.00%
GRI (Global Reputation Index)	10.00%	711	740	0.00%
Adjustment to be applied				**70.00%**

The degree of attainment of the provisional incentive for the third cycle is related to the performance of these indicators during the 2021 fiscal year:

Item	%	Target	Result	DIA
Core Efficiency Ratio (CER)	40.00%	56.60%	56.00%	110.50%
Return on Tangible Equity (ROTE)	40.00%	6.20%	7.60%	120.00%
Customer Experience Index (CEI)[1]	20.00%	84.30%	86.30%	120.00%
TOTAL				**116.20%**

The result of the ex-post adjustment and the calculation of the Final incentive is determined by the result of the following indicators for the period 2021-2023:

Item	%	Target	Result	DIA
RAF	60.00%	4 ambers	0 ambers	100.00%
TSR (Total Share Return)	30.00%	9th	9th	100.00%
GRI (Global Reputation Index)	10.00%	719	725	100.00%
Adjustment to be applied				**0.00%**

At the end of 2023, it was determined that no ex-post adjustment has to be made to the final incentive to be received from February 2025.

g. 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 achievement scale for the additional multiplying factor approved by the Board, at the proposal of the Remuneration Committee, was as follows:

Position in the comparison group	Multiplier coefficient
1st to 3rd	1.6
4th to 6th	1.4
7th to 9th	1.2
10th to 18th	1

In this respect, it has been verified that CaixaBank has finished in 14th position, so a multiplier coefficient of 1 will be applied. With respect to the first cycle of the CAIP, the measurement period of the ex-post adjustment, as detailed previously in this report, has not yet been completed. Therefore, the final incentive has not yet been calculated and no shares have been delivered.

Scenarios resulting in a reduction and recovery of the variable remuneration (ex-post adjustment of the variable remuneration scheme with multi-year metrics and LTI).

h. Reduction scenarios:

Pursuant to the LOSS, the persons included in the Identified Staff may see their right to receive variable remuneration fully or partially reduced, including the amounts pending payment, whether cash or share-based payments, in the event of a poor financial performance by CaixaBank as a whole or by one of its divisions or areas, or because of any material exposure generated by said person. For such purposes, CaixaBank must compare the assessed performance with the subsequent performance of the variables that helped attain the targets. The scenarios that may give rise to a reduction in the variable remuneration are as follows:

- Material failures in risk management committed by CaixaBank, or by a business unit or risk control unit, including any qualified opinions in the external auditor's report or circumstances that would impair the financial parameters used as a basis 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 legal rulings relating to issues that may be attributed to the unit or the professional responsible for them.
- Non-compliance with the Bank's internal regulations or codes of conduct, particularly including:
    - Any serious or very serious regulatory breaches attributable to them.
    - Any serious or very serious breaches of internal regulations.
    - Failure to comply with applicable suitability and conduct requirements.
    - Regulatory breaches for which they are responsible, irrespective of whether they cause losses that jeopardise the solvency of a business line, and, in general, any involvement in, or responsibility for, behaviour that causes significant losses.

- Any irregular conduct, whether individual or collective, particularly negative effects resulting from the mis-selling of products and the responsibilities of the persons or bodies that make such decisions.
- Justified disciplinary dismissal or, in the case of commercial contracts, due to just cause at the instigation of the Entity (in which case the reduction will be total).
- Where payment or consolidation of these amounts is not sustainable in light of CaixaBank's overall situation, or where payment is not justified in view of the results of CaixaBank as a whole, the business unit, or the employee in question.
- Any others that might be provided for in the corresponding contracts.
- Any others laid down in applicable legislation or by regulatory authorities in exercise of their powers to issue or interpret regulations, or their executive powers.
- Whenever a requirement or recommendation from the competent authority is in force that restricts CaixaBank's dividend distribution policy, or if it were required by the competent authority in use of the powers attributed to it by the regulations, all by virtue of the provisions of RD 84/2015 and Circular 2/2016.

i. Recovery scenarios:

In the event that causes leading to the above-mentioned situations occur before payment of a variable remuneration amount, such that the payment would not have been made, either in part or in full, if the situation had been known about, the person involved must return the part of variable remuneration unduly paid, to the corresponding CaixaBank Group entity. This reimbursement must be made in cash or shares, as applicable.

Scenarios in which the professional concerned has made a major contribution to poor or negative financial results shall be considered particularly serious breaches, as shall cases of fraud or other instances of fraudulent conduct or gross negligence leading to significant losses.

_ Social welfare

a. Mandatory variable-base contributions

In compliance with the provisions of Circular 2/2016, 15% of agreed contributions to complementary social welfare plans for members of CaixaBank's Management Committee are considered the target amount (the remaining 85% being considered a fixed remuneration component).

This amount is determined in accordance with the same principles and procedures established for variable remuneration with multi-year metrics, with eligibility to be determined solely on the basis of individual parameters, and it shall be contributed to a Discretionary Benefits Pension Policy.

The contribution shall be considered deferred variable remuneration for the purposes of Circular 2/2016. Therefore, the discretionary pension benefit scheme shall contain the necessary clauses for it to be explicitly subject to the reduction scenarios set down for variable remuneration. It shall also be included in the sum of variable remuneration for the purposes of limits and other factors that might be established.

If a professional leaves the Bank due to retirement or before planned for any other reasons, the discretionary pension benefits shall be subject to a five-year withholding period, counted from the date on which the professional in question ceases to provide their services to the Bank for whatever reason.

During this withholding period, CaixaBank shall apply the same requirements as set forth in the reduction and recovery clauses for variable remuneration already paid.

_Payments for contract termination

a. Amount of dismissal compensation

The LOSS states that payments for early termination must be based on the results obtained over time, and must not compensate poor results or improper conduct. Payments for contract termination will be calculated in accordance with the following generic formulas:

a. In general, the obligations regarding compensation for labour separations assumed by CaixaBank Group companies are governed by the applicable regulations; thus, in the case of common labour contracts, the Workers' Statute establishes the payment of specific compensation in the scenarios and in the amounts established therein, as a minimum, mandatory and unavailable.

b. For Identified Staff employees with Senior Management roles, in general, and unless the applicable legislation imposes a higher amount (e.g., due to having a previous labour contract suspended), the amount of compensation for redundancy or separation of these employees shall not exceed the annual value of all their fixed remuneration components, without prejudice to any compensation for post-contractual non-competition that might be established.

c. In cases where the Entity and the employee, with a common employment relationship or Senior Management role, reach an agreement in the event of an actual labour conflict or differences in the interpretation of the contract that may otherwise lead to legal proceedings, CaixaBank may agree on compensation that does not exceed that provided for, respectively, in sections a or b above for cases of improper dismissal or termination for reasons attributable to the Entity.

d. The same rule as for calculating the amount shall apply when CaixaBank and the employee agree to the early termination of the contract in situations where, although there are no reasons for dismissal or termination with cause, CaixaBank is interested in relieving the employee or eliminating their position, for justified reasons of a technical, organisational, strategic, individual performance or efficiency nature, and the employee is willing to accept compensation that does not exceed the amount that would be payable in accordance with sections a and b above for cases of improper dismissal or termination for reasons attributable to the Entity; the purpose of this is to have the employee leave the Entity without the need to formally and unilaterally terminate the contract.

b. Post-contractual non-competition undertakings

Post-contractual non-competition agreements may be established in the contracts of the members of CaixaBank Group's Identified Staff, provided there is a commercial or industrial interest on the part of the Entity. Such agreements generally last a maximum of one year, and may be extended up to two years in justified circumstances. This restriction on competition may also be agreed upon at the time the contractual relationship is terminated.

The compensation for the non-disassociation obligation shall consist of an amount that, in general, may not exceed the sum of the fixed remuneration components that the professional would have received had they remained with the Entity; the amount of the compensation shall be divided into equal instalments, payable at regular intervals over the non-competition period.

Any breach of the post-contractual non-competition agreement shall give the Bank the right to seek compensation from the professional, proportionate to the compensation paid.

c. Deferral and payment

The amount of payments for early termination that are applicable pursuant to the stipulated terms and that are not exempt from the requirements to calculate the maximum ratio, deferral and payment in instruments, described later, shall be subject to deferral and payment as described for the variable remuneration with multi-year metrics, except for the additional adjustment through the multi-year metrics, which shall not be applicable.

d. Reduction and recovery

Payments for early termination must be based on the results secured over time, and must not compensate poor results or undue conduct. The amount of payments for early termination considered to represent variable remuneration under the prevailing regulations shall be subject to the cases of reduction and recovery set down for variable remuneration.

e. Disassociation payment processing as part of a collective plan

Members of the Identified Staff group with an employment relationship may join any of the disassociation plans covered in a collective plan, regardless of the legal nature of the contract termination and provided they are generally applicable to all CaixaBank employees who meet the requirements established therein. These assumptions shall cover, but not be limited to, those established in the context of efficiency plans, of a material reduction in the activity of the CaixaBank department in which the employee performs his/her duties, or of the acquisition of the business area in which the employee performs his/her duties by other entities, without the possibility of the employee remaining in the acquiring entity.

The terms and conditions of the disassociation plans (mass redundancies, layoffs or incentivised voluntary redundancy plans) shall normally be agreed with the workers' representatives at the Entity, although they can also be established unilaterally by the Entity. The plans may include, among others, items such as (i) monthly payments equivalent to a percentage lower than 100% of the fixed remuneration, (ii) payment of Social Security contributions up to the estimated retirement date, (iii) continuity in contributions to social security systems up to the estimated retirement date, and (iv) other benefits in kind of less material importance (e.g. health insurance).

None of these components have variable characteristics, since they are not based on performance or on the variable remuneration elements in force during the term of the contract. Similarly, the payment of the agreed compensation is normally subject to compliance with a non-competition restriction for the duration of its term.

In addition, the following rules shall apply:

- In the case of members of the Identified Staff who are members of the Company's Management Committee or directly report to the Board of Directors or to one of its members, the specific disassociation conditions must be ratified by the Board of Directors, on the basis of a report drawn up beforehand by the RC. Furthermore, the RC may establish the actions necessary to ensure a smooth transition in their functions.
- In the event of individual negotiation with the employee, the compensation will be set using the same rules as those set out in section a. Amount of dismissal compensation point d.

f. Inapplicability of the calculation requirements for the maximum ratio, deferral and payment in instruments

Pursuant to Section 172 of the EBA Guidelines and in the corresponding list of scenarios contained in Section 167 of said EBA Guidelines, CaixaBank shall not apply the calculation requirements for the maximum ratio, deferral and instrument payments set out in the relevant regulation to the following payments and compensations for contract termination:

- Those which are mandatory by law or by court decision, and in particular, but not limited to, those provided for in section a. on *Amount of dismissal compensation.*
- Those resulting from the application of the generic formulas defined in sections b, c, d, described in the same chapter of *Amount of dismissal payments*, *Post-contractual non-competition agreements* and *dismissal payments covered in the collective plan.*
- Those that are not calculated as per the aforementioned generic formulas when CaixaBank has demonstrated to the competent authority the reasons and the adequacy of their amount.

The exemption of the calculation requirements for the maximum ratio, deferral and payment in instruments shall not apply to the portion of the amount of payments in excess of that resulting from the aforementioned generic formulas.

In any case, the implementation of the above rules is subject to the competent authorities' interpretation of the applicable standards and guidelines. Therefore, they may require adapting in order to comply with such interpretations.

Under no circumstances will the payment for early termination result in a breach by CaixaBank Group of the variable remuneration limits established by the applicable legislation in relation to fixed remuneration; to the extent necessary, payments for early termination will be reduced to strictly comply with these mandatory limits.

14.4. QUANTITATIVE INFORMATION ON THE REMUNERATION OF IDENTIFIED STAFF

In 2023, remuneration paid to the Identified Staff, in adherence to the applicable regulatory provisions concerning remuneration, and according to the Bank's different areas of activity, is detailed below.

For 2023, the information on the fixed remuneration for 2023 set out in this report includes all the fixed remuneration components received by each member of the Identified Staff.

Therefore, this item includes both fixed monetary remuneration and remuneration in-kind (contributions to pension plans, health insurance, etc.).

The following tables show the cumulative compensation data for CaixaBank Group, which in turn includes the professionals of the Identified Staff of CaixaBank, BPI, MicroBank, CaixaBank Payments & Consumer, Telefónica Consumer Finance, Credifimo and CaixaBank Wealth Management Luxembourg.

Table 14.1. EU REM1 Remuneration awarded in respect of the financial year

Amounts in thousands of euros

Remuneration		Supervisory function of the management body	Function of the Management Committee	Other members of senior management	Other identified staff
Fixed remuneration	Number of members of the identified staff	13	2	15	303
	Total fixed remuneration	2,597	4,765	10,840	57,982
	Of which: in cash	2,597	4,559	10,543	56,966
	Of which: equivalent shares or ownership interests				
	Of which: other instruments				
	Of which: other instruments				
	Of which: Other modalities		206	297	1,016
Variable remuneration	Number of members of the identified staff	13	2	15	303
	Total variable remuneration		1,629	6,691	32,168
	Of which: in cash		583	4,017	17,902
	Of which: deferred		276	912	3,037
	Of which: equivalent shares or ownership interests		952	2,499	14,266
	Of which: deferred		645	1,487	7,088
	Of which: share-linked instruments or equivalent non-pecuniary instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: Other modalities		94	175	
	Of which: deferred		94	175	
Total remuneration		**2,597**	**6,394**	**17,531**	**90,150**

Table 14.2. EU REM2 Special payment to staff whose professional activities have a significant impact on the institution's risk profile (identified staff)

Amounts in thousands of euros

Special payments	Supervisory function of the management body	Function of the Management Committee	Other members of senior management	Other identified staff
Guaranteed variable remuneration awarded				
Guaranteed variable remuneration awarded - Number of members of the identified staff				
Guaranteed variable remuneration awarded - Total amount				
Of which: Guaranteed variable remuneration awarded and paid during the year which is not taken into account in the limitation of premiums				
Redundancy compensation awarded in prior periods and paid during the year				
Redundancy compensation awarded in prior periods and during the year - Number of members of the identified staff				6
Redundancy compensation awarded in prior periods and paid during the year - Total amount				189
Redundancy indemnities awarded during the financial year				
Redundancy indemnities awarded during the financial year - Number of staff members identified			1	2
Redundancy indemnities awarded during the financial year - Total amount			2,008	4,817
Of which: paid during the year			2,008	4,817
Of which: deferred				
Of which: redundancy indemnities paid during the year that are not taken into account in the limitation of premiums				
Of which: highest indemnity granted to a single person			2,008	3,147

In addition, in 2023, non-competition agreements were signed with some members of the Identified Group for a total amount of 3,749 thousand euros, which will be paid periodically from the time of departure, during the non-competition period (12 months), provided that the conditions established therein are complied with.

Table 14.3. EU REM3 Deferred remuneration

Amounts in thousands of euros

Deferred and withheld remuneration	Total amount of deferred remuneration granted in respect of previous profit periods	Of which: that is consolidated in the fiscal year	Of which: that will be consolidated in subsequent years	Amount of the adjustment for results applied in the year to the deferred compensation to be consolidated in the year	Amount of the performance adjustment applied in the year to the deferred compensation to be consolidated in future periods	Total amount of the adjustment during the year due to implicit ex-post adjustments (i.e. changes in the value of deferred compensation due to changes in instrument prices)	Total amount of deferred remuneration granted before the financial year and actually paid in the financial year	Total amount of deferred remuneration granted in respect of previous profit periods which has been consolidated but is subject to retention periods
Supervisory function of the management body								
In cash								
Equivalent shares or ownership interests								
Share-linked instruments or equivalent non-pecuniary instruments								
Other instruments								
Other modalities								
Function of the Management Committee	**2,557**	**764**	**1,793**			**49**	**764**	**464**
In cash	803	300	503				300	
Equivalent shares or ownership interests	1,660	464	1,196			49	464	464
Share-linked instruments or equivalent non-pecuniary instruments								
Other instruments								
Other modalities	94		94					
Other members of senior management	**6,362**	**1,530**	**4,832**			**167**	**1,531**	**974**
In cash	1,833	556	1,277				556	
Equivalent shares or ownership interests	4,354	974	3,380			167	974	974
Share-linked instruments or equivalent non-pecuniary instruments								
Other instruments								
Other modalities	175		175					
Other identified staff	**20,256**	**7,243**	**13,013**			**1,431**	**7,243**	**4,130**
In cash	7,217	3,113	4,104				3,113	
Equivalent shares or ownership interests	13,039	4,130	8.908			1,431	4,130	4,130
Share-linked instruments or equivalent non-pecuniary instruments								
Other instruments								
Other modalities								
Total amount	**29,175**	**9,537**	**19,637**			**1,647**	**9,538**	**5,568**

Including 2023, the total number of shares generated (both shares awarded and deferred) by variable remuneration plans for executive officers, senior management and all other CaixaBank employees that are pending delivery account for 0.16% of the total share capital.

Table 14.4. EU REM4 Remuneration of EUR 1 million or more per year

EUR	Identified staff with high remuneration under Article 450 (i) of the CRR (No. of Beneficiaries)
From 1 000 000 to less than 1 500 000	14
From 1 500 000 to less than 2 000 000	
From 2 000 000 to less than 2 500 000	1
From 2 500 000 to less than 3 000 000	
From 3 000 000 to less than 3 500 000	
From 3 500 000 to less than 4 000 000	
From 4 000 000 to less than 4 500 000	1

(1) Does not include remuneration for redundancy

Table 14.5. EU REM5 Information based on remuneration benchmarking reports and Article 450(1)(g) on the disclosure of remuneration.

Information based on remuneration benchmarking reports and Article 450(1)(g) on the disclosure of remuneration.

Amounts in thousands of euros	Remuneration of the Management Committee			Business Areas						Total
	Supervisory function of the management body	Function of the Management Committee	Management Committee total	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other	
Total number of identified staff										**333**
Of which: members of the Management Committee	13	2	15							
Of which: other members of senior management				2	1		11	1	40	
Of which: other identified staff				32	94		87	43	7	
Total remuneration of identified staff	**2,597**	**6,394**	**8,991**	**16,977**	**36,066**		**34,585**	**7,583**	**12,471**	
Of which: variable remuneration		1,629	1,629	7,858	14,028		11,345	1,628	4,000	
Of which: fixed remuneration	2,597	4,765	7,362	9,119	22,038		23,240	5,955	8,471	

As concerns FY 2023: There are no employees who receive remuneration above €4.5 million.

A
Annexes

Annex I. EU CC1 – Composition of regulatory own funds

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Common Equity Tier 1: Instruments and reserves			
1	Capital instruments and the corresponding share premium accounts	20,972	26 (1), 27, 28, 29
2	Retained earnings	14,351	26 (1) (c)
3	Other cumulative comprehensive results (and other reserves)	(3,359)	26 (1)
5a	Interim profits verified independently, net of any foreseeable charge or dividend	1,927	26 (2)
6	Common Equity Tier 1 before regulatory adjustments	33,891	
Common Equity Tier 1: regulatory adjustments			
7	Additional value adjustments (negative amount)	(31)	34, 105
8	Intangible assets (net of the corresponding tax liabilities) (negative amount)	(3,489)	36 (1) (b), 37
10	Deferred tax assets that rely on future profitability, with the exception of those arising from timing differences (net of the corresponding tax liabilities when the terms of article 38.3 are met) (negative amount)	(1,544)	36 (1) (c), 38
11	Reserves at fair value related to losses or gains on cash flow hedges	311	33 (1) (a)
14	Gains or losses on liabilities valued at fair value that result from changes in the own credit standing		33 (1) (b)
15	Pension fund assets with defined benefits (negative amount).	(62)	36 (1) (e)
16	Direct and indirect holdings of own Common Equity Tier 1 instruments by an institution (negative amount)	(555)	36 (1) (f), 42
27a	Other regulatory adjustments.	(209)	
28	Total regulatory adjustments for Common Equity Tier 1	(5,578)	
29	Common Equity Tier 1	28,313	
Additional Tier 1 capital: Instruments			
30	Equity instruments and the corresponding share premium accounts	4,763	51, 52
32	of which: classified as liabilities under applicable accounting regulations	4,488	
36	Additional Tier 1 capital before regulatory adjustments	4,763	

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Additional Tier 1 capital: regulatory adjustments			
37	Direct and indirect holdings of own additional Tier 1 instruments by an entity (negative amount)	(275)	52 (1) (b), 56 (a), 57
43	Total regulatory adjustments for Additional Tier 1 capital	(275)	
44	Additional Tier 1 (AT1)	4,488	
45	Tier 1 Capital (Tier 1 Capital = Common Equity Tier 1 + Additional Tier 1 Capital)	32,800	
Tier 2 capital (Tier2): instruments and provisions			
46	Equity instruments and the corresponding share premium accounts	5,479	62, 63
50	Credit Risk Adjustments	830	62 (c) and (d)
51	Tier 2 capital before regulatory adjustments	6,309	
Tier 2 capital: regulatory adjustments			
58	Tier 2 capital	6,309	
59	Total capital (total capital = Tier 1 capital + Tier 2 capital)	39,109	
60	Total risk-weighted assets	228,428	
Capital ratios and buffers			
61	Common Equity Tier 1 (expressed as a percentage of the risk exposure amount)	12.39%	92 (2) (a)
62	Tier 1 capital (expressed as a percentage of the risk exposure amount)	14.36%	92 (2) (b)
63	Total capital (expressed as a percentage of the risk exposure amount)	17.12%	92 (2) (c)
64	General requirements for the institution's common equity tier 1 capital.	8.53%	Articles 128, 129, 130, 131, 133
65	of which: requirement relating to the capital conservation buffer	2.50%	
66	of which: requirement relating to the countercyclical capital buffer	0.10%	
67a	of which: buffer for global systemically important institutions (G-SIIs) and for other systemically important institutions (O-SIIs)	0.50%	
67b	Of which: additional equity requirements to address risks other than excessive leverage risk (%).	0.93%	
68	Common equity tier 1 capital (by percentage of the amount of exposure to risk) available once minimum capital requirements have been met	6.97%	

Amounts in millions of euros		Amounts	Source based on balance sheet reference numbers or letters in the regulatory consolidation group
Amounts below the deduction thresholds (before risk weighting)			
72	Direct and indirect holdings in the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of qualifying short positions)	129	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings of common equity tier 1 capital instruments of financial sector entities where the institution has a significant investment in those entities (less than the 17.65% threshold and net of eligible short positions).	899	36 (1) (i), 45, 48
75	Deferred tax assets arising from timing differences (amount below threshold of 10%, net of associated deferred tax liabilities, provided the requirements of Article 38.3 are met)	1,928	36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
78	Credit risk adjustments included in the tier 2 capital with respect to exposures subject to the ratings based method (before the application of the cap).	1,348	62 (d)
79	Cap on inclusion of credit risk adjustments in T2 under the internal ratings based method.	830	62 (d)

** Blank rows deliberately omitted.*

(1) Capital + Share premium, net of treasury shares

(2) Reserves

(3) Includes OCIs

(5a) Profit or loss attributable to the Group, net of dividends (paid and forecast final dividend of the year)

(8) Goodwill and intangible assets, net of impairment losses

(37) Treasury stock, pledged amounts and real obligations to purchase own AT1 instruments

Annex II. EU KM1 – Key indicators

Amounts in millions of euros		31.12.23	30.09.23	30.06.23	31.03.23	31.12.22
Available equity (amounts)						
1	Common Equity Tier 1	28,313	27,277	27,285	27,188	27,494
2	Tier 1 capital	32,800	31,764	31,771	32,173	31,732
3	Total capital	39,109	38,056	38,033	38,315	37,307
Amounts of risk weighted exposures						
4	Total amount of risk exposure	228,428	222,423	217,970	215,179	215,103
Capital ratios (expressed as a percentage of risk-weighted exposure amount)						
5	Common tier 1 capital ratio (%)	12.39%	12.26%	12.52%	12.64%	12.78%
6	Tier 1 capital ratio (%)	14.36%	14.28%	14.58%	14.95%	14.75%
7	Total capital ratio (%)	17.12%	17.11%	17.45%	17.81%	17.34%
Additional equity requirements to address risks other than excessive leverage risk (as a percentage of the risk-weighted exposure amount)						
EU 7a	Additional equity requirements to address risks other than excessive leverage risk (%)	1.65%	1.65%	1.65%	1.65%	1.65%
EU 7b	Of which: will be composed of Common Equity Tier 1 capital (percentage points)	0.93%	0.93%	0.93%	0.93%	0.93%
EU 7c	Of which: will be composed of tier 1 capital (percentage points)	1.24%	1.24%	1.24%	1.24%	1.24%
EU 7d	Total SREP capital requirements (%)	9.65%	9.65%	9.65%	9.65%	9.65%
Combined buffer and overall capital requirement (expressed as a percentage of risk-weighted exposure amount)						
8	The capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macroprudential or systemic risk observed in a Member State (%)					
9	Entity-specific countercyclical capital buffer (%) (1)	0.10%	0.10%	0.07%	0.05%	0.03%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institutions buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.50%	0.38%
11	Combined Buffer Requirement (%)	3.10%	3.10%	3.07%	3.05%	2.91%

Amounts in millions of euros		31.12.23	30.09.23	30.06.23	31.03.23	31.12.22
EU 11a	Global capital requirements (%)	12.75%	12.75%	12.72%	12.70%	12.56%
12	Ordinary tier 1 capital available after complying with the SREP total capital requirements (%)	6.97%	6.84%	7.09%	7.21%	7.35%
Leverage ratio						
13	Measurement of total exposure	563,578	570,483	583,274	579,579	563,692
14	Leverage ratio (%)	5.82%	5.57%	5.45%	5.55%	5.63%
Additional equity requirements to address risks other than excessive leverage risk (as a percentage of total risk-weighted exposure)						
EU 14a	Additional equity requirements to address excessive leverage risk (%)	–	–	–	–	–
EU 14b	Of which: will be composed of Common Equity Tier 1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and global leverage ratio requirement (as a percentage of the total exposure measure)						
EU 14d	Leverage ratio buffer requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio (2)						
15	Total high-quality liquid assets (HQLA) (average weighted value)	98,374	103,278	114,740	131,137	149,713
EU 16a	Cash outflows — Total weighted value	62,050	62,480	62,913	63,664	64,252
EU 16b	Cash inflows — Total weighted value	13,478	13,467	13,376	13,223	12,866
16	Total net cash outflows (adjusted value)	48,572	49,013	49,537	50,441	51,386
17	Liquidity coverage ratio (%)	203%	210%	230%	259%	291%
Net stable funding ratio (3)						
18	Total available stable funding	420,883	417,180	423,655	417,346	430,216
19	Total required stable funding	293,083	300,996	307,757	300,531	303,723
20	Net stable funding ratio (%)	144%	139%	138%	139%	142%

(1) Updated quarterly, depending on the exposures in third countries.
(2) Average LCR (last 12 months)

(3) Updated values from previous quarters according to the revised regulatory requirements

Annex III. IFRS 9-FL template: Comparison of equity and capital and leverage ratios of entities with and without applying the transitional provisions of IFRS 9 or similar ECL.

Amounts in millions of euros		31.12.23	30.09.23	30.06.23	31.03.23	31.12.22
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	28,313	27,277	27,285	27,188	27,494
2	Common Equity Tier 1 (CET1) capital if the transitional provisions of IFRS 9 or similar ECL had not been applied	28,275	27,088	27,094	26,936	26,912
3	Tier 1 (T1) capital	32,800	31,764	31,771	32,173	31,732
4	Tier 1 (T1) capital if the transitional provisions of IFRS 9 or similar ECL had not been applied	32,762	31,576	31,580	31,921	31,150
5	Total capital	39,109	38,056	38,033	38,315	37,307
6	Total capital if the transitional provisions of IFRS 9 or similar ECL had not been applied	39,071	37,868	37,842	38,063	36,725
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	228,428	222,423	217,970	215,179	215,103
8	Total risk-weighted assets if the transitional provisions of IFRS 9 or similar ECL had not been applied	228,469	222,625	218,175	215,449	215,645
	Capital ratios					
9	Common Equity Tier 1 (CET1) capital (expressed as a percentage of the risk exposure amount)	12.39%	12.26%	12.52%	12.64%	12.78%
10	Common Equity Tier 1 (CET1) capital (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	12.38%	12.17%	12.42%	12.50%	12.48%
11	Tier 1 (T1) capital (expressed as a percentage of the risk exposure amount)	14.36%	14.28%	14.58%	14.95%	14.75%
12	Tier 1 (T1) capital (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	14.34%	14.18%	14.47%	14.82%	14.44%
13	Total capital (expressed as a percentage of the risk exposure amount)	17.12%	17.11%	17.45%	17.81%	17.34%
14	Total Capital (expressed as a percentage of the risk exposure amount) if the transitional provisions of IFRS 9 or similar ECL had not been applied	17.10%	17.01%	17.34%	17.67%	17.03%

Amounts in millions of euros

		31.12.23	30.09.23	30.06.23	31.03.23	31.12.22
	Leverage ratio					
15	Measurement of total exposure corresponding to leverage ratio	563,578	570,483	583,274	579,579	563,692
16	Leverage ratio	5.82%	5.57%	5.45%	5.55%	5.63%
17	Leverage ratio if the transitional provisions of IFRS 9 or similar ECL had not been applied	5.81%	5.53%	5.41%	5.51%	5.53%

In March 2020, following the ECB recommendations, CaixaBank decided to reverse its initial decision not to implement the IFRS9 regulations. The table shows the impact of the phased IFRS9 on the main ratios. The dynamic component is calculated based on data as of January 1, 2020.

Annex IV. EU CCA Main features of the regulatory instruments of own funds and the eligible liabilities instruments

Amount in millions of euros

		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
1	Originator	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.
2	Unique identifier	ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
2a	Public or private placement	Public	Public	Public	Public	Public	Public	Public	Private
3	Legislation applicable to the instrument (regulatory treatment)	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	Spanish legislation	English law, except when ranking the subordinated loans, the capacity of the issuer and the relevant corporate agreements, which are governed by Spanish law	Spanish legislation
3a	Contractual recognition of the depreciation and conversion powers of the resolution authorities	n/a	Yes	Yes	Yes	Yes	Yes	Yes	No
	Regulatory treatment								
4	Current treatment taking into account, where applicable, the transitional rules of the CRR	Common Equity Tier 1	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
5	CRR rules after transition	Common Equity Tier 1	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
6	Eligible on an individual/(sub)consolidated/individual and (sub)consolidated basis	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated
7	Instrument type (each country will specify the relevant rates)	Ordinary shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Preferred Participations eventually Convertible into Shares	Subordinated loans	Subordinated loans

		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
8	Amount recognized in regulatory capital or eligible liabilities (currency in millions, as of the most recent reporting date)	7,502	999	1,247	747	747	747	998	150
9	Nominal amount of the instrument	7,502	1,000	1,250	750	750	750	1,000	150
EU-9a	Issue price	n/a	1	100.00%	100.00%	100.00%	100.00%	99.53%	100.00%
EU-9b	Redemption price	n/a	1	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
10	Accounting classification	Equity	Compound financial instrument	Compound financial instrument	Compound financial instrument	Compound financial instrument	Compound financial instrument	Liabilities - amortised cost	Liabilities - amortised cost
11	Original issue date	n/a	13/06/2017	23/03/2018	09/10/2020	14/09/2021	13/03/2023	17/04/2018	07/07/2017
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Specified maturity	Specified maturity
13	Original maturity date	n/a	No maturity	No maturity	No maturity	No maturity	No maturity	17/04/2030	07/07/2042
14	Issuer's call option subject to prior approval by the supervision authorities	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional date of exercise of the call option, contingent exercise dates and amount to be reimbursed	n/a	13/6/2024 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	23/3/2026 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	From 09/10/2027 until 9/4/2028 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	From 14/9/2028 until 14/3/2029 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 7.3 and 7.4). Always with the consent of the supervisor and for the entire issue	From 13/3/2029 until 13/9/2029 and quarterly thereafter, at the choice of the Issuer. Additionally, due to a tax event, due to a capital event or if the Issuer repurchases 75% or more of the initial nominal amount of the issue (conditions 7.3, 7.4 and 7.5). Always with the consent of the supervisor and for the entire issue	17/4/2025 (once), at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	7/7/2037 and annually from that date, at the choice of the Issuer. Additionally, due to a tax event or a capital event. Always with the consent of the supervisor and for the entire issue
16	Subsequent exercise dates, if any	n/a	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	n/a	Annually
	Coupons/dividends								
17	Fixed or floating dividend or coupon	Dividend	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable

		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
18	Coupon interest rate and any connected index	n/a	6.75% until 14/11/2024 when it updates to 5-year mid-swap + 649.8 bp and then every 5 years thereafter	5.25% until 23/3/2026 when it updates to 5-year mid-swap + 450.4 bp and then every 5 years thereafter	5.875% until 09/04/2028 when it updates to 5-year mid-swap + 634.6 bp and then every 5 years thereafter	3.625% until 14/03/2029 when it updates to 5-year mid-swap + 385.7 bp and then every 5 years thereafter	8.25% until 13/09/2029 when it updates to 5-year mid-swap + 514.2 bp and then every 5 years thereafter	2.250% until 23/3/2025 when it updates to 5-year mid-swap + 168 bp	4.000% until 7/7/2037 when it updates to 5-year mid-swap + 272 bp
19	Existence of a dividend stopper	n/a	No	No	No	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or compulsory (in calendar terms)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or compulsory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of an increase in coupon or other reimbursement incentives	n/a	No	No	No	No	No	No	No
22	Not cumulative or cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Not cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	n/a	Convertible	Convertible	Convertible	Convertible	Convertible	Not Convertible	Not Convertible
24	If convertible, factor(s) that trigger the conversion	n/a	This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level	This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level	This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level	This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level	This instrument becomes common shares when Common Equity Tier 1 falls below 5.125% in consolidated or consolidated individual level	n/a	n/a
25	If convertible, totally or partially	n/a	Always fully	Always fully	Always fully	Always fully	Always fully	n/a	n/a

		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
26	If they are convertible, applicable conversion rate	n/a	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €2.803	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €2.583	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €1.209	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €1.795	The greater of: i) the Market Price of the shares (with a minimum of their nominal value) at the time of conversion; ii) the Floor Price of €2.701	n/a	n/a
27	If they are convertible, compulsory or optional conversion	n/a	Required	Required	Required	Required	Required	n/a	n/a
28	If are convertible, specify the issuer of the instrument into which they are converted	n/a	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	n/a	n/a
29	If are convertible, specify the issuer of the instrument into which they are converted	n/a	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.	n/a	n/a
30	Write-down features	n/a	No	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, total or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-34a	Type of subordination (only for eligible liabilities)	n/a	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual	Contractual
EU-34b	Order of priority of the instrument in common insolvency proceedings	1	2	2	2	2	2	3	3

		ES0140609019	ES0840609004	ES0840609012	ES0840609020	ES0840609038	ES0840609046	XS1808351214	ES0240609133
35	Position in the subordination hierarchy in the settlement (specifying the type of instrument of the next higher rank)	Pari passu with reserves. There are no instruments subordinated to common shares	Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments	Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments	Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments	Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments	Senior to common shares and reserves and pari passu with the rest of Tier 1 capital instruments. Immediately subordinate to Tier 2 capital instruments	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans
36	Non-compliant transitioned features	No	No	No	No	No	No	No	No
37	If so, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-37a	Link to the full mandate and the conditions of the instrument (signalling)	n/a	http://cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609004	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609012	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609020	https://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0840609038	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/P.Karol_Prospectus.pdf	http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/ShowSecTranche/?trancheID=139566&refNo=4922	http://www.cnmv.es/Portal/Consultas/Folletos/FolletosAdmision.aspx?isin=ES0240609133

		XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883	XS2579488201	XS2630417124
1	Originator	CaixaBank, S.A.	Cajasol (currently CaixaBank, S.A.)	Cajasol (currently CaixaBank, S.A.)	Bankia, S.A. (currently CaixaBank, S.A.)	CaixaBank, S.A.	CaixaBank, S.A.	CaixaBank, S.A.
2	Unique identifier	XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883	XS2579488201	XS2630417124
2a	Public or private placement	Public	Private	Private	Public	Public	Public	Public
3	Legislation applicable to the instrument (regulatory treatment)	Spanish legislation	Spanish legislation	Spanish legislation	English law, except when ranking the subordinated loans, the capacity of the issuer and the relevant corporate agreements, which are governed by Spanish law	Spanish legislation	Spanish legislation	Spanish legislation
3a	Contractual recognition of the depreciation and conversion powers of the resolution authorities	Yes	No	No	Yes	Yes	Yes	Yes
	Regulatory treatment							
4	Current treatment taking into account, where applicable, the transitional rules of the CRR	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	CRR rules after transition	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible on an individual/(sub)consolidated/individual and (sub)consolidated basis	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated	Individual and consolidated
7	Instrument type (each country will specify the relevant rates)	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans	Subordinated loans
8	Amount recognized in regulatory capital or eligible liabilities (currency in millions, as of the most recent reporting date)	997	18	1	1,000	747	571	996
9	Nominal amount of the instrument	1,000	18	15	1,000	750	564	1,000

		XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883	XS2579488201	XS2630417124
EU-9a	Issue price	99.57%	100.00%	100.00%	100.00%	99.86%	99.57%	99.94%
EU-9b	Redemption price	100.00%	n/a	n/a	100.00%	100.00%	100.00%	100.00%
10	Accounting classification	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost
11	Original issue date	18/03/2021	21/12/1990	29/06/1994	15/02/2019	23/11/2022	25/01/2023	30/05/2023
12	Perpetual or dated	Specified maturity	Perpetual	Specified maturity	Specified maturity	Specified maturity	Specified maturity	Specified maturity
13	Original maturity date	18/06/2031	No maturity	24/06/2093	15/02/2029	23/02/2033	25/10/2033	30/05/2034
14	Issuer's call option subject to prior approval by the supervision authorities	Yes	No	n/a	Yes	Yes	Yes	Yes
15	Optional date of exercise of the call option, contingent exercise dates and amount to be reimbursed	From 18 March 2026 (inclusive), ending on 18 June 2026 (inclusive). Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	n/a	n/a	15/02/2024, at the choice of the Issuer. Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	From (and inclusive) 23 November 2027 and ending on 23 February 2028 (inclusive). Additionally, due to a tax event or a capital event (conditions 6.2 and 6.4). Always with the consent of the supervisor and for the entire issue	From 25 July 2028 (included) and which ends on 25 October 2028 (included). Additionally, due to a tax event, due to a capital event, if the issue were no longer considered as MREL or if the Issuer repurchases 75% or more of the initial nominal amount of the issue (conditions 5.2, 5.4, 5.5 and 5.6). Always with the consent of the supervisor and for the entire issue	From 30 November 2028 (included) and which ends on 30 May 2029 (included). Additionally, due to a tax event, due to a capital event, if the issue were no longer considered as MREL or if the Issuer repurchases 75% or more of the initial nominal amount of the issue (conditions 6.2, 6.4, 6.5 and 6.6). Always with the consent of the supervisor and for the entire issue
16	Subsequent exercise dates, if any	Annually	n/a	n/a	n/a	n/a	n/a	n/a
	Coupons/dividends							
17	Fixed or floating dividend or coupon	Fixed readjustable	Fixed readjustable	n/a	Fixed readjustable	Fixed readjustable	Fixed readjustable	Fixed readjustable
18	Coupon interest rate and any connected index	1.25% until 18/06/2026 when it updates to 5-year mid-swap + 163 bp	0 per cent	n/a	Annual coupon. 3.75% until 15/02/2024; then 5-year mid-swap + 3.624%	6.250% until 23/3/2028 when it updates to 5-year mid-swap + 355 bp	6.875% until 25/10/2028 when it updates the interest rate of the bond issued by the UK Treasury (Gilt) to five years on that date + 370 bp	6.125% until 30/05/2029 when it updates to 5-year mid-swap + 300 bp

		XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883	XS2579488201	XS2630417124
19	Existence of a dividend stopper	No	No	n/a	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or compulsory (in calendar terms)	Mandatory	Mandatory	n/a	Mandatory	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or compulsory (in terms of amount)	Mandatory	Mandatory	n/a	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of an increase in coupon or other reimbursement incentives	No	No	n/a	No	No	No	No
22	Not cumulative or cumulative	Cumulative	Not cumulative	n/a	n/a	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Not Convertible	Convertible	n/a	Not Convertible	Not Convertible	Not Convertible	Not Convertible
24	If convertible, factor(s) that trigger the conversion	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25	If convertible, totally or partially	n/a	n/a	n/a	n/a	n/a	n/a	n/a
26	If they are convertible, applicable conversion rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a
27	If they are convertible, compulsory or optional conversion	n/a	n/a	n/a	n/a	n/a	n/a	n/a
28	If are convertible, specify the issuer of the instrument into which they are converted	n/a	n/a	n/a	n/a	n/a	n/a	n/a
29	If are convertible, specify the issuer of the instrument into which they are converted	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30	Write-down features	No	No	n/a	No	No	No	No

		XS2310118976	AYTS491201	AYTS490629	XS1951220596	XS2558978883	XS2579488201	XS2630417124
31	If write-down, write-down trigger(s)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
32	If write-down, total or partial	n/a	n/a	n/a	n/a	n/a	n/a	n/a
33	If write-down, permanent or temporary	n/a	n/a	n/a	n/a	n/a	n/a	n/a
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-34a	Type of subordination (only for eligible liabilities)	Contractual	n/a	n/a	Contractual	Contractual	Contractual	Contractual
EU-34b	Order of priority of the instrument in common insolvency proceedings	3	3	3	3	3	3	3
35	Position in the subordination hierarchy in the settlement (specifying the type of instrument of the next higher rank)	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	n/a	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans	Senior to common shares, reserves and AT1 instruments. Pari passu with other subordinated loans. Junior to common senior debt and non-preferred debt, as well as to other common loans
36	Non-compliant transitioned features	No	n/a	n/a	No	No	No	No
37	If so, specify non-compliant features	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EU-37a	Link to the full mandate and the conditions of the instrument (signalling)	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/XS2310118976_ENG.pdf	n/a	n/a	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/Emisiones_CaixaBank/XS1951220596_EN.pdf	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/EUO1-2007510370-v1Caixabank_Tier2_Nov_22_Final_Terms_Execution_Version.pdf	https://www.caixabank.com/deployedfiles/caixabank_com/Documentos/Accionistas_Inversores/Caixabank_Tier2_Jan_22_Final-Terms.pdf	https://www.caixabank.com/deployedfiles/caixabank_com/Estaticos/PDFs/Accionistasinversores/XS2630417124_EN.pdf

Annex V. EU LR1 - Summary of reconciliation of accounting assets and exposures corresponding to the leverage ratio

Amounts in millions of euros

	Summary of reconciliation of accounting assets and exposures corresponding to the leverage ratio	31/12/23
1	Total assets as per the financial statements published	607,167
2	Adjustment for entities that are consolidated for accounting purposes but are outside the scope of prudential consolidation	(73,333)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of the risk transfer)	–
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–
5	(Adjustment for fiduciary assets recognised on the balance sheet under the applicable accounting framework but excluded from the total exposure measure in accordance with Article 429a(1)(i) of the CRR)	–
6	Adjustment for conventional purchases and sales of financial assets subject to accounting at the trading date	–
7	Adjustment for operations eligible for cash pooling	14
8	Adjustment for derivative financial instruments	(812)
9	Adjustment for securities financing transactions	1,521
10	Adjustment for off-balance-sheet items (i.e., conversion of off-balance sheet exposures to credit equivalents)	38,052
11	(Prudent valuation adjustments and specific and general provisions that have reduced Tier 1 capital)	(31)
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(c) of the CRR)	–
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with Article 429a(1)(j) of the CRR)	–
12	Other adjustments	(9,000)
13	Measurement of total exposure	563,578

(11) The amount of the prudential valuation adjustments included in statement corep C.01 continues to be reported.

Annex VI. EU-LR2 – LRCom: Common disclosure table of leverage ratio

Amounts in millions of euros

		Exposures corresponding to the CRR leverage ratio
		31/12/23
	On-balance-sheet exposures (excluding derivatives and securities financing transactions)	
1	Balance sheet items (excluding derivatives and securities financing transactions, but including collateral)	518,427
2	Collateral provided in connection with derivatives, when deducted from the assets in the balance sheet under the applicable accounting framework	5,826
3	(Deductions from assets pending collection due to the margin of variation in cash contributed in derivative transactions)	-9,544
6	(Amounts of assets deducted to determine Tier 1 capital)	-5,362
7	Total balance sheet exposures (excluding derivatives and securities financing transactions)	509,347
	Exposures to derivatives	
8	Replacement cost associated with all derivative transactions according to the standard counterparty risk method (i.e., net of the margin of variation in eligible cash)	10,049
9	Amounts of additions for potential future exposure associated with derivative transactions under the standardised method for counterparty credit risk	2,775
10	(CCP component excluded from trading exposures offset by the customer) (standardised approach for counterparty credit risk)	-10
13	Total credit derivatives exposures	12,813
	Exposures from securities financing transactions (SFTs)	
14	Gross assets from securities financing transactions (without recognition of compensation), after adjustments for accounting sales transactions	7,080
15	(Net amounts of cash payable and cash receivable in gross assets from securities financing transactions)	-5,315
16	Counterparty credit risk exposure from securities financing transaction assets	1,600
18	Total exposures to securities financing transactions	3,366
	Others off-balance-sheet exposure	
19	Off-balance-sheet exposures valued at their gross notional amount	159,647
20	(Adjustments from conversion to credit equivalents)	121,595
22	Off-balance-sheet exposures	38,052

		Exposures corresponding to the CRR leverage ratio
		31/12/23
	Capital	
23	Tier 1 capital	32,800
24	Measurement of total exposure	563,578
	Leverage ratio	
25	Leverage ratio (%)	5.82%
EU-25	Leverage ratio (excluding the impact of the exemption from public sector investments and promotional loans) (%)	5.82%
25a	Leverage ratio (excluding the impact of any temporary exemption applicable to central bank reserves) (%)	5.82%
26	Minimum regulatory leverage ratio requirement (%)	3.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%
	Choice of transitional provisions and relevant exposures	
EU-27b	Choice of transitional provisions for defining the capital measurement	Transitional
	Disclosure of average securities	
28	Average of daily values of gross securities financing transaction assets after adjustment for sales accounting transactions and net of the amounts of associated cash payables and receivables	1,261
29	Final value of the quarter of gross securities financing transaction assets after adjustment for sales accounting transactions and net of the amounts of associated cash payables and receivables	1,765
30	Measure of total exposure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	563,074
30a	Measure of total exposure (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	563,074
31	Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	5.83%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating the average values in row 28 of the gross assets of securities financing transactions (after adjustment for sale accounting transactions and net of the amounts of the associated cash payables and receivables)	5.83%

**Blank rows deliberately omitted*

Annex VII. EU LR3 – LRSpl: Breakdown of on-balance sheet exposures (excluding derivatives, securities financing transactions and off-balance sheet exposures)

Amounts in millions of euros		
EU-1	Total on-balance-sheet exposures (excluding derivatives, securities financing transactions and excluded exposures) of which:	514,710
EU-2	Exposures in the held-for-trading book	648
EU-3	Exposures in the non-trading book, of which:	514,061
EU-4	Covered bonds	–
EU-5	Exposures treated as exposures to sovereign issuers	123,138
EU-6	Exposures to regional administrations, multilateral development banks, international organisations and public sector entities not treated as exposures to sovereign issuers	25,437
EU-7	Institutions	7,830
EU-8	Secured by mortgages on immovable property	146,156
EU-9	Retail exposures	44,688
EU-10	Corporations	114,854
EU-11	Exposure in non-payment situations	5,300
EU-12	Other exposures (e.g., equities, securitizations and assets other than credit obligations)	46,659

Annex VIII. EU LI3 - Companies with differing prudential and accounting consolidation treatment

Name of the institution	Accounting consolidation method	Prudential consolidation method					Institution description
		Integral consolidation	Proportional consolidation	Equivalence method	Neither consolidated nor deducted	Deducted	
CaixaBank Brasil Escritório de Representaçao, Ltda.	Global integration			X			Representative office
Estugest, S.A.	Global integration			X			Administrative activities and services
Grupo Aluminios de Precisión, S.L.U.	Global integration			X			Aluminium smelting in sand moulds
Inversiones Corporativas Digitales, S.L.	Global integration			X			Holding company
Inversiones Inmobiliarias Teguise Resort, S.L.	Global integration			X			Hotels and similar accommodation
Líderes Empresariales Siglo XXI, S.L.	Global integration			X			Private security for goods and people
Puerto Triana, S.A.U.	Global integration			X			Real estate developer specialised in shopping centres
Sercapgu, S.L.	Global integration			X			Holding company
VidaCaixa, S.A. de Seguros y Reaseguros Sociedad Unipersonal	Global integration			X			Direct life insurance, reinsurance and pension fund management

For prudential purposes, all other entities are accounted for using the same method applied in the financial statements. See CaixaBank Group's 2023 autonomous communities report for the full listing of Group entities.
Gestión y Reclamación Local, S.L. is not included in the report since its settlement was recorded in January 2024

Annex IX. EU PV1 - Prudent valuation adjustments (PVA)

Amounts in millions of euros

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					AVA at category level - Valuation uncertainty				
	AVA at category level	Equity securities	Interest rates	Exchange rate	Open	Commodities	AVA due to unaccrued credit spreads	AVA due to investment and financing costs	Total at category level after diversification	Of which: Total main focus of the trading portfolio	Of which: Total main focus of the banking portfolio
1	Market price uncertainty	1	25	–	3	–	2	1	16	11	5
2	Not applicable										
3	Closing cost	–	–	–	–	–	1	1	1	1	–
4	Concentrated positions	10	–	–	–	–			10	–	10
5	Early termination	–	–	–	–	–			–	–	–
6	Model risk	–	1	–	–	–	3	–	2	2	–
7	Operational risk	–	1	–	–	–			2	1	–
8	Not applicable										
9	Not applicable										
10	Future administrative costs	–	–	–	–	–			–	–	–
11	Not applicable										
12	Total additional valuation adjustments								31	16	15

Annex X. End-2023 G-SIB Assessment Exercise

v5.3.5

Amount in thousand EUR

Size Indicator			
Section 2 - Total Exposures	**GSIB**		
a. Derivatives			
(1) Counterparty exposure of derivatives contracts	1012	10,048,688	2.a.(1)
(2) Capped notional amount of credit derivatives	1201	–	2.a.(2)
(3) Potential future exposure of derivative contracts	1018	2,764,796	2.a.(3)
b. Securities financing transactions (SFTs)		**–**	**0.00**
(1) Adjusted gross value of SFTs	1013	1,765,248	2.b.(1)
(2) Counterparty exposure of SFTs	1014	1,600,298	2.b.(2)
c. Other assets	**1015**	**514,709,673**	**2.c.**
d. Gross notional amount of off-balance sheet items		–	–
(1) Items subject to a 0% credit conversion factor (CCF)	1019	81,941,955	2.d.(1)
(2) Items subject to a 20% CCF	1022	33,727,124	2.d.(2)
(3) Items subject to a 50% CCF	2300	–	2.d.(3)
(4) Items subject to a 100% CCF	1023	41,731,257	2.d.(4)
(5) Items subject to a 100% CCF	1024	2,246,422	2.d.(5)
e. Regulatory adjustments	**1031**	**5,362,286**	**2.e.**
f. Total exposures prior to regulatory adjustments (sum of items 2.a.(1) through 2.c, 0.1 times 2.d.(1), 0.2 times 2.d.(2), 0.4 times 2.d.(3), 0.5 times 2.d.(4), and 2.d.(5))	**1103**	**568,940,373**	**2.f.**
g. Exposures of insurance subsidiaries not included in 2.f net of intragroup:		**–**	
(1) On-balance sheet and off-balance sheet insurance assets	1701	80,615,43	2.g.(1)
(2) Potential future exposure of derivatives contracts for insurance subsidiaries	1205	–	2.g.(2)
(3) Investment value in consolidated entities	1208	3,459,926	2.g.(3)
h. Intragroup exposures with insurance subsidiaries reported in 2.g that are included in 2.f	**2101**	**7,311,767**	**2.h.**
i. Total exposures indicator, including insurance subsidiaries (sum of items 2.f, 2.g.(1) through 2.g.(2) minus 2.g.(3) through 2.h)	**1.117**	**638,783,722**	**2.i.**

Amount in thousand EUR

Interconnectedness Indicators			
Section 3 - Intra-Financial System Assets	**GSIB**		
a. Funds deposited with or lent to other financial institutions	**1216**	**17,870,468**	**3.a.**
(1) Certificates of deposit	2102	–	3.a.(1)
b. Unused portion of committed lines extended to other financial institutions	**1217**	**3,977,609**	**3.b.**
c. Holdings of securities issued by other financial institutions			
(1) Secured debt securities	2103	1,108,721	3.c.(1)
(2) Senior unsecured debt securities	2104	3,739,601	3.c.(2)
(3) Subordinated debt securities	2105	687,233	3.c.(3)
(4) Commercial paper	2106	–	3.c.(4)
(5) Equity securities	2107	1,738,961	3.c.(5)
(6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5)	2108	–	3.c.(6)
d. Net positive current exposure of SFTs with other financial institutions	**1219**	**262,709**	**3.d.**
e. OTC derivatives with other financial institutions that have a net positive fair value			
(1) Net positive fair value	2109	124,195	3.e.(1)
(2) Potential future exposure	2110	542,438	3.e.(2)
f. Intra-financial system assets indicator, including insurance subsidiaries (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6))	**1215**	**30,051,935**	**3.f.**
Section 4 - Intra-Financial System Liabilities	**GSIB**		
a. Funds deposited by or borrowed from other financial institutions			
(1) Deposits due to depository institutions	2111	2,012,227	4.a.(1)
(2) Deposits due to non-depository financial institutions	2112	7,078,783	4.a.(2)
(3) Loans obtained from other financial institutions	2113	–	4.a.(3)
b. Unused portion of committed lines obtained from other financial institutions	**1223**	**38,515**	**4.b.**
c. Net negative current exposure of SFTs with other financial institutions	**1224**	**651,305**	**4.c.**
d. OTC derivatives with other financial institutions that have a net negative fair value			

(1) Net negative fair value	2114	350,334	4.d.(1)
(2) Potential future exposure	2115	819,712	4.d.(2)
e. Intra-financial system liabilities indicator, including insurance subsidiaries (sum of items 4.a.(1) through 4.d.(2))	**1221**	**10,950,875**	**4.e.**

Section 5 - Securities Outstanding	GSIB		
a. Secured debt securities	2116	21,174,521	5.a.
b. Senior unsecured debt securities	2117	27,906,536	5.b.
c. Subordinated debt securities	2118	10,129,369	5.c.
d. Commercial paper	2119	1,100,338	5.d.
e. Certificates of deposit	2120	–	5.e.
f. Common equity	2121	27,449,911	5.f.
g. Preferred shares and any other forms of subordinated funding not captured in item 5.c.	2122	–	5.g.
h. Securities outstanding indicator, including the securities issued by insurance subsidiaries (sum of items 5.a through 5.g)	**1226**	**87,760,676**	**5.h.**

Substitutability/Financial Institution Infrastructure Indicators			
Section 6 - Payments made in the reporting year (excluding intragroup payments)	**GSIB**		
a. Australian dollars (AUD)	1061	24,820,792	6.a.
b. Canadian dollars (CAD)	1063	49,493,887	6.b.
c. Swiss francs (CHF)	1064	53,154,791	6.c.
d. Chinese yuan (CNY)	1065	5,791,342	6.d.
e. Euros (EUR)	1066	1,532,746,346	6.e.
f. British pounds (GBP)	1067	195,731,000	6.f.
g. Hong Kong dollars (HKD)	1068	1,508,037	6.g.
h. Indian rupee (INR)	1069	13,658	6.h.
i. Japanese yen (JPY)	1070	51,737,323	6.i.
j. Swedish krona (SEK)	1071	11,266,316	6.j.

k. Singapore dollar (SGD)	2133	130,404	6.k.
l. United States dollars (USD)	1072	1,311,530,000	6.l.
m. Payments activity indicator (sum of items 6.a through 6.l)	**1073**	**3,237,923,896**	**6.m.**
Section 7 - Assets Under Custody	**GSIB**		
a. Assets under custody indicator	**1074**	**188,694,810**	**7.a.**
Section 8 - Underwritten Transactions in Debt and Equity Markets	**GSIB**		
a. Equity underwriting activity	1075	–	8.a.
b. Debt underwriting activity	1076	317,300	8.b.
c. Underwriting activity indicator (sum of items 8.a and 8.b)	**1077**	**317,300**	**8.c.**

Section 9 - Trading Volume	**GSIB**		
a. Trading volume of securities issued by other public sector entities, excluding intragroup transactions	2123	18,381,203	9.a.
b. Trading volume of other fixed income securities, excluding intragroup transactions	2124	18,365,017	9.b.
c. Trading volume fixed income sub-indicator (sum of items 9.a and 9.b)	2125	36,746,220	9.c.
d. Trading volume of listed equities, excluding intragroup transactions	2126	14,287,352	9.d.
e. Trading volume of all other securities, excluding intragroup transactions	2127	1,380,580	9.e.
f. Trading volume equities and other securities sub-indicator (sum of items 9.d and 9.e)	**2128**	**15,667,932**	**9.f.**

Amount in thousand EUR

Complexity indicators			
Section 10 - Notional Amount of Over-the-Counter (OTC) Derivatives	**GSIB**		
a. OTC derivatives cleared through a central counterparty	2129	696,703,397	10.a.
b. OTC derivatives settled bilaterally	1905	261,724,831	10.b.
c. Notional amount of over-the-counter (OTC) derivatives indicator, including insurance subsidiaries (sum of items 10.a and 10.b)	**1227**	**958,428,228**	**10.c.**

Section 11 - Trading and Available-for-Sale Securities	GSIB		
a. Held-for-trading securities (HFT)	1081	772,436	11.a.
b. Available-for-sale securities (AFS)	1082	9,377,632	11.b.
c. Trading and AFS securities that meet the definition of Level 1 assets	1083	7,098,088	11.c.
d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts	1084	708,654	11.d.
e. Trading and AFS securities indicator (sum of items 11.a and 11.b, minus the sum of 11.c and 11.d)	**1085**	**2,343,326**	**11.e.**
Section 12 - Level 3 Assets	**GSIB**		
a. Level 3 assets indicator, including insurance subsidiaries	**1229**	**1,209,300**	**12.a**

Cross-Jurisdictional Activity Indicators			
Section 13 - Cross-Jurisdictional Claims	**GSIB**		
a. Total foreign claims on an ultimate risk basis	1087	115,822,520	13.a.
b. Foreign derivative claims on an ultimate risk basis	1146	3,919,816	13.b.
c. Cross-jurisdictional claims indicator (sum of items 13.a and 13.b)	**2130**	**119,742,336**	**13.c.**

Section 14 - Cross-Jurisdictional Liabilities	GSIB		
a. Foreign liabilities on an immediate risk basis, excluding derivatives and including local liabilities in local currency	2131	54,627,469	14.a.
b. Foreign derivative liabilities on an immediate risk basis	1149	6,161,796	14.b.
c. Cross-jurisdictional liabilities indicator (sum of items 14.a and 14.b)	**1148**	**60,789,265**	**14.c.**

Annex XI. EU KM2 - Key indicators - MREL, and when applicable, G-SII requirement for own funds and eligible liabilities

Amounts in millions of euros

		a	b	c	d	e	f
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC) (1)				
		31.12.2023					
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	61,300					
EU 1a	Of which own funds and subordinated liabilities	53,110					
2	Total amount of risk exposure of the resolution group (TREA)	228,428					
3	Own funds and eligible liabilities as a percentage of the TREA	26.84%					
EU 3a	Of which own funds and subordinated liabilities	23.25%					
4	Total exposure measurement (TEM) of the resolution group	563,578					
5	Own funds and eligible liabilities as a percentage of the TEM	10.88%					
EU 5a	Of which own funds and subordinated liabilities	9.42%					
6a	Does the subordination exemption laid down in Article 72b(4) of Regulation (EU) No. 575/2013 apply? (5% exemption)						
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion laid down in Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)						
6c	If a capped subordination exemption laid down in Article 72b(3) of Regulation (EU) No 575/2013 applies, the amount of liabilities issued that ranks pari passu with excluded liabilities and reported in row 1, divided by the amount of liabilities issued that ranks pari passu with excluded liabilities and that would be recognised under row 1if no cap was applied (%)						
Minimum requirement for own funds and eligible liabilities (MREL) (2)							
EU 7	MREL expressed as a percentage of the TREA	22.43%					
EU 8	Of which will be covered with own funds or subordinated liabilities	16.60%					
EU 9	MREL expressed as a percentage of the TEM	6.09%					
EU 10	Of which will be covered with own funds or subordinated liabilities	6.09%					

(1) Only the Global Systemically Important Banks must report the data associated with the requirement for own funds and eligible liabilities applicable to them (TLAC, Capacity to Offset Losses).
(2) Solvency requirements in force as at 31/12/2023.

Annex XII. EU TLAC1- Composition - MREL. G-SII requirement for own funds and eligible liabilities.

Amounts in millions of euros

		a	b	c
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC) (1)	Memorandum items: Amounts eligible for MREL purposes, but not of TLAC (1)
Own funds, eligible liabilities and adjustments				
1	Common Equity Tier 1 (CET1)	28,313		
2	Additional Tier 1 capital (AT1)	4,488		
6	Tier 2 capital (T2):	6,309		
11	Own funds pursuant to Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	39,109		
Own funds and eligible liabilities: non-regulatory capital elements				
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	14,001		
EU 12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	–		
EU 12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior 27 June 2019 (subordinated acquired)	–		
EU 12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	–		
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	8,190		
EU 13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	–		
14	Amount of non-eligible subordinated liabilities instruments, where applicable after applying Article 72b(3) of the CRR	8,190		
17	Items of eligible liabilities before adjustments	22,191		
EU 17a	Of which items of subordinated liabilities	14,001		
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements				
18	Own funds and items of eligible liabilities before adjustments	61,300		
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)			
20	(Deduction of investments in other eligible liabilities instruments)			
22	Own funds and eligible liabilities after adjustments	61,300		
EU 22a	Of which: own funds and subordinated liabilities	53,110		

Amount of risk-weighted exposure and leverage ratio exposure measure of the resolution group		
23	Total amount of risk exposure (TREA)	228,428
24	Measurement of total exposure (TEM)	563,578
Ratio of own funds and eligible liabilities		
25	Own funds and eligible liabilities as a percentage of the TREA	26.84%
EU 25a	Of which own funds and subordinated liabilities	23.25%
26	Own funds and eligible liabilities as a percentage of the TEM	10.88%
EU 26a	Of which own funds and subordinated liabilities	9.42%
27	CET1 (as a percentage of the TREA) available once the resolution group's requirements have been met	4.41%
28	Specific combined buffer requirement of each entity	
29	of which the requirement relating to the capital conservation buffer	
30	of which countercyclical buffer requirements	
31	of which the systematic risk buffer requirement	
EU 31a	of which buffer for global systemically important institutions (G-SIIs) and for other systemically important institutions (O-SIIs)	
Informative items		
EU 32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No. 575/2013	

(1) Only the Global Systemically Important Banks must report the data associated with the requirement for own funds and eligible liabilities applicable to them (TLAC, Capacity to Offset Losses).

Annex XIII - EU TLAC3b: Order of priority of creditors - resolution entity
EU TLAC3b: Order of priority of creditors - resolution entity

Amounts in millions of euros

		Order of priority in the event of insolvency												
		1	2	3	4	5	6	7	8	9	10	11	12	
		(Lower range)											(Higher range)	Sum
1	Description of the range in the event of insolvency	CET1	AT1	T2	Specific subordinated loans	Rest of subordinated debt	Non-preferred ordinary loans	Ordinary loans	Non-guaranteed deposits with general privilege	Guaranteed deposits with general privilege	Loans with general privilege	Loans with special privilege	Credits against the total	
5	Own funds and potentially eligible liabilities to comply with the MREL	26,009	4,488	5,479	–	–	14,001	8,190	–	–	–	–	–	58,167
6	Of which: residual maturity >=1 and < 2 years	–	–	–	–	–	–	998	–	–	–	–	–	998
7	Of which: residual maturity >=2 and < 5 years	–	–	–	–	–	8,356	3,843	–	–	–	–	–	12,199
8	Of which: residual maturity >=5 and < 10 years	–	–	4,313	–	–	4,156	3,275	–	–	–	–	–	11,744
9	Of which: residual maturity > = 10 years, but excluding perpetual securities	–	–	1,147	–	–	1,489	75	–	–	–	–	–	2,711
10	Of which: perpetual securities	26.00	4,48	18	–	–	–	–	–	–	–	–	–	30,515

(*) Information with individual perimeter.

Annex XIV - Index of regulatory requirements tables

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INS1	EU INS1 - Shareholdings in insurance companies not deducted	4.3.2	4.8
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IMPLEMENTING TECHNICAL STANDARDS FOR THE REPORTING OF INTEREST RATE RISK EXPOSURES OF POSITIONS NOT RECORDED IN THE TRADING BOOK

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IRRBB1	EU IRRBB1 - Interest rate risk of non-trading book activities	10.1	10.1
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GUIDANCE ON DISCLOSURE OF ARTICLE 473A OF REGULATION (EU) 575/2013 ON THE APPLICABLE TRANSITIONAL PERIOD TO MITIGATE THE IMPACT OF IFRS 9 ON OWN FUNDS - EBA/GL/2018/01			
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IMPLEMENTING TECHNICAL STANDARDS FOR DISCLOSING INFORMATION ON ESG RISKS AS PER ARTICLE 449a OF CRRI-EBA/ITS/2022/01			
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Template 9	Mitigation actions: BTAR	Not published until June 2024	
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IMPLEMENTING REGULATION (EU) 2021/763 WITH REGARD TO THE PUBLIC DISCLOSURE OF INFORMATION ON THE MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES (MREL)			
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Annex XIII	EU TLAC3 - Order of priority of creditors - resolution entity	Annexes	XIII

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Article CRR		P3D 2023
Article 431. Scope of application of disclosure requirements		
431.1	Requirements for publishing Pillar 3 disclosures.	Pillar 3 Disclosures. Published in: https://www.caixabank.com/es/accionistas-inversores/informacion-economico-financiera/otra-informacion-financiera.html
431.2	The authorisation by competent authorities of the tools and methodologies referred to in Title III shall be subject to disclosure by the institutions in the manner set out therein.	Section 8.1.3
431.3	Institutions will adopt a formal policy regarding the frequency of disclosure, its verification, scope and appropriateness.	Concise Declaration, Section 1
431.4	Institutions will also have a policy to assess whether the data disclosed by them convey to market participants a complete picture of their risk profile.	
431.5	Institutions must explain their rating decisions to SMEs and other loan applicants, if requested, by providing a written explanation when requested. The administrative costs of the explanation must be provided to the loan amount.	Section 8.1.3
Article 432. Non-significant, reserved or confidential information		
432.1	Institutions may omit information considered not material under certain conditions.	Section 1
432.2	Institutions may omit information considered sensitive or confidential under certain conditions.	Section 1
432.3	When section 2 of article 432 applies, the institution shall record it in its information breakdowns and must publish general information on the aspect to which the disclosure requirement relates.	Section 1
Article 433. Frequency and scope of disclosure of information		
433	Institutions will publish the information required under Titles II and III, as set out in Articles 433a, 433b and 433c.	Section 1
Article 433a Disclosure of information by large institutions		
433a	Large institutions will disclose the information presented below with the frequency indicated.	Section 1
Article 433 (3). Disclosure of information by small and non-complex institutions		
433(3)	Small and non-complex institutions shall disclose the following information at the frequency indicated below	N/A
Article 433c. Disclosure of information by other institutions		
433c	Institutions that are not subject to Articles 433a or 433b shall disclose the information set out below as frequently as indicated below.	N/A
Article 434. Means of communication		
434.1	**Institutions will disclose all the information required under Titles II and III in an electronic format and in a single medium or place.**	**Section 1**
434.2	Disclosure of equivalent data by institutions under other requirements (e.g. accounting or public listing) may be considered as being made in compliance with this part.	Section 1

Article 434a Uniform Disclosure Formats		
434a	The EBA shall develop draft implementing technical standards to specify the uniform formats for the disclosure of information and the corresponding instructions according to which the information required under Titles II and III shall be made public.	N/A
Article 435. Risk policies and objectives		
435.1	Institutions will disclose information on each risk category:	
435.1.a	Strategies and processes for managing these risks.	Sections 8.1.1, 8.2.1, 8.3.1, 8.4.1, 6, 8.1, 9.1, 9.4, 11.1, 12.1, 12
435.1.b	Structure and organisation of the relevant risk management function.	Sections 3, 8.1.1, 8.2.1, 8.3.1, 8.4.1, 6, 8.1, 9.1, 9.4, 11.1, 12.1, 12
435.1.c	Information transmission and risk measurement systems.	Sections 3, 8.1.1, 8.2.1, 8.3.1, 8.4.1, 6, 8.1, 9.1, 9.4, 11.1, 12.1, 12
435.1.d	Risk coverage and reduction - policies, strategies and processes.	Sections 8.1.1, 8.2.1, 8.3.1, 8.4.1, 6, 8.1, 9.1, 9.4, 11.1, 12.1, 12
435.1.e	Statement approved by the management body on the adequacy of the institution's risk management mechanisms.	Section 3
435.1.f	Brief risk statement approved by the management body.	Concise Statement
435.2	Information on the system of corporate governance, including information about the composition of the board and its recruitment, and risk committees.	
435.2.a	Members of the board who also hold a senior management position in the entity.	Section 3.1.1
435.2.b	The selection policy of the members of the management body and their knowledge, skills and experience.	Section 3.1.1
435.2.c	Diversity policy, its objectives and degree of implementation.	Section 3.1.1
435.2.d	If a risk committee has been set up specifically to deal with this issue and the number of times it has met.	Section 3.1.1
435.2.e	The description of the flow of risk information to the management body.	Sections 3.1.1, 3.1.2, 3.1.3, 3.4.2
Article 436. Scope of requirements		
436	Institutions shall publish the following information regarding the scope of application of the requirements of this Regulation in accordance with Directive 36/2013/EU:	
436.a	The name of the institution to which the requirements of this Regulation apply.	Section 2.2
436.b	A summary of the differences in the consolidation base for accounting and prudential purposes, with a brief description of the institutions included, explaining whether they are: i) fully consolidated, ii) proportionally consolidated, iii) deducted from equity, iv) neither consolidated nor deducted.	Annex V, VI
436.c	A breakdown of the assets and liabilities of the consolidated financial statements prepared in accordance with the regulatory consolidation requirements under Part One, Title II, Sections 2 and 3, by type of risk.	Section 2.3

436.d	A reconciliation in which the main sources of differences between the book value amounts of the financial statements are presented in accordance with the scope of regulatory consolidation defined in Part One, Title II, Title II, Sections 2 and 3, and the amount of exposure used for regulatory purposes; this reconciliation may be complemented by qualitative information on these sources of differences.	N/A; Section 2.3
436.e	Breakdown of the amounts of the components of the prudent valuation adjustment of an entity, by type of risk, and the total of the components corresponding to the positions of the trading and investment portfolios presented separately.	N/A; Section 2.3
436.f	Impediments to the rapid transfer of equity between the parent company and its subsidiaries.	
436.g	The total amount for which real equity is lower than the amount required for all subsidiaries not included in the consolidation.	
436.h	If applicable, the circumstances justifying the use of the provisions in: a) Prudential requirements; or b) Individual liquidity requirements.	
Article 437. Shareholders' equity		
437.1	Institutions will publish the following information regarding their own funds:	
437.1.a	A complete reconciliation of the elements of the Common Equity Tier 1 capital, Additional Tier 1 capital elements, Tier 2 capital elements and the filters and deductions applied in accordance with Articles 32 to 35. 36. 56. 66 and 79 with the institution's own funds and balance sheet in the entity's audited financial statements.	Section 4.3.1, Annex I
437.1.b	A description of the main features of Common Equity Tier 1 and Additional Tier 1 capital instruments and Tier 2 capital instruments issued by the institution.	Section, Annex IV
437.1.c	All terms and conditions of all instruments of Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital.	Section 4.3.1, Annex IV
437.1.d	Indication, separately, of the nature and amount of:	
437.1.d.i	Each prudential filter applied in accordance with articles 32 to 35.	Annex I
437.1.d.ii	Each deduction made in accordance with articles 36, 56 and 66.	Annex I
437.1.d.iii	Items not deducted in accordance with articles 47, 51, 56, 66 and 79.	Annex I
437.1.e	A description of all the restrictions applied to the calculation of own funds, in accordance with this Regulation, and the prudential instruments, filters and deductions to which these restrictions apply.	Section 4.3.1, Annex I
437.1.f	A full explanation of the basis of calculation of those capital ratios calculated on the basis of own funds items determined on a basis other than that laid down in this Regulation.	Annex I
Article 437a Disclosure of information on own funds and eligible liabilities		
437a	Institutions subject to Article 92a or 92b shall disclose the following information on their own funds and eligible liabilities: a) the composition of both, their maturities and their main characteristics; b) the classification of the eligible liabilities in the creditor hierarchy; c) the total amount of each issue of eligible liability instruments referred to in Article 72(3) and the amount of such issues included in the eligible liability items within the limits specified in Article 72(3), sections 3 and 4; d) the total amount of excluded liabilities referred to in Article 72(2) section 2.	

Article 438. Capital requirements		
438	Institutions shall disclose the following information on their compliance with Article 92 of this Regulation and the requirements established in Article 73 and Article 104. section 1 a) of Directive 2013/36/EU:	
438.a	A summary of the method used to assess the adequacy of internal capital, to cover current and future activities.	Sections 4.1, 4.2.1, 4.5
438.b	At the request of the relevant competent authority, the outcome of the Internal Capital Adequacy Assessment Process (ICAAP).	Sections 4.2.1, 4.2.2
438.c	At the request of the relevant competent authority, the result of the internal process of assessing the adequacy of the institution's capital;	Section 8.1.2
438.d	The total risk-weighted exposure amount and the corresponding total own funds requirement, determined in accordance with Article 92, broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts resulting from applying minimum capital levels and not deducting own funds items;	Sections 8.1.2, 8.2.2, 4.2.3
438.e	On- and off-balance sheet exposures, risk-weighted exposure amounts and the associated expected loss amounts for each of the specialised lending categories referred to in Table 1 of Article 153, section 5, and the on- and off-balance sheet exposures and the risk-weighted exposure amounts for the equity exposure categories set out in Article 155, section 2;	Section 8.4
438.f	The exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance portfolio holding company which institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	Section 13.2
438.g	The additional own funds requirements and the capital adequacy ratio of the financial conglomerate, calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive when methods 1 or 2 established in that Annex are applied;	
438.h	The changes in risk-weighted exposure amounts in the current disclosure period compared to the immediately preceding disclosure period, resulting from the use of internal models, and a summary of the main factors that explain those changes.	Sections 8.1.2, 12.3
Article 439. Counterparty credit risk exposure		
439	Institutions shall publicly disclose the following information on the counterparty credit risk of the institution referred to in Part Three, Title II, Chapter 6.	
439.a	Analysis of the methodology used to assign internal credit and capital limits to counterparty risk exposures.	Section 8.2.1
439.b	Analysis of policies for securing collateral and establishing credit reserves.	Section 8.2.1
439.c	Analysis of policies regarding exposure to wrong way risk.	Section 8.2.1
439.d	Analysis of the effects of the amount of collateral the institution would have to provide in the event of a deterioration in its credit rating.	Section 8.2.1
439.e	The amount of segregated and non-segregated collateral received and provided, by type of collateral, distinguishing also between collateral used for securities financing transactions and derivative transactions.	Section 8.2.3

439.f	For securities financing transactions, the exposure values before and after the effect of credit risk mitigation, determined in accordance with the methods set out in Part Three, Title II, Chapter 6, sections 3 to 6, irrespective of the method used, and the associated exposure risk amounts, broken down by applicable method	Section 8.2.2
439.g	For securities financing transactions, the exposure values before and after the effect of credit risk mitigation, determined in accordance with the methods set out in Part Three, Title II, Chapters 4 and 6, irrespective of the method used, and the associated exposure risk amounts, broken down by applicable method.	Section 8.2.3
439.h	The exposure values after the effects of credit risk mitigation and the associated risk exposures corresponding to the credit valuation adjustment risk capital charge, separately for each method, as set out in Part Three, Title VI;	Section 8.2.3
439.i	The value of the exposure to a central counterparty and the associated exposures that fall within the scope of Part Three, Title II, Chapter 6, Section 9, separately for eligible and non-eligible central counterparties and broken down by type of exposure.	N/A
439.j	The notional amounts and fair value of credit derivative transactions; transactions in credit derivatives shall be broken down by type of product; within each product type, transactions in credit derivatives shall also be broken down by credit protection bought and sold.	
439. K	The estimate of alpha where the institution has received permission from the competent authorities to use its own estimate of alpha, in accordance with Article 284, section 9	
439.l	Separately, the information to be disclosed as referred to in Article 444 (e) and article 452 (g)	
439.m	For institutions using the methods set out in Sections 4 and 5 of Chapter 6 of Title II of Part Three, Title II, the volume of their on- and off-balance- sheet derivative transactions, calculated in accordance with Article 273a(1) or (2), as appropriate	
Article 440. Capital buffers		
440	Institutions shall make public the following information in relation to their compliance with the requirement to hold a countercyclical capital buffer, in accordance with Title VII, Chapter 4, of Directive 36/2013/EU.	
440.a	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer.	Section 4.3.2
440.b	The size of their specific countercyclical capital buffer.	Section 4.3.2
Article 441. Indicators of Global Systemic Importance		
441	Disclosure of indicators of systemic importance	Section 4.2.2
Article 442. Credit risk adjustments		
442	Institutions shall disclose the following information on the institution's exposure to credit risk and dilution risk:	
442.a	The scope of application and definitions of impaired exposures "in arrears" and "impaired" that use for accounting purposes, as well as differences, if any, between the definitions of "in arrears" and "non-payment" for accounting and regulatory purposes.	Section 8.1.3
442.b	A description of the approaches and methods adopted for determining general and specific credit risk adjustments.	Section 8.1.3
442.c	Information on the amount and quality of non-defaulted, defaulted and restructured or refinanced exposures for loans, debt and off-balance sheet exposures. including related accumulated impairment, provisions and negative fair value changes due to credit risk, and amounts of collateral and financial guarantees received.	Section 8.1.3
442.d	An analysis by age of the exposures in arrears in accounting.	Section 8.1.3

442.e	Gross carrying amounts of defaulted and non-defaulted exposures, the cumulative amount of adjustments for general and specific credit risk, the cumulative amount of write-offs made in relation to those exposures and the net carrying amounts and their distribution by geographical area and by type of sector and by credit, debt and off-balance sheet exposures.	Section 8.1.3
442.f	Any change in the gross amount of defaulted on- and off-balance sheet exposures, including, as a minimum, information on the opening and closing balances of such exposures, the gross amount of any such exposures that have been reversed or written off.	Section 8.1.3
442.g	Breakdown of loans and debt securities by residual maturity.	Section 8.1.3
Article 443. Disclosure of information on encumbered and unencumbered assets		
443	Institutions shall disclose information in relation to their encumbered and unencumbered assets. For these purposes they shall use the carrying amount for each exposure category, broken down by asset quality and total carrying value with and without charges. Disclosures on encumbered and unencumbered assets shall not disclose central banks' emergency liquidity provision.	Section 11.2
Article 444. Disclosure of information on the use of the standard method		
444	For institutions calculating risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2, the following information shall be disclosed for each of the exposure categories set out in Article 112.	
444.a	Names of designated ECAIs and export credit agencies and the reasons for any changes.	Section 8.1.2
444.b	The categories of exposure for which each ECAI or export credit agency is used.	Section 8.1.2
444.c	Description of the process used to transfer the credit assessments of issues and issuers to items outside the trading book.	N/A
444.d	Association of the external credit rating of each ECAI or designated export credit agency with the credit quality steps prescribed in the Regulation.	Section 8.1.2
444.e	Pre- and post-credit risk mitigation exposure values associated with each credit quality step prescribed in the Regulation.	Section 8.1.3
Article 445. Disclosure of information on market risk exposures		
445	Disclosure of position risk, large exposures in excess of specified limits, foreign exchange risk, settlement risk and commodity risk.	Section 12.2
Article 446. Disclosure of information on operational risk management		
446	Institutions shall disclose the following information regarding their operational risk management.	Section 13.3
446.a	The methods for assessing own funds requirements for operational risk used by the credit institution	
446.b	Description of the method referred to in Article 312, section 2, including a description of the relevant external and internal factors considered in the entity's advanced measurement approach	
446.c	In the case of partial use, the scope and coverage of the different methods used	
Article 447. Equity exposures not in the trading book		
447	Institutions shall disclose, in tabular form, the following key indicators:	

447.a	The composition of its own funds and its own funds requirements calculated in accordance with Article 92	Section 8.2.3
447.b	The total amount of the risk exposure calculated in accordance with Article 92, section 3	Section 8.2.3
447.c	Where applicable, the amount and composition of the additional own funds that institutions are required to hold in accordance with Article 104, section 1 a) of Directive 2013/36/EU	Section 8.2.3
447.d	The combined buffer requirements that institutions are required to maintain in accordance with Chapter 4 of Title VII of Directive 2013/36/EU	Section 8.2.3
447.e	Its leverage ratio and the total leverage ratio exposure measure calculated in accordance with Article 429	Section 8.2.3
447.f	Information regarding its liquidity coverage ratio	
447.g	Information regarding its net stable funding requirement	
447.h	Its ratios of own funds and eligible liabilities and their components, numerator and denominator, calculated in accordance with Articles 92a and 92b, broken down for each resolution group where appropriate.	
Article 448. Disclosure of information on interest rate risk exposures in relation to positions not held in the trading book		
448.1	From 28 June 2021, institutions shall disclose the following quantitative and qualitative information about the risks arising from potential changes in interest rates that have an impact on both the economic value of equity and the net interest income from their non-trading book activities as referred to in Articles 84 and 98, section 5 of Directive 2013/36/EU	
448.1.a	Changes in the economic value of equity calculated in accordance with the six supervisory disturbance scenarios referred to in Article 98, section 5 of Directive 2013/36/EU during the previous and current disclosure periods	Section 10.1
448.1.b	Changes in net interest income calculated in accordance with the two supervisory disturbance scenarios referred to in Article 98, section 5 of Directive 2013/36/EU during the previous and current disclosure periods	Section 10.1
448.1.c	A description of the key modelling and parametric assumptions, other than those referred to in Article 98a(5)(b) and (c) of Directive 2013/36/EU, used to calculate the changes in the economic value of equity and net interest income as required in points (a) and (b) of this section	
448.1.d	An explanation of the materiality of the risk measures disclosed under points (a) and (b) of this section, and of any significant changes in those measures since the previous disclosure reference date	
448.1.e	A description of how institutions define, measure, mitigate and monitor the interest rate risks of their non-trading book activities for the purposes of the review mandated by the competent authorities in accordance with Article 84 of Directive 2013/36/EU, in particular	
448.1.e.i	A description of the specific risk measures used by institutions to assess changes in the economic value of their equity and net interest income	
448.1.e.ii	A description of the key modelling and parametric assumptions used in the entities' internal measurement systems that may differ from the common modelling and parametric assumptions	
448,1. e.iii	A description of the interest rate shock assumptions that institutions use to estimate interest rate risk	

448.1.e.iv	The recognition of the effect of hedges against these interest rate risks, including internal hedges that meet the requirements of Article 106, section 3	
448.1.e.v	A summary of the frequency of the interest rate risk assessment	
448.1.f	A description of the global management strategies and reduction of these risks	
448.1.g	The average and longest period of maturity for the review of interest assigned to deposits without maturity.	
448.2	Notwithstanding section 1 of this Article, the requirements set out in points (c) and (e)(i) to (iv) of this Article shall not apply to institutions applying the standardised or simplified standardised approach referred to in Article 84, section 1 of Directive 2013/36/EU.	
Article 449. Disclosure of information on exposures to securitisation positions		
449	Institutions calculating risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 5, or own funds requirements in accordance with Articles 337 or 338 shall disclose the following information, separately, if applicable, for the trading book and the non-trading book	
449.a	A description of securitisation and re-securitisation activities, including investment and risk management objectives within those activities, their role in securitisation and re-securitisation transactions, whether they use simple, transparent and standardised (STS) securitisation as defined in Article 242(10), and the extent to which they use securitisation transactions to transfer credit risk of the securitised exposures to third parties, together with, if applicable, a separate description of their risk transfer policy for synthetic securitisation	Section 8.1.3.1
449.b	The type of risks to which they are exposed in their securitisation and re-securitisation activities by seniority level of the relevant securitisation positions, distinguishing between STS and non-STS positions, and: i) risk retained on transactions originated by the institution itself, ii) risk assumed in relation to transactions originated by third parties	Section 8.1.3.1
449.c	The methods for the calculation of risk-weighted exposure amounts that institutions apply to their securitisation activities, specifying the types of securitisation positions to which each method is applied and distinguishing between STS and non-STS positions	Sections 8.1.3.1. 8.1.3.3
449.d	A list of specialised securitisation vehicles belonging to any of the following categories, with a description of their types of exposures to such vehicles, including derivative contracts: i) specialised securitisation vehicles that acquire exposures originated by institutions, (ii) specialised securitization vehicles sponsored by institutions, (iii) specialised securitisation vehicles and other legal entities to which the entities provide securitisation-related services, such as advisory, asset servicing or management services, (iv) specialised securitisation vehicles included in the scope of regulatory consolidation of the institutions	Section 8.1.3.1
449.e	A list of all legal entities in relation to which the institutions have disclosed the provision of support in accordance with Part Three, Title II, Chapter 5	Section 8.1.3.1
449.f	A list of the legal entities associated with the institutions and investing in securitisations originated by them or in securitisation positions issued by specialised securitisation vehicles sponsored by them	Section 8.1.3.1

449.g	A summary of its accounting policies with respect to securitisation activity, distinguishing, where applicable, between securitisation and re-securitisation positions	Section 8.1.3.1
449.h	The names of external credit rating agencies used for the securitisations and the types of exposures for which each agency is used	Section 8.1.3.1
449.i	Where applicable, a description of the internal assessment approach, specifying the structure of the internal assessment process and the relationship between the internal assessment and the external ratings of the relevant agency identified in accordance with point (h), the oversight mechanisms of the internal assessment process, with reference to the independence, accountability and review of the internal assessment process, the types of exposures to which the internal assessment process applies and the stress factors used to determine credit enhancement levels	Section 8.1.3.1
449.j	Separately for the trading book and the non-trading book, the carrying value of securitisation exposures, with information on whether institutions have transferred a significant portion of the credit risk	Section 8.1.3.1
449.k	For non-trading book activities, the following information: i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the corresponding risk-weighted assets and capital requirements by regulatory approach, ii) the aggregate amount of securitisation positions where institutions act as investor and the corresponding risk-weighted assets and capital requirements by regulatory approach	Sections 8.1.3.1, 8.1.3.2
449.l	For exposures that the institution has securitised, the number of defaulted exposures and the number of specific credit risk adjustments made by the institution during the current period, in both cases broken down by exposure type.	Section 8.1.3.2
Article 449 a. Disclosure of information on environmental, social and governance risks (ESG risks)		
449 a	From 28 June 2022, large institutions that have issued securities admitted to trading on a regulated market in a Member State shall disclose information on ESG risks, including physical and transitional risks.	Sections 3.4, 8.1.4
Article 450. Disclosure of information on remuneration policy		
450	Disclosure of identified staff remuneration	
450.1.a	a) Information on the decision-making process followed to establish the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where appropriate, information on the composition and mandate of a remuneration committee, the external consultant whose services were used to establish the remuneration policy, and the role played by the relevant stakeholders.	Section 14.1
450.1.b	Information on the connection between remuneration and results.	Sections 14,3, 14.4
450.1.c	The main features of the design of the remuneration scheme, specifying information on the criteria applied in the assessment of performance and their adjustment for risk, the deferral policy and the vesting criteria.	Section 14.3

450.1.d	Ratios between fixed and variable remuneration established in accordance with Article 94, section 1(g) of Directive 36/2013/EU.	Section 14.3
450.1.e	Information on the performance criteria on the basis of which entitlement to shares, options or variable components of remuneration is based.	Section 14.3
450.1.f	The main parameters and rationale for possible variable remuneration schemes and other non-monetary benefits.	Section 14.3
450.1.g	Aggregated quantitative information on remuneration, broken down by area of activity.	Section 14.4
450.1.h	Aggregated quantitative information on remuneration, broken down by senior management and employees whose activities have a material impact on the institution's risk profile, with an indication of:	Section 14.4
450.1.h.i	The amounts of remuneration for the financial year, divided into fixed and variable remuneration, and the number of beneficiaries.	Section 14.4
450.1.h.ii	Amounts and form of variable remuneration, divided into cash benefits, shares, share-linked and other instruments.	Section 14.4
450.1.h.iii	The amounts of deferred remuneration outstanding, broken down by attributed and non-attributed shares.	Section 14.4
450.1.h.iv	Amounts of deferred remuneration granted during the financial year, paid out and reduced by profit and loss adjustments.	Section 14.4
450.1.h.v	New hire and severance payments made during the financial year, and the number of recipients of such payments.	Section 14.4
450.1.h.vi	The amounts of severance payments granted during the financial year, the number of beneficiaries and the maximum amount of such payments paid to any one person.	Section 14.4
450,1. h.vii	The amounts of severance payments granted during the period, broken down into prepaid and deferred, the number of recipients of such payments and the highest payment granted to an individual	
450.1.i	The number of persons receiving remuneration of EUR 1 million or more per financial year, broken down by steps of EUR 500 000 for remuneration between EUR 1 million and EUR 5 million, and broken down by steps of EUR 1 million for remuneration of EUR 5 million or more.	Section 14.4
450.1.j	At the request of the Member State or the competent authority, the total remuneration of each member of the management body or of senior management.	N/A
450.2	For institutions which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities, the quantitative information referred to in this Article shall also be made publicly available in respect of the members of the institution's management body. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size and internal organisation and to the nature, scope and complexity of their activities and without prejudice to Directive 95/46/EC.	Section 13
Article 451. Disclosure of information on leverage ratio		
451.1	Information on its leverage ratio, calculated in accordance with Article 429, and its management of the risk of excessive leverage	Section 4.3.4, Annex IV
451.1.a	the leverage ratio and the way in which the institution applies	Section 4.3.4, Annex IV
451.1.b	a breakdown of the measurement of total exposure, as well as a reconciliation between that measure and the relevant information disclosed in the published financial statements	Section 4.2.4, Annex IV
451.1.c	Where applicable, the amount of exposures and the adjusted leverage ratio	N/A

451.1.d	A description of the procedures applied to manage excessive leverage risk	Section 4.3.4, Annex IV
451.1.e	A description of the factors that have impacted the leverage ratio during the period covered by the reported leverage ratio.	Section 4.3.4, Annex IV
451.2	Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without adjustment for the total exposure measure determined in accordance with Article 429a(1)(d).	
451.3	Large institutions shall disclose information on the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) on the basis of averages to be calculated in accordance with the implementing act referred to in Article 430(7).	
Article 451a Scope of application of disclosure requirements		
451a(1)	Institutions subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	
451a 2	Institutions shall disclose the following information in relation to their liquidity coverage ratio calculated in accordance with the delegated act referred to in Article 460(1)	
451a 2.a	The average or averages, as applicable, of its liquidity coverage ratio	
451a 2.b	The average or averages, as applicable, of total liquid assets, once the cuts have been applied	
451a(2) c	the averages of its liquidity outflows, liquidity inflows and net liquidity outflows	
451a 3	Institutions shall disclose information in relation to their net stable funding ratio.	
451a 4	Institutions shall disclose information on the arrangements, systems, procedures and strategies in place for the identification, measurement, management and monitoring of their liquidity risk in accordance with Article 86 of Directive 2013/36/ EU.	
Article 452. Disclosure of information on the application of the IRB approach to credit risk		
452	Institutions calculating risk-weighted exposure amounts under the IRB Approach shall disclose the following information:	
452.a	Authorisation of the competent authority of the approved method or transition.	Section 8.1.3
452.b	for each exposure category referred to in Article 147, the percentage of the total exposure value of each exposure category subject to the Standardised Approach set out in Chapter 2 of Title II of Part Three or the IRB Approach set out in Chapter 3 of Title II of Part Three and the part of each exposure category subject to an implementation plan; where they have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, institutions shall disclose the information set out in this point separately for the exposure categories subject to that permission	
452.c	The control mechanisms applicable to the rating systems at the different stages of development, checks and modifications of the models, including information on	Section 8.1.3
452.c.i	the relationship between the risk management function and the internal audit function	Section 8.1.3
452.c.ii	the review of the rating system	Section 8.1.3

452. c.iii	the procedure for ensuring the independence of staff responsible for the review of the templates from staff responsible for their development	Section 8.1.3
452.c.iv	the procedure to guarantee the accountability of staff responsible for drawing up and reviewing the models	Section 8.1.3
452.d	the role of staff involved in the development, approval and subsequent changes of credit risk models	Section 8.1.3
452.e	the scope and main content of the reports related to credit risk models	Section 8.1.3
542.f.	a description of the internal rating process by exposure category, including the number of key models used for each portfolio and a brief explanation of the main differences between models within the same portfolio, covering:	Section 8.1.3
542.f.i	the definitions, methods and data used for the estimation and validation of the probability of default, including information on how the probability of default is estimated for low default portfolios, if there are regulatory thresholds, and the factors causing observed differences between the probability of default and the actual default rates for at least the last three periods	
542.f.ii	where relevant, the definitions, methods and data used for the estimation and validation of LGD, such as the methods for the calculation of the expected LGD decline, how the estimate is made for low default portfolios, and the time elapsed between a default and the closure of the exposure	
542.f.iii	where appropriate, the definitions, methods and data used for the estimation and validation of the conversion factors, including the assumptions used in deriving these variables	
452.g	as appropriate, the following information in relation to each exposure category referred to in Article 147	Section 8.1.3
542.g.i	gross exposure within the balance sheet	
542.g.ii	the off-balance sheet exposure values before application of the relevant conversion factor	
542.g.iii	exposure after application of the relevant conversion factor and credit risk mitigation	
542.g.iv	any model, parameter or data relevant to the understanding of risk weights and amounts of risk exposures disclosed for a sufficient number of obligor grades (including default) to allow meaningful differentiation of credit risk	
542.g.v	separately for those exposure categories for which institutions have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which institutions do not use such estimates, the values referred to in points (i) to (iv) subject to such permission	
452.h	the estimates of the institutions of the probability of non-payment compared to the actual default rate for each exposure category for a longer period, indicating separately the probability of default, the external rating equivalent, the weighted average and the arithmetic mean of the probability of non-payment, the number of debtors at the end of the previous year and the year in question, the number of debtors in default, including those of the new period, and the annual average historical annual average historical rate	Section 8.1.3

Article 453. Disclosure of information on the use of credit risk mitigation techniques		
453	Institutions applying credit risk mitigation techniques shall disclose the following information:	
453.a	Clearing of on-balance sheet and off-balance sheet items.	Section 8.1.1
453.b	The policies and processes used in the valuation and management of collateral.	Section 8.1.1 8.1.1.3
453.c	A description of the main types of collateral accepted by the institution.	Section 8.1.1
453.d	The main types of credit derivative guarantors and counterparties and their creditworthiness.	Section 8.2.1 8.2.3
453.e	Information on concentrations of market or credit risk within the applied credit reduction.	Section 8.1.3
453.f	For institutions calculating risk-weighted exposure amounts under the Standardised Approach or the Internal Ratings Based (IRB) Approach, the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; The information referred to in this point shall be disclosed separately for loans and debt securities and shall include a breakdown of defaulted exposures	Section 8.1.2
453.g	The relevant conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	Section 8.1.2, 8.1.3
453.h	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the on- and off-balance sheet exposure values by exposure category before and after the application of the conversion factors and any associated credit risk mitigation measures	
453.i	For institutions calculating risk-weighted exposure amounts under the Standardised Approach, the risk-weighted exposure amount and the ratio of that amount to the exposure value after applying the relevant conversion factor and the credit risk mitigation associated with the exposure; The information referred to in this point shall be disclosed separately for each exposure category	
453.j	For institutions calculating risk-weighted exposure amounts under the Internal Ratings Based Approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where they have received permission to use their own LGD estimates and conversion factors for the calculation of risk-weighted exposure amounts, institutions shall disclose the information set out in this point separately for the exposure categories subject to that permission	
Article 454. Disclosure of information on the application of advanced calculation methods to operational risk		
454	Description of the use of insurance and other risk transfer mechanisms to mitigate operational risk.	N/A
Article 455. Application of internal models to market risk		
455	Institutions calculating their own funds requirements in accordance with Article 363 shall make public the following information:	
455.a	For each of the sub-portfolios covered:	Section 12.1
455.a.i	Characteristics of the models used.	Section 12.1
455.a.ii	Description of the processes followed to measure the increase in default and migration risk	Section 12.1 12.3
455.a.iii	A description of the stress tests applied to the sub-portfolio.	Section 12.1
455.a.iv	Methods used to back-test and validate internal models	Section 12.3

455.b	The scope of the competent authority's authorisation.	Section 12.3
455.c	Description of the policies and processes for determining the classification of the trading book, and compliance with prudential criteria.	Section 12.3
455.d	Maximum, minimum and average Value at Risk (VaR), Stressed Value at Risk (SVaR), and risk figures applicable to incremental default risks	Section 12.3
455.d.i	At the daily value at risk during the reporting period and at the end of this period.	Section 12.3
455.d.ii	At the stressed value at risk during the reporting period and at the end of this period.	Section 12.3
455.d.iii	At the risk figures applicable to the incremental default and migration risks and at the specific risk of the correlation trading portfolio during the reporting period and at the end of this period.	Section 12.3
455.e	Elements for calculating own funds requirements.	Section 12.3
455.f	The weighted average liquidity horizon for each sub-portfolio covered by internal models.	Section 12.3
455.g	Comparison of the daily risk value at the close of the day with the variations of one day of the portfolio value at the end of the next business day.	Section 12.3

Annex XVI. Acronyms

Acronym	Description
ALCO	Asset and Liability Committee. (Asset and Liability Committee)
AMA	Advanced Measurement Approach for calculating operational risk capital. (Advanced Measurement Approach)
RWA	Risk-Weighted Assets. (Risk-Weighted Assets, RWA)
GRNTR	Additional Valuation Adjustments. (Additional Valuation Adjustments)
AT1	Additional Tier 1 capital.
BCBS	Basel Committee on Banking Supervision. (Basel Committee on Banking Supervision)
ECB	European Central Bank. (European Central Bank, ECB)
BoS	Bank of Spain.
BEICF	Business Environment and Internal Control Factors. (Business Environment and Internal Control Factors)
BIS	Bank for International Settlements. (Bank of International Settlements)
BRRD	The Bank Recovery and Resolution Directive, EU Directive 2014/59, establishing the framework for the restructuring and resolution of credit institutions. (Bank Recovery and Resolution Directive)
CBR	Combined Buffer Requirement. (Combined Buffer Requirement)
CCF	Credit Conversion Factor. (Credit Conversion Factor)
CDS	Credit Default Swap. (Credit Default Swap)
CEBS	Committee of European Banking Supervisors. (Committee of European Banking Supervisors)

Acronym	Description
CET1	Common Equity Tier 1.
	(Common Equity Tier 1)
GRC	Global Risk Committee
CIRBE	The Bank of Spain Risk Information Centre.
CNMV	Comisión Nacional del Mercado de Valores (Spanish securities market regulator).
COREP	The Common Reporting framework for prudential reporting by financial institutions in the European Economic Area.
	(Common Reporting)
CPC	Permanent Lending Committee.
CPRR	Recovery and Resolution Plan Committee
CRCR	Corporate Responsibility and Reputation Committee
CRM	Credit Risk Mitigators.
	(Credit Risk Mitigators)
CRR	The Capital Requirements Regulation, Regulation 575/2013, of the Parliament and the Council, on prudential requirements for credit institutions and investment firms.
	(Capital Requirements Regulation)
CVA	Credit Valuation Adjustment.
	(Credit Valuation Adjustment)
DG	General Management.
CRD IV	The Capital Requirements Directive, EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
	(Capital Requirements Directive)
EAD	Exposure At Default, following deduction of CCFs and CRMs.
	(Exposure At Default)
EBA	European Banking Authority.
	(European Banking Authority)
CCP	Central Counterparty.
EMIR	European Market Infrastructure Regulation, EU Regulation No. 648/2012, on OTC derivatives, central counterparties and trade repositories.
	(European Market Infrastructure Regulation)
G-SIBs	Globally Systematically Important Banks.
FVA	Funding Value Adjustment.
DGF	Deposit Guarantee Fund.

Acronym	Description
FINREP	Financial reporting framework for financial institutions in the European Economic Area.
	(Financial Reporting)
FSB	Financial Stability Board.
	(Financial Stability Board)
FROB	Fund for Orderly Bank Restructuring.
SRF	Single Resolution Fund.
HQLA	High-Quality Liquid Assets: as established in the European Commission Delegated Regulation of 10 October 2014.
	(High Quality Liquid Assets)
ICAAP	Internal Capital Adequacy Assessment Process.
	(Internal Capital Adequacy Assessment Process)
CMR	Corporate Management Information.
	(Corporate Management Information)
ILAAP	Internal Liquidity Adequacy Assessment Process.
	(Internal Liquidity Adequacy Assessment Process)
IRB	Internal Ratings-Based approach.
	(Internal Rating Based)
IBA	Models based on internal rating.
	(Internal Rating Based Approach)
IRC	Incremental Default and Migration Risk.
	(Incremental Risk Charge)
P3D	Pillar 3 Disclosures.
IRRBB	Interest Rate Risk in the Banking Book.
	(Interest Rate Risk in the Banking Book)
ISDA	International Swaps and Derivatives Association.
	(International Swaps and Derivatives Association)
KPI	Key Performance Indicator.
	(Key Performing Indicators)
KRI	Key Risk Indicator.
	(Key Risk Indicators)

Acronym	Description
LCR	Liquidity Coverage Ratio. (Liquidity Coverage Ratio)
LGD DT	Loss Given Default Downturn. (Loss Given Default Downturn)
LGL	Loss Given Loss. (Loss Given Loss)
LTD	Loan-To-Deposits ratio. (Loan-to-deposits)
LT/FL	Transformation parameter model. (Life-time/Forward-looking)
LTV	Loan-To-Value ratio. (Loan-to-value)
EAM	Early Alerts Model.
MDA	Maximum distributable amount.
MREL	Minimum Requirement for own funds and Eligible Liabilities. (Minimum Requirement of Eligible Liabilities)
MIFID	Markets in Financial Instruments Directive. (Markets in Financial Instruments Directive)
SRM	Single Resolution Mechanism.
SSM	Single Supervisory Mechanism.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
NPL	Non-performing loans. (Non-Performing Loans)
NSFR	Net Stable Funding Ratio. (Net Stable Funding Ratio)
OCI	Other Comprehensive Income.
ODF	Observed Default Frequency. (Observed Default Frequency)
O-SII	Other Systemically Important Institution.

Acronym	Description
TO	Takeover Bid.
ORMF	Operational Risk Management Framework.
	(Operational Risk Management Framework)
ORMS	Operational Risk Measurement System.
	(Operational Risk Measurement System)
ORX	Operational Riskdata eXchange.
	(Operational Riskdata Exchange)
OTC	Over-The-Counter trades.
	(Over-The-Counter)
PCAF	Partnership for Carbon Accounting Financials.
	(Partnership for Carbon Accounting Financials)
(PD	Probability of Default.
	(Probability of Default)
EL	Expected loss.
	(Expected Loss)
PFE	Potential Future Exposure.
	(Potential Future Exposure)
AML/CFT	Prevention of money laundering and the financing of terrorism.
BPS	Basic Points.
PNR	Probability of No Remedy.
PSD2	Payment services regulations included in Royal Decree-Law 19/2018, of 23 November.
RAF	Risk Appetite Framework.
	(Risk Appetite Framework)
RAR	Risk-Adjusted Return.
RBA	Ratings-Based Approach.
	(Rating Based Approach)
RDA	Risk Data Aggregation
	(Risk Data Aggregation)
CIR	Cost-to-income ratio.

Acronym	Description
ROE	Return On Equity. (Return On Equity)
ROTE	Return On Tangible Equity. (Return On Tangible Equity)
OF	Own Funds.
ICFR	Internal Control over Financial Reporting.
SFT	Securities financing transactions. (Securities Financing Transactions)
SICR	Transactions with Significant Increase in Credit Risk. (Significant Increase in Credit Risk)
SN	Single Names.
SNP	Senior Non-Preferred Debt.
SREP	Supervisory Review and Evaluation Process. (Supervisory Review and Evaluation Process)
SSPE	Securitisation Special Purpose Entity. (Securitisation Special Purpose Entity)
Additional TIER 1 (AT1)	Additional Tier 1 capital. (Additional Tier 1 Capital)
TIER2 (T2)	Tier 2 capital.
TRIM	Targeted Review of Internal Models.
TLTRO	Targeted Longer-Term Refinancing Operation. (Targeted Long-Term Refinancing Operation)
TSR	Total Shareholder Return. (Total Shareholder Return)
EU	European Union.
AMLU	The Anti-Money Laundering and counter terrorist financing Unit.
VaR	Value at Risk. (Value-at-Risk)