CONSOLIDATED ANNUAL ACCOUNTS 2023
OF VIDACAIXA, S.A.U. DE SEGUROS Y REASEGUROS Y SOCIEDADES DEPENDIENTES

VidaCaixa

INDEX

INDEPENDENT AUDIT REPORT

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

Independent auditor's report on the consolidated annual accounts

To the Sole Shareholder of Vida-Caixa, S.A.U. de Seguros y Reaseguros (Sole Shareholder Company):

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Vida-Caixa, S.A.U. de Seguros y Reaseguros (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2023, and the income statement, statement of other comprehensive income, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
First application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" on January 1, 2023 On January 1 2023, IFRS 17 came into force which replaces IFRS 4 "Insurance Contracts", with the effective transition date being 1 January 2022. Likewise, on January 1 2023, the Group has ceased to apply the temporary exemption from the application of IFRS 9, which replaces IAS 39 "Financial Instruments", modifying the classification and breakdown of financial assets and liabilities in the Group's consolidated annual accounts. Considering that the Group carries out life risk insurance, life savings and unit link activities through Vida-Caixa, S.A.U. de Seguros y Reaseguros and BPI Vida e Pensões, the impact of the adoption of these standards is significant on the Group's consolidated financial statements; for this reason, the provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors" on comparative information in the initial application of IFRS 17 and IFRS 9 have been considered. IFRS 17 substantially modifies the valuation models for insurance and reinsurance contracts with respect to IFRS 4, so that the transition to IFRS 17 requires certain judgements and estimates by management; such as defining the transition method and the valuation of insurance contracts based on their characteristics and the information available, defining the units of account, as well as determining the "locked-in rate" discount rates for those insurance contracts where the Group has adopted the fair value method in the transition, retrospectively determining the accumulated amount in "Accumulated other comprehensive income" (also known as the "OCI option"). The Group has applied IFRS 9 at the same time as IFRS 17 and the comparative period has been restated in accordance with the overlay classification approach.	We have obtained an understanding of the key business processes impacted by the first application of IFRS 17 and IFRS 9. Our procedures on the transition to these standards, in which actuarial, information systems and processes and financial markets specialists have participated; have focused on aspects such as: • Evaluation of the conformity of the accounting policies adopted with IFRS 17 and IFRS 9. • Analysis of the homogeneity of the units of account defined under IFRS 17 by management. • Verification of the methodology and significant assumptions used for calculations under IFRS 17 of contractual cashflows (PVFC), contract service margin (CSM), loss component and non-financial risk adjustment at the transaction date (RA). • Verification of the method of recognition and measurement of insurance contracts, particularly in the application of the premium allocation approach method (PAA) when the use of said approach does not differ significantly from that produced by applying the general method (BBA). • Analysis of the "locked-in rate" discount rates determined by the Group in the transition to IFRS 17 when applying the "OCI" transition accounting option. • Analysis of the classification and presentation of the financial instruments in accordance with the requirements of IFRS 9. • Evaluation of the integrity of the information breakdowns included in the consolidated annual accounts.

INDEPENDENT AUDIT REPORT

Key audit matter	How our audit addressed the key audit matter
The impact of the adoption of these standards is significant in the equity and in the breakdown of information, and that is why it has been a key matter in our audit. See notes 1.4 and 21 of the attached consolidated annual accounts for the year 2023.	In our previous procedures, we have obtained sufficient appropriate audit evidence to support the estimates and approaches determined by management on this matter.
Valuation of liabilities for insurance contracts	
The Group carries out its activity through four segments: the life savings insurance business, life risk insurance, unit linked insurance and other activities. In the activities of the insurance segments, an obligation is generated for liabilities under insurance contracts, which is presented in the consolidated balance sheet under the headings “Liabilities for remaining coverage” and “Liabilities for incurred claims”. In the liabilities for the remaining coverage, the Group records insurance contracts in accordance with the three measurement models established in the applicable regulations, which include: the general model (BBA), premium allocation approach (PAA) and the variable fee approach (VFA). The model applicable to each group is determined based on the characteristics of said contracts. The BBA and VFA measurement models, in particular, incorporate components of some judgment and estimation by management when determining the present value of future services (PVFC), the determination of non-financial risk adjustment (RA) and contractual service margin (CSM). On the other hand, the Group records liabilities for incurred claims under the BBA and PAA measurement models for the present value of expected future flows (PVFCF) of past services, calculated as the present value of future flows plus an adjustment for non-financial risk (RA), with current discount rates.	We have obtained an understanding of the process for estimating and recording insurance contract liabilities, which has included an evaluation of the internal control environment, including information system controls related to the valuation and recording of these liabilities. Our procedures on insurance contract liabilities for the remaining coverage, in which actuarial and information systems and processes specialists have participated, have focused on aspects such as: • Verification of the integrity, accuracy and reconciliation of the data used in the calculation engines of such liabilities at the end of the year. • Verification of the change in the present value of future cash flows (PVFC) and hypotheses applied for the selected products in various units of account and analysis of their change in the year. • Verification of the methodology and reasonableness of the risk adjustment (RA) for the selected products. • Verification of the contractual service margin (CSM) initially recorded for the selected products. • Analysis of the change and amortization of the CSM based on its coverage unit defined for the selected account units.

Vida-Caixa, S.A.U. de Seguros y Reaseguros and subsidiaries

Key audit matter	How our audit addressed the key audit matter
The determination of the value of said liabilities for insurance contracts includes a high actuarial estimation component, including complex calculation methodologies and assumptions determined by management, such as the interest rate, expense assumptions and biometric hypotheses, ratios of expected accident rates or definition of coverage units, among others. The above considerations, and their implications in the valuation of liabilities for insurance contracts, mean that these headings constitute a complex accounting estimate with a component of uncertainty for their determination. Therefore, we consider the valuation of insurance contract liabilities a key audit matter. See notes 3.4.2 and 21 of the report to the consolidated annual accounts for the year 2023.	• Verification of the discount rates used and their variation applied regarding the “locked-in-rate” in the selected unit accounts. Regarding our procedures on liabilities for incurred claims, they have focused on aspects such as: • Verification of the integrity, accuracy and reconciliation of the data used in the calculations engines of said liabilities at the end of the year. • Analysis of the adequacy of liabilities for incurred claims. Likewise, we have verified the adequacy of the information broken down in the attached annual accounts in accordance with the applicable regulations. In our prior procedures, we have obtained sufficient appropriate audit evidence to support management's estimates on this matter.
Valuation of financial investments without active market	
Although the majority of the financial assets in the investment portfolio are quoted in active markets where quoted prices are obtained from market sources, the Group's financial investment portfolio includes certain financial assets and liabilities classified as “Financial assets at fair value with changes in other comprehensive income” and “Hedging derivatives” that do not have an active market, fundamentally, to cover long-term life insurance liabilities. Likewise, the Group maintains a 49.92% stake in the share capital of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, an entity not listed on regulated markets whose activity is the commercialization of non-life insurance; where the Group annually carries out the corresponding impairment test applying market assumptions with the objective of verifying that the recoverable value of the asset is not at an amount lower than its book value.	In the case of investments valuation where prices are not available in an active market, we have gained an understanding of the valuation process for this type of asset. Additionally, the design and effectiveness of the control environment has been evaluated. The audit tests have included the performance of the following procedures carried out with the participation of valuation experts: • Reconciliation of accounting records with the underlying information of these assets. • Evaluation of the methodology and assumptions used in the valuation models, in particular, the discount rates and discount cash flows, as well as obtaining the market value calculated, if applicable, from the related counterparties.

INDEPENDENT AUDIT REPORT

Key audit matter	How our audit addressed the key audit matter
Given that these financial assets and liabilities do not have an active market, their valuation is carried out using valuation methodologies that incorporate certain management judgment and estimates, and therefore it has been considered a key audit matter. See notes 16 and 30 of the report to the consolidated annual accounts for the year 2023.	• Analysis of the market value of a sample of assets recorded at fair value. • Analysis of the information regarding the valuation of financial investments without an active market included in the annual accounts. In our prior procedures, we have obtained sufficient appropriate audit evidence to support management's estimates on this matter.

Other information: Consolidated management report

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

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

a) Verify only that the statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

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

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

Responsibility of the directors and the audit and control committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

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

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

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

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

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

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

INDEPENDENT AUDIT REPORT

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit and control committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Report to the Parent company's audit and control committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit and control committee dated March 18, 2024.

Vida-Caixa, S.A.U. de Seguros y Reaseguros and subsidiaries

Appointment period

On June 16, 2022, the Sole Shareholder appointed us as auditors of the Group for a period of one year, as from the year ended December 31, 2023.

Previously, we were appointed by the Sole Shareholder for a period of three years and we have performed the work of auditing the accounts uninterruptedly since the year ended December 31, 2018.

Additionally, on July 13, 2023, the Sole Shareholder appointed PricewaterhouseCoopers Auditors, S.L. as auditors of the Company for a period of one year, counting from the year ended December 31, 2023.

Services provided

Services provided to the Group for services other than the audit of the accounts are indicated in the Note 32 of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Enrique Anaya Rico (23060)

March 22th, 2024

CONSOLIDATED ANNUAL ACCOUNTS

- CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2023 AND 2022 BEFORE DISTRIBUTION OF EARNINGS
- CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2023 AND 2022
- CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPONDING TO THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2023 AND 2022
    - Consolidated statements of recognised income and expenses
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- CONSOLIDATED CASH FLOW STATEMENTS CORRESPONDING TO THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2023 AND 2022
- CONSOLIDATED REPORT CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2023

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS

ASSETS	Accompanying notes	31-12-2023		31-12-2022 (*)	
1. Cash and equivalent liquid assets	**10**		**1,710,112**		**961,784**
2. Financial assets held to trade			**148**		**223**
3. Financial assets not held for trading that must be measured at fair value through profit or loss	**11**		**13,260,704**		**11,180,425**
a) Equity instruments		13,260,704		11,180,425	
b) Debt securities		-		-	
c) Loans and advances		-		-	
4. Financial assets classified at fair value through profit or loss			**5,925,110**		**6,534,469**
a) Equity instruments		-		-	
b) Debt securities	**12**	5,820,494		6,322,071	
c) Loans and advances		104,616		212,398	
5. Financial assets at fair value through other comprehensive income	**13**		**59,003,972**		**53,601,409**
a) Equity instruments		2,063		10,798	
b) Debt securities		59,001,909		53,590,611	
c) Loans and advances		—		—	
6. Financial assets at amortised cost	**14**		**4,107,296**		**3,759,929**
a) Equity instruments		—		—	
b) Debt securities		3,592,209		3,202,628	
c) Receivables		515,087		557,301	
7. Hedge derivatives	**15**		**679,599**		**823,888**

CONSOLIDATED ANNUAL ACCOUNTS

cont.

ASSETS	Accompanying notes	31-12-2023		31-12-2022 (*)	
8. Changes in fair value of the hedged elements of a portfolio with interest rate risk hedging			**-**		**-**
9. Assets for reinsurance contracts	**21**		**53,505**		**63,095**
10. Tangible assets	**17**		**34,647**		**34,848**
a) Tangible fixed assets		21,556		21,102	
b) Property investments		13,091		13,746	
11. Intangible assets	**18**		**1,071,321**		**1,158,171**
a) Goodwill		626,756		695,782	
b) Other intangible fixed assets		444,565		462,389	
12. Holdings in entities accounted for using the equity method	**16**		**1,345,826**		**1,286,147**
13. Tax assets	**24**		**1,487,816**		**1,390,189**
a) Current tax assets		—		—	
b) Deferred tax assets		1,487,816		1,390,189	
14. Other assets			**101,584**		**117,097**
15. Assets held for sale	**22**		**164,469**		**-**
TOTAL ASSETS			**88,946,109**		**80,911,674**

(*) Presented solely and exclusively for comparison purposes (see note 1)

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31-12-2023		31-12-2022 (*)	
TOTAL LIABILITIES			**85,030,869**		**77,263,087**
1. Financial liabilities held to trade			**-**		**-**
2. Financial liabilities classified at fair value through profit or loss			**3,282,502**		**3,406,711**
3. Financial liabilities at amortised cost	**20**		**1,129,367**		**960,829**
a) Deposits		738,970		579,883	
b) Other financial liabilities		390,397		380,946	
4. Hedge derivatives	**15**		**6,398,511**		**6,398,019**
5. Changes in fair value of the hedged elements of a portfolio with interest rate risk hedging			**-**		**-**
6. Liabilities for insurance contracts	**21**		**72,226,409**		**64,807,095**
a) Liability for remaining coverage		70,645,743		63,199,667	
b) Liability for incurred claims	3	1,580,666		1,607,428	
7. Other provisions	**19**		**2,248**		**1,312**
8. Tax liabilities	**24**		**1,789,192**		**1,638,781**
a) Current tax liabilities		368,584		344,307	
b) Deferred tax liabilities		1,420,608		1,294,474	
9. Other liabilities			**48,841**		**50,340**
10. Liabilities associated with assets held for sale	**22**		**153,799**		**-**
TOTAL EQUITY			**3,915,240**		**3,648,587**
SHAREHOLDERS' CAPITAL			**3,711,874**		**3,548,410**
1. Capital	**23**		**1,347,462**		**1,347,462**
a) Authorised capital		1,347,462		1,347,462	
b) Less: Uncalled capital		-		-	
2. Issue premium			**-**		**-**
3. Reserves	**23**		**1,867,355**		**1,757,577**

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31-12-2023		31-12-2022 (*)	
4. Minus: Treasury stocks or shares			**-**		**-**
5. Profit or loss from previous years			**-**		**-**
6. Other shareholder contributions			**-**		**-**
7. Profit or loss for the financial year attributable to the parent company	**5**		**1,147,057**		**868,371**
a) Consolidated profit and loss		1,147,057		868,371	
b) Profit and loss attributable to external shareholders		-		-	
8. Minus: Interim dividend	**5**		**(650,000)**		**(425,000)**
9. Other equity instruments			**-**		**-**
ACCUMULATED OTHER COMPREHENSIVE INCOME			**203,366**		**100,177**
1. Elements that will not be reclassified into profit and loss			**398**		**402**
I. Actuarial gains or (-) losses on defined benefit pension plans		-		-	
II. Changes in fair value of equity instruments at fair value through other comprehensive incomel		398		402	
2 Elements that may be reclassified into profit and loss			**202,968**		**99,775**
I. Changes in fair value of debt instruments through other comprehensive income		(136,771)		(1,866,223)	
II. Hedging derivatives. Hedging derivatives. Cash flow hedge reserves [effective part]		-		-	
III. Currency conversion		(29,908)		17,492	
IV. Financial component of insurance contracts		333,153		1,904,077	
V. Financial component of reinsurance contracts		-		-	
VI. Share in other recognised income and expenses through investments in joint ventures and associates		36,494		44,429	
EQUITY ATTRIBUTED TO THE PARENT COMPANY			**3,915,240**		**3,648,587**
TOTAL EQUITY AND LIABILITIES			**88,946,109**		**80,911,674**

(*) Presented solely and exclusively for comparison purposes (see note 1)

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (Thousands of euros)

	Accompanying notes	2023	2022 (*)
I. Income from insurance contracts measured under the general (BBA) and participation (VFA) method	26	2,209,460	1,902,401
a) Claims expected and other attributable expected insurance expenses		1,600,300	1,302,553
b) Changes in risk adjustment for non-financial risk		91,880	90,444
c) Contractual service margin (CSM) recognised for services provided		517,280	509,404
II. Income from insurance contracts measured under the simplified (PAA) method	26	954,893	878,243
A) Income from the insurance service	**26**	**3,164,353**	**2,780,644**
I. Incurred claims and other directly attributable expenses		2,117,831	1,790,614
II. Changes related to past services - Adjustment to liabilities for incurred claims		(26,762)	19,247
III. Losses and reversals of losses in onerous contracts		(59,235)	53,785
IV. Amortisation of insurance acquisition expenses		—	—
B) Insurance service expenses	**26**	**2,031,834**	**1,863,646**
I. Reinsurance expenses		(181,121)	(196,799)
II. Income for reinsurance recoverables		155,424	201,705
C) Profit or loss for reinsurance contracts held		**(25,697)**	**4,906**
(A-B+C) PROFIT OR LOSS FOR THE INSURANCE SERVICE		**1,106,822**	**921,904**
I. Net income for investments: Unit Linked		1,967,507	(1,677,869)
II. Net income for investments: Other investments		1,768,734	1,415,719
D) Net income for investments	**27**	**3,736,241**	**(262,150)**
I. Credited interest		(1,534,518)	(1,338,293)
II. Effect of changes to interest rates and financial assumptions		(2,025,424)	1,673,277
Net financial profit or loss of insurance		**(3,559,942)**	**334,984**

CONSOLIDATED ANNUAL ACCOUNTS

cont.

	Accompanying notes	2023	2022 (*)
(A-B+C+D+E) NET PROFIT OR LOSS FROM INSURANCE AND INVESTMENT		1,283,121	994,738
I. Other income and other expenses	29	(10,913)	15,309
II. Share in the gains of associates (equity method)	16	249,999	154,870
F) PRE-TAX PROFIT OR LOSS		**1,522,207**	**1,164,917**
G) CORPORATION TAX		**(375,150)**	**(296,546)**
H) PROFIT OR LOSS FOR THE FINANCIAL YEAR		**1,147,057**	**868,371**
PROFIT PER SHARE			
I. Basic and diluted profit per share (in euros)		5	4

(*) Presented solely and exclusively for comparison purposes (see note 1)

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PART A)
CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSES (Thousands of euros)

	NOTE	2023	2022
PROFIT OR LOSS FOR THE FINANCIAL YEAR		**1,147,057**	**868,371**
OTHER COMPREHENSIVE INCOME		**103,189**	**(441,163)**
Elements that will not be reclassified into profit and loss		**(3)**	**42**
Actuarial gains or (-) losses on defined benefit pension plans		—	—
Changes in fair value of equity instruments at fair value through other comprehensive income		3	60
Corporation tax on elements that may not be reclassified into profit and loss		(6)	(18)
Elements that may be reclassified into profit and loss		**103,192**	**(441,205)**
Currency conversion		(67,714)	26,215
Hedging derivatives. Cash flow hedge reserve [effective part]		—	—
Changes in fair value of debt instruments at fair value through other comprehensive income		2,466,621	(13,634,774)
Financial component of insurance contracts		(2,241,419)	12,981,515
Financial component of reinsurance contracts		—	—
Share in other recognised income and expenses from investments in joint ventures and associates		(11,335)	—
Corporation tax on elements that may be reclassified into profit and loss		(42,961)	185,839
TOTAL COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD		**1,250,246**	**427,208**
Attributable to minority interests (non-controlling holdings)		—	—
Attributable to the owners of the Parent		1,250,246	427,208

(*) Presented solely and exclusively for comparison purposes (see note 1).

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (PART B) (Thousands of euros)

		SHAREHOLDERS' CAPITAL					
	NOTE	AUTHORISED CAPITAL OR MUTUAL FUND	RESERVES	PROFIT OR LOSS FOR THE FINANCIAL YEAR	MINUS: INTERIM DIVIDENDS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
BALANCE AS OF 31-12-2021		**1,347,462**	**2,015,635**	**793,827**	**(370,000)**	**16,699**	**3,803,623**
Adjustment for the initial application of IFRS 17 and IFRS 9 and Addition for business combination, net of tax effect (see note 1) (*)		—	(513,587)	—	—	524,641	11,054
Effects of the changes in accounting policies		—	—	—	—	—	—
OPENING BALANCE AS OF 01-01-2022 restated		**1,347,462**	**1,502,048**	**793,827**	**(370,000)**	**541,340**	**3,814,677**
Total recognised income and expenses		**—**	**—**	**868,371**	**—**	**(441,163)**	**427,208**
Transactions with partners or mutual associations		**—**	**—**	**—**	**(593,298)**	**—**	**(593,298)**
Increases in capital or mutual fund		—	—	—	—	—	—
(-) Reductions of capital or mutual fund		—	—	—	—	—	—
Conversion of financial liabilities into equity (conversion bonds, debt waivers)		—	—	—	—	—	—
(-) Distribution of dividends or supplementary returns		—	—	—	(593,298)	—	(593,298)
Transactions with treasury shares or stock (net)		—	—	—	—	—	—
Increase (reduction) in equity resulting from a business combination		—	—	—	—	—	—
Other transactions with partners or mutual associations		—	—	—	—	—	—
Other changes in equity		**—**	**255,529**	**(793,827)**	**538,298**	**—**	**—**
Payments based on equity instruments		—	—	—	—	—	—
Transfers between equity items		—	255,529	(793,827)	538,298	—	—
Other changes		—	—	—	—	—	—

CONSOLIDATED ANNUAL ACCOUNTS

cont.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (PART B) (Thousands of euros)

	SHAREHOLDERS' CAPITAL						
	NOTE	AUTHORISED CAPITAL OR MUTUAL FUND	RESERVES	PROFIT OR LOSS FOR THE FINANCIAL YEAR	MINUS:: INTERIM DIVIDENDS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
CLOSING BALANCE AS OF 31-12-2022 restated	**23**	**1,347,462**	**1,757,577**	**868,371**	**(425,000)**	**100,177**	**3,648,587**
Effects of the changes in accounting policies		—	—	—	—	—	—
OPENING BALANCE AS OF 01-01-2023	**23**	**1,347,462**	**1,757,577**	**868,371**	**(425,000)**	**100,177**	**3,648,587**
Total other comprehensive income				**1,147,057**		**103,189**	**1,250,246**
Transactions with partners or mutual associations		**—**	**—**	**—**	**(983,593)**	**—**	**(983,593)**
Increases in capital or mutual fund		—	—	—	—	—	—
(-) Reductions of capital or mutual fund		—	—	—	—	—	—
Conversion of financial liabilities into equity (conversion bonds, debt waivers)		—	—	—	—	—	—
(-) Distribution of dividends or supplementary returns		—	—	—	(983,593)	—	(983,593)
Transactions with treasury shares or stock (net)		—	—	—	—	—	—
Increase (reduction) in equity resulting from a business combination		—	—	—	—	—	—
Other transactions with partners or mutual associations		—	—	—	—	—	—
Other changes in equity		**—**	**109,778**	**(868,371)**	**758,593**	**—**	**—**
Payments based on equity instruments		—	—	—	—	—	—
Transfers between equity items		—	109,778	(868,371)	758,593	—	—
Other changes		—	—	—	—	—	—
CLOSING BALANCE AS OF 31-12-2023	**23**	**1,347,462**	**1,867,355**	**1,147,057**	**(650,000)**	**203,366**	**3,915,240**

(*) The amount of the reserves corresponds to -€690,155,000 for the application of IFRS 17 and IFRS 9 and €176,568,000 for the effect of the business combination with Bankia Vida.

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED CASH FLOW STATEMENTS (DIRECT METHOD) (Thousands of euros)

	NOTE	2023	2022 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		**2,255,551**	**(455,017)**
Insurance activity		**2,685,095**	**26,770**
Cash receipts from the insurance activity		11,870,253	8,659,668
Cash payments for the insurance activity		(9,185,158)	(8,632,898)
Other operating activities		**(90,849)**	**(273,648))**
Cash receipts from other operating activities		438,540	349,930
Cash payments for other operating activities		(529,389)	(623,578)
Receipts and payments for corporation tax		**(338,695)**	**(208,139)**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**(2,098,306)**	**675,685**
Receipts from investment activities		**34,098,957**	**56,867,964**
Financial instruments		30,275,796	53,568,228
Interest earned		3,383,528	3,052,524
Dividends earned		374,037	163,896
Other receipts related to investment activities		59,303	—
Other receipts related to investment activities from business combinations		6,293	83,316
Payments for investment activities		**(36,197,263)**	**(56,192,279)**
Tangible fixed assets		(4,336)	(268)
Financial instruments		(36,117,569)	(55,337,831)
Holdings in joint ventures and associates		(75,358)	(849,989)
Other payments related to investment activities		—	(4,191)

CONSOLIDATED ANNUAL ACCOUNTS

cont.

CONSOLIDATED CASH FLOW STATEMENTS (DIRECT METHOD) (Thousands of euros)

	NOTE	2023	2022 (*)
C) CASH FLOWS FROM FINANCING ACTIVITIES		**591,083**	**(664,618)**
Receipts from financing activities		**1,690,879**	**609,635**
Other receipts related to financing activities		1,690,879	609,635
Payments for financing activities		**(1,099,796)**	**(1,274,253)**
Dividends to shareholders		(983,593)	(593,298)
Other payments related to financing activities		(116,203)	(680,955)
Effect of the variations in exchange rates		**—**	**—**
D) NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS (A+B+C)		**748,328**	**(443,950)**
E) CASH AND EQUIVALENTS AT THE START OF THE FINANCIAL YEAR		**961,784**	**1,405,734**
F) CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (D+E)		**1,710,112**	**961,784**
COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
Cash and banks		1,710,112	961,784
TOTAL CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**10**	**1,710,112**	**961,784**

(*) Presented solely and exclusively for comparison purposes (see note 1).

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1. NATURE OF THE COMPANY, PRESENTATION RULES AND OTHER INFORMATION

1.1. NATURE OF THE COMPANY

Vida-Caixa, S.A.U., de Seguros y Reaseguros (hereinafter, "VidaCaixa" or the "Parent Company"), with NIF (Tax ID Code) A58333261, is a public limited company incorporated on 5 March 1987. On 15 September 2022, the Sole Shareholder of the Parent Company agreed to move its business address to Paseo de la Castellana 189, Madrid. This agreement was notarised on 22 September 2022 and was registered on 30 September 2022. Until this agreement, the Parent Company's business address was at Paseo de la Castellana 51, Madrid. VidaCaixa is registered in the Administrative Registry of Insurance Companies of the General Directorate of Insurance and Pension Funds with number C-611, authorised to operate in the life, accident and illness branches (illness-disability area), and as a manager of pension funds with number G-0021, and is subject to its supervision.

VidaCaixa's corporate purpose is defined as:

- performing life insurance and reinsurance operations; and
- operations subject to the regulations for private insurance, in particular those of insurance or capitalisation, management of collective retirement funds, pensions and any other authorised by current regulations.

The Parent Company is also the development partner of voluntary retirement savings providers GEROCAIXA EPSV INDIVIDUAL, GEROCAIXA PYME EPSV DE EMPLEO and GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA, and is the company responsible for managing the assets associated with the retirement plans integrated into the aforementioned voluntary retirement savings providers.

VidaCaixa and its subsidiaries make up the VidaCaixa Group (hereinafter, "VidaCaixa Group" or the "Group"). The Group, either directly or through its investees, operates in (i) Spain in the branches of motor, accident, illness (including the healthcare segment), life, death, legal defence, home, fire and natural elements, transported goods, other damages to goods, various pecuniary losses, general civil liability, motor land civil liability and non-railway land vehicles; and (ii) Portugal, under the supervision of Autoridade de Supervisão de Seguros e Fundos de Pensões, in the life branch focused on the marketing of capitalisation and insurance products in which the investment risk is assumed by the policyholder.

The Group forms part of the CaixaBank Group, whose parent company ("CaixaBank, S.A." or "CaixaBank") has a direct holding of the entire capital of VidaCaixa. CaixaBank, S.A. with registered address in Calle Pintor Sorolla nº 2- 4, in Valencia. The consolidated annual accounts of the CaixaBank Group are filed with the Mercantile Registry of Valencia and drawn up within the legally established period. The consolidated annual accounts of the CaixaBank Group for the 2023 financial year were drawn up by the Group's directors at their Board of Directors meeting held on 15 February 2024.

CaixaBank is the parent company of the financial conglomerate consisting of the Group's companies that have regulated status, CaixaBank being classified as a significant supervised entity. Together with its Group's credit institutions, it forms a significant supervised group of which CaixaBank is the entity at the highest level of prudential consolidation.

As VidaCaixa is a trading company in Spain, which has the legal form of a public limited company, it is governed by the Consolidated Text of the Spanish Capital

ANNUAL REPORT FOR THE 2023 FINANCIAL YEAR

Companies Law, approved by Spanish Royal Legislative Decree 1/2010, of 2 July and its implementing regulations.

It reorganised the insurance group during the 2013 financial year in order to simplify its organisational structure. In this regard, on 5 March 2013, the Boards of Directors of VidaCaixa Grupo, S.A.U. and of VidaCaixa approved the take-over whereby the latter took over VidaCaixa Grupo, S.A.U.

As a result of this entire process, VidaCaixa became the parent of the Group and the owner of the holdings.

Appendices 1 and 2 give a breakdown of the main figures for the subsidiaries and associates that form the Group, as well as the Sole Shareholder of the Parent Company.

In light of the activity in which the Group engages, it has no liabilities, expenses, assets or provisions or contingencies of an environmental nature that may be material in relation to its capital, financial position and earnings. Therefore, specific disclosures regarding environmental issues are not included in this report on the annual accounts. Without prejudice to the above, the comprehensive statement on the Parent Company's investment policy principles incorporates socially responsible investments as set forth in the 2023 Management Report.

During the 2023 financial year, and with retrospective effect as of 1 January 2023, the Boards of Directors of VidaCaixa and Sa Nostra Compañía de Seguros de Vida, S.A. agreed unanimously to the takeover of Sa Nostra Compañía de Seguros de Vida, S.A. (merged company) by VidaCaixa (merging company), in accordance with the banking-insurance concentration strategy of the CaixaBank Group (see note 7).

As of 31 December 2023, the Group manages 203 pension funds and 3 Voluntary Social Welfare Entities (EPSV to use the Spanish name) with a consolidated rights volume of €45,970,660,000 (€43,257,174,000 as of 31 December 2022). The gross income accrued through management fees for the different funds amounted to €337,132,000 in the 2023 financial year (€346,617,000 in the 2022 financial year), and this is accounted for under the "Other income and expenses" heading. Likewise, the expenses associated with this management were €163,631,000 (€172,460,000 in the 2022 financial year), presented under the "Other income and expenses" heading.

1.2. PRESENTATION RULES

The consolidated annual accounts have been drawn up by the Directors in accordance with the regulatory framework for financial reporting applicable to the Group as of 31 December 2023, which is that established in the International Financial Reporting Standards adopted by the European Union (hereinafter, IFRS-EU). Similarly, the following have also been considered in their preparation: (i) the Commercial code and other business law; (ii) the mandatory rules approved by the Institute of Accounting and Account Auditing to implement the General Chart of Accounts and its supplementary regulations; (iii) and the provisions established by the Spanish General Directorate of Insurance and Pension Funds (DGSyFP in Spanish).

The accompanying consolidated annual accounts have been obtained from the accounting records of the Parent Company and the other companies making up the Group. They are prepared in accordance with the regulatory framework for financial reporting that is applicable and, in particular, the accounting principles and criteria contained therein, in order to show the true and fair view of the assets, the financial position, the earnings of the Group and the cash flows during

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the corresponding financial year. The accompanying annual accounts include certain adjustments and reclassifications intended to standardise the principles and criteria followed by the integrated companies with those of VidaCaixa. All mandatory accounting principles have been applied.

The figures are presented in thousands of euros unless the use of another alternative monetary unit is indicated. Certain financial information in this report has been rounded. Consequently, the figures shown as totals in this document may be slightly different to the exact arithmetic operation of the figures from which they are calculated. Similarly, when determining the information that must be disclosed in this report, its relative importance in relation to the annual accounting period has been taken into account.

The Parent Company is exempt from drawing up the consolidated accounts as it is consolidated in the accounts of the CaixaBank Group (see Note 1.1), although it prepares them voluntarily, as the Company is obliged to submit statistical-accounting documentation to the DGSFP on a consolidated basis.

Standards and interpretations issued by the IASB that have come into force in the financial year 2023

On the date of drawing up these consolidated annual accounts, the most significant standards published by the IASB that entered into force on 1 January 2023 are as follows:

STANDARDS AND INTERPRETATIONS

Standards and interpretations	Title	Mandatory application for financial years starting from:
Amendment to IAS 12	International Tax Reform — Pillar Two Model Rules	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of information in financial statements	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendment to IFRS 17	Initial application of IFRS 17 and IFRS 9 - comparative information	1 January 2023

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• IFRS 17 "Insurance contracts" and IFRS 9 "Financial instruments"

IFRS 17 came into force on 1 January 2023. This is the new international financial reporting standard that establishes the principles for the recognition, measurement, presentation and disclosure of information for insurance contracts. Similarly, on the same date, the Group has ceased to apply the temporary exemption from the application of IFRS 9 to the financial investments of the insurance companies in the Group.

As a result of the above, the Group has applied IFRS 17 and IFRS 9 from 1 January 2023, although the transition date for IFRS 17 is 1 January 2022, which is why it has restated the 2022 comparison period. The Group has applied IFRS 9 at the same time as IFRS 17 and the comparative period has been restated following the overlay classification approach (see note 1.4). These standards introduce significant changes to the accounting of insurance and reinsurance contracts and to the financial instruments linked to insurance activity, respectively (see Note 2 "Accounting principles and policies and measurement criteria applied").

The impact of the adoption of this standard is significant in terms of equity and presentation, which is why consideration has been made of that set out in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and in the IASB amendment to IFRS 17 on comparative information in the initial application of IFRS 17 and IFRS 9 (see Note 1.4 "Comparison of the information").

Standards and interpretations issued by the IASB but not in force

On the date of drawing up these consolidated annual accounts, there are no standards published by the IASB that are not in force (either because their effective date is later than the date of the consolidated annual accounts or because they have still not been approved by the European Union), that could have a significant impact on the future consolidated annual accounts.

1.3. RESPONSIBILITY FOR THE INFORMATION AND ESTIMATES MADE

The annual accounts of the Group for the financial year 2023 have been drawn up by the Board of Directors of the Parent Company at the meeting held on 21 March 2024 and are pending approval by the Sole Shareholder, although they are expected to be approved without modifications. The annual accounts corresponding to the previous financial year were approved by the Sole Shareholder on 30 March 2023.

The information contained in these consolidated annual accounts is the responsibility of the Directors of the Parent Company, who have verified, with due diligence, that the different controls established to ensure the quality of the financial and accounting information, both from the Parent Company and from the companies that comprise it, have operated effectively.

The preparation of the annual accounts in accordance with the IFRS standards requires the directors to form judgements, estimates and assumptions that affect the application of accounting policies and the balances of assets, liabilities, income and expenses. The related estimates and assumptions are based on historical experience and other diverse factors that are understood to be reasonable given the circumstances, and whose results constitute the basis for establishing the judgements about the book value of the assets and liabilities that are not easily available from other sources.

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The respective estimates and assumptions are continuously reviewed. The effects of the reviews of the accounting estimates are recognised in the period or periods in which they are made. In any case, the end results derived from a situation requiring estimates may differ from what was anticipated and be reflected, prospectively, in the future years.

Apart from the process of making systematic estimates and their periodic review, the Directors of the Parent Company make certain value judgements about issues of particular importance in the consolidated annual accounts. Among the most significant, we can highlight the judgements relating to: (i) the fair value of certain assets and liabilities; (ii) impairment losses; (iii) the useful life of tangible and intangible assets; (iv) the valuation of consolidation goodwill; (v) the recognition of deferred tax assets and liabilities; (vi) the identification of investment components; (vii) the interpretation of contract limits; (viii) the method of allocating hedging units; (ix) the assumptions and hypotheses included in the calculation of future cash flows, discount rate and risk adjustment for non-financial risk; (x) the fair value of assets, liabilities and contingent liabilities in the context of allocating the price paid in business combinations.

These estimates have been made based on the best information available on the date of preparing these consolidated annual accounts, considering the uncertainties existing on that date derived from the impact of the geopolitical conflicts and current economic environment. However, it is possible that events that take place in the future could require adjustments to them, which, according to the applicable standard, would be done prospectively, recognising the effects of the change in the estimate in the corresponding profit and loss account.

1.4. COMPARISON OF THE INFORMATION

The figures corresponding to the 2022 financial year, included in the accompanying annual accounts for the 2023 financial year, are shown only and exclusively for comparison purposes. In some cases, to facilitate comparisons, the comparative information is presented in summary form.

With the effective accounting date of 1 January 2023, Sa Nostra, Compañía de Seguros de Vida, S.A. (Sociedad Unipersonal) was taken over by the Group's Parent Company. The consolidated financial statements as of 31 December 2023 include the recognition of this business combination. Note 7 includes the values resulting from the allocation of the price paid.

Similarly, on 16 May 2023, 100% of the capital of Bankia Mediación Operador de Banca Seguros Vinculado, S.A.U. was acquired by the Group's Parent Company. The consolidated financial statements as of 31 December 2023 include the effects of the acquisition of Bankia Mediación (Note 7).

Finally, as indicated in this note, in the section "Presentation rules", the Group has applied IFRS 17 and IFRS 9 (in the insurance business) from 1 January 2023, the transition date for IFRS 17 being 1 January 2022. Given the impracticality of applying IFRS 17 retrospectively, the Group has chosen to apply the fair value approach established in that standard. For this, the Group has determined the contractual service margin (CSM) or the loss component of the liability for the remaining coverage on the transition date as the difference between the fair value of an insurance contract group on that date and the cash flows derived from fulfilment valued on that date.

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When applying this approach, the Group has taken the following into consideration:

- Only future cash flows within the limits of the contract have been included in the estimation of fair value, therefore excluding values for future renovations and new business.
- The requirements of IFRS 13 have been taken into account.
- Intangible assets related to future renovations arising from business combinations have been recognised as insurance acquisition cash flow assets, as these amounts are not included in the measurement of insurance contracts.
- In relation to its retrospective application:
  – It was concluded that there was insufficient reasonable and convincing information to adopt the full retrospective approach when calculating the liability for the remaining coverage of the contracts valued under the General model (also known as the Building Block Approach or BBA) or the Variable Fee Approach (VFA) for those insurance contracts issued before the transition date. That is why the fair value approach has been adopted for these contracts.

  The application of the full retrospective approach is considered impractical as a result of not having access to the following information: (i) Technical assumptions as of the effective date; (ii) financial assumptions as of the effective date and (iii) information on the complete set of policies that made up the unit of account. Even if we did decide to incur the significant costs involved in obtaining this data, doing so would involve an effort that is significantly greater than would be considered reasonable. This would have jeopardised the implementation of IFRS 17 in a correct and timely manner.

  – For products measured under the Premium Allocation Approach (PAA), since these are products with contract limits equal to or less than one year or eligible according to paragraphs 53 (a) and 54 of the standard, we can apply the full retrospective method from the date of the last issue or renewal.

  – For the liability for incurred claims, as it does not have an implicit future profit (contractual service margin), it is considered appropriate to value this from the date of the last issue or renewal, since the amount of the liability for incurred claims is independent on each reporting date and has no impact on the contractual service margin.

Additionally, in applying this approach the Group has chosen to:

- Include in a contract group those issued more than one year apart.
- Determine the discount rates on the initial recognition date, rather than the transition date, with the starting point being the policy's original guaranteed interest rate (including the associated margin), except for short-term savings and Unit Linked, which use a topdown rate. As for the fair value rate, this is based on the guaranteed interest rate, although for Unit Linked the starting point is the market value of the fund.
- Retrospectively determine the accumulated amount of income or expenses recognised in other comprehensive income on the transition date.

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THE MAIN DIFFERENCES IN MEASUREMENT AND CLASSIFICATION OF LIABILITIES FOR INSURANCE CONTRACTS BETWEEN IFRS 4 AND IFRS 17 ARE:

IFRS 4	IFRS 17
• Insurance liabilities mainly include mathematical provisions.	• Insurance contract liabilities consist primarily of estimated future performance flows and future profit (CSM).
• Maintenance of pricing assumptions in calculating provisions at different accounting closings.	• Use of current assumptions at each closing.
• Existence of the liability adequacy test that allows offsetting.	• There is no adequacy test and if there are onerous contracts, the loss must be recognised immediately in profit or loss.
• Flows from redemption options are not included.	• Future flows include redemption options, expenses and risk margins.
• Liability discount interest rate equivalent to the rate of return on the acquisition of the underlying financial investments. The provisions are capitalised at this technical interest rate, but not updated for changes in rates. Complementary provisions for interest rates and tables are established if necessary.	• Liability discount interest rate set at the beginning of the operation (Locked-in rate). This interest rate is the one used to record the financial expenses of insurance contracts. • Additionally, insurance liabilities are updated for changes in rates at each closing (except for the expected profit or CSM in groups of contracts valued under BBA).
• Insurance contracts are presented net of reinsurance in the income statement headings.	• Insurance contracts must be accounted for under different headings to reinsurance contracts.
• Impact on OCI is 0 at each accounting close. • The accounting technique called shadow accounting offsets the OCI effects of assets and liabilities, there is no volatility in equity.	• The impact on other comprehensive income (OCI) includes two components: - Changes in value of the investment portfolio classified at fair value through OCI. - Changes in the value of liabilities between the initial recognition rate of the contracts (locked-inrate) and the current rate. • There may be limited volatility in the net amounts recognised in OCI.

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Given that the transition date for IFRS 17 in the Group is 1 January 2022, to avoid accounting timing mismatches between financial assets and liabilities of insurance contracts and, therefore, to improve the comparative information for users of the financial statements, the Group has decided to the use the classification overlay approach allowed for by IFRS 17 for the presentation of comparative information. This approach allows for the presentation of comparative information on financial instruments in the initial application of IFRS 17 and IFRS 9 based on the classification expected under IFRS 9, as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets. This presentation can only be applied in the comparative periods that have been restated for IFRS 17, which in the case of the Group is only the 2022 financial year.

In terms of the first application of IFRS 9, it is worth noting that until the 2022 financial year, the Group presented its derivative instruments in the consolidated balance sheet jointly with their underlying assets and liabilities. In this way, for each line of assets or liabilities in question, there was a net financial position. Along with the first application of IFRS 9, the Group has decided to present its derivative instruments into separate lines pm its consolidated balance sheet, either as an asset or a liability depending on the debtor or creditor position of the fair value of that instrument.

In the Group's consolidated balance sheet as of 1 January 2022, presented in this note, the derivative assets and liabilities headings amounted to €129 million and €6,477 million, respectively.

The application of IFRS 17 and IFRS 9 has led to changes in the classification and modifications in the measurement of some items in the consolidated financial statements for the 2022 financial year, as set out below:

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BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 31-12-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros)

ASSETS	31-12-2022	Reclassifications (*a)	Measurement Changes	31-12-2022 restated
Cash and equivalent liquid assets	1,160,848	(199,064)	—	961,784
Financial assets held to trade	223	—	—	223
Other financial assets at fair value through profit or loss	17,468,955	(17,468,955)	—	
Financial assets available for sale	49,866,620	(49,866,620)	—	
Loans and receivables	792,279	(792,279)	—	
Held-to-maturity investments	—	—	—	
Hedge derivatives	10,840	813,048	—	823,888
Financial assets not held for trading that must be measured at fair value through profit or loss		11,180,425	—	11,180,425
Financial assets classified at fair value through profit or loss		6,534,469	—	6,534,469
Financial assets at fair value through other comprehensive income		53,591,159	10,250	53.601,409
Financial assets at amortised cost (*c)		3,553,400	206,529	3,759,929
Changes in fair value of the hedged elements of a portfolio with interest rate risk hedging		—	—	—
Holding of the reinsurer in technical provisions	109,608	(109,608)	—	
Assets for reinsurance contracts (*b)		109,918	(46,823)	63,095
Assets for remaining coverage		83,567	(46,823)	36,744
Assets for incurred claims		26,351	—	26,351
Tangible assets	34,848	—	—	34,848

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 31-12-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros) cont.

ASSETS	31-12-2022	Reclassifications (*a)	Measurement Changes	31-12-2022 restated
Intangible assets (*d)	1,341,966	—	(183,795)	1,158,171
Holdings in entities accounted for using the equity method	1,256,543	—	29,604	1,286,147
Tax assets (*e)	612,339	—	777,850	1,390,189
Other assets	1,100,230	(983,133)	—	117,097
Assets held for sale	—	—	—	—
TOTAL ASSETS	**73,755,299**	**6,362,760**	**793,615**	**80,911,674**

*a) In the first application of IFRS 9 for financial instruments, the financial instruments in the assets on the balance sheet recognised following the accounting policies for recognition and measurement under IAS 39, have been reclassified to each of the headings established under IFRS 9. Mainly, the balances corresponding to financial assets held for trade have been reclassified to the headings "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost", while the value of financial swaps of certain and predetermined interest rate flows, previously presented jointly with fixed income instruments, have been reclassified to the heading "Hedging derivatives" in assets or liabilities, as appropriate.

*b) Balances classified under the heading "Holding of the reinsurer in technical provisions" have been reclassified to the heading "Assets for reinsurance contracts", depending on their nature and their value has been adjusted following the measurement criteria of IFRS 17.

*c) The change in measurement corresponds to the impact derived from the rewinding of the fair value adjustments for the instruments reclassified to "Financial assets at amortised cost".

*d) Certain intangible assets linked to the insurance business recognised in business combinations prior to the entry into force of IFRS 17 have been derecognised. In accordance with this standard, these are not eligible for activation after being implicitly included in the contractual service margin (CSM) recognised in the transition to IFRS 17.

*e) Tax effect of the indicated measurement changes.

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 31-12-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros)

LIABILITIES	31-12-2022	Reclassifications (*a)	Measurement Changes	31-12-2022 restated
TOTAL LIABILITIES	**69,577.106**	**6,362,760**	**1,323,221**	**77,263,087**
Financial liabilities held to trade	—	—	—	—
Other financial liabilities at fair value through profit or loss (*b)	2,243	3,404,468	—	3,406,711
Debits and payables	738,994	(733,475)	(5,519)	
Financial liabilities at amortised cost		960,829	—	960,829
Hedge derivatives	—	6,398,019	—	6,398,019
Technical provisions (*b) (*c)	68,069,861	(70,283,954)	2,214,093	
Liabilities for insurance contracts (*c)		66,270,884	(1,463,789)	64,807,095
Liabilities for remaining coverage		64,687,425	(1,487,758)	63,199,667
Liabilities for incurred claims		1,583,459	23,969	1,607,428
Non-technical provisions	1,312	—	—	1,312
Tax liabilities (*d)	755,575	338,718	544,488	1,638,781
Other liabilities	9,121	7,271	33,948	50,340
Liabilities associated with assets held for sale	—	—	—	—
EQUITY				
Shareholders' capital	**4,240,080**	**—**	**(691,670)**	**3,548,410**
Capital	1,347,462	—	—	1,347,462
a) Authorised capital	1,347,462	—	—	1,347,462
b) Less: Uncalled capital	—	—	—	—
Issue premium	—	—	—	—

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 31-12-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros) cont.

LIABILITIES	31-12-2022	Reclassifications (*a)	Measurement Changes	31-12-2022 restated
Reserves (*e)	2,447,732	—	(690,155)	1,757,577
Minus: Treasury stocks or shares	—	—	—	—
Profit or loss from previous years	—	—	—	—
Other shareholder contributions	—	—	—	—
Profit or loss for the financial year attributable to the parent company	869,886	—	(1,515)	868,371
a) Consolidated profit and loss	869,886	—	(1,515)	868,371
b) Profit and loss attributable to external shareholders	—	—	—	—
Minus: Interim dividend	(425,000)	—	—	(425,000)
Other equity instruments	—	—	—	—
Accumulated other comprehensive income (*e)	**(61,887)**	**—**	**162,064**	**100,177**
Financial assets available for sale	(61,887)	1,965,655	(1,903,768)	
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		—	402	402
Changes in the fair value of debt instruments through other comprehensive income		(1,985,559)	119,336	(1,866,223)
Exchange differences	—	19,904	(2,412)	17,492
Accounting asymmetry correction	—	—	—	
Financial component of insurance contracts		—	1,904,077	1,904,077
Financial component of reinsurance contracts				
Share in other recognised income and expenses through investments in joint ventures and associates		—	44,429	44,429

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BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 31-12-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros) cont.

LIABILITIES	31-12-2022	Reclassifications (*a)	Measurement Changes	31-12-2022 restated
TOTAL EQUITY ATTRIBUTED TO THE PARENT COMPANY	**4,178,193**	**—**	**(529,606)**	**3,648,587**
MINORITY INTERESTS				
Accumulated other comprehensive income		—	—	— —
Other		—	—	— —
TOTAL EQUITY AND LIABILITIES	**73,755,299**	**6,362,760**	**793,615**	**80,911,674**

*a) In the first application of IFRS 9 for financial instruments, the financial instruments in liabilities on the balance sheet recognised following the accounting policies for recognition and measurement under IAS 39, have been reclassified to each of the headings established under IFRS 9. Mainly, the balances corresponding to debits and payables have been reclassified to the headings “Financial liabilities at amortised cost”.

*b) Reclassification of the heading “Technical provisions” corresponding to certain products of BPI Vida e Pensões that do not include a significant transfer of insurance risks and, therefore, are classified and measured under the scope of IFRS 9 (see Note 2).

*c) The balances classified under the “Technical Provisions” heading have been reclassified to the “Liabilities for insurance contracts” heading and “Financial liabilities at amortised cost” or “Other financial liabilities at fair value through profit or loss”, depending on their nature and measured in accordance with IFRS 17, or IFRS 9 for those not involving a significant transfer of insurance risk. That is the reason behind the inclusion of the measurement of the contractual service margin (CSM) for the amount of €3,229,693,000 and the risk adjustment for non-financial risk for the amount of €479,339,000.

*d) Tax effect of the indicated measurement changes.

*e) The impact on equity includes the impact referring to the transition date, which is 1 January 2022, as well as the differences in the restated profit or loss for the 2022 financial year and the movement of the other income and expenses recognised in the period. Overall, as of 31-12-2022 this amounts to -€529.606,000 net of taxes, broken down into:

– Impact on “Reserves” of -€690,155,000, mainly due to the difference between the existing insurance provisions under IFRS 4 and the new measurement of liabilities for insurance contracts under IFRS 17, as well as the derecognition of intangible assets from business combinations prior to 1 January 2022.

– Impact on “Accumulated Other Comprehensive Income” of €162,064,000, basically due to the elimination of shadow accounting and the difference between OCI for financial investments and OCI for liabilities for insurance contracts (difference between historical rate at the time of issuance of the policy – called the locked-in rate – used on the transition date and the actual rate on that date).

– Restatement of “Profit or loss for the period attributable to the owners of the parent company” for the financial year 2022. To understand the nature of these impacts, see the reconciliation of the restatement of the Profit and loss account shown below.

CONSOLIDATED PROFIT AND LOSS ACCOUNT - RECONCILIATION OF THE RESTATEMENT OF THE BALANCES AS OF 31-12-2022 (Thousands of euros)

	2022	Reclassifications	Measurement Changes	2022 restated
Premiums allocated to the financial year, net of reinsurance	7,559,982	—	(7,559,982)	
Income from tangible fixed assets and investments	6,308,875	—	(6,308,875)	
Other technical income	—	—	—	
Loss rate for the financial year, net of reinsurance	(7,221,381)	—	7,221,381	
Variation in other technical provisions, net of reinsurance	1,675,242	—	(1,675,242)	
Share in profits and rebates	(39,678)	—	39,678)	
Net operating expenses	(459,707)	—	459,707	
Other technical expenses	(55,933)	—	55,933	
Expenses from tangible fixed assets and investments	(6,675,541)	—	6,675,541	
PROFIT OR LOSS TECHNICAL ACCOUNT (LIFE + NON-LIFE)	**1,091,859**	**—**	**(1,091,859)**	
Income from tangible fixed assets and investments	93,312	—	(93,312)	
Expenses from tangible fixed assets and investments	(74,439)	—	74,439	
Other income	349,162	—	(349,162)	
Other expenses	(311,810)	—	311,810	
PROFIT OR LOSS NON-TECHNICAL ACCOUNT	**56,225**	**—**	**(56,225)**	
Income from insurance contracts measured under the general (BBA) and participation (VFA) method		—	1,902,401	1,902,401
a) Claims expected and other attributable expected insurance expenses		—	1,302,553	1,302,553
b) Changes in risk adjustment for non-financial risk		—	90,444	90,444
c) Contractual service margin (CSM) recognised for services provided		—	509,404	509,404

cont.

CONSOLIDATED PROFIT AND LOSS ACCOUNT - RECONCILIATION OF THE RESTATEMENT OF THE BALANCES AS OF 31-12-2022 (Thousands of euros)

	2022	Reclassifications	Measurement Changes	2022 restated
Income from insurance contracts measured under the simplified (PAA) method		—	878,243	878,243
Income from the insurance service		**—**	**2,780,644**	**2,780,644**
Incurred claims and other directly attributable expenses (*b) (*c)		—	1,790,614	1,790,614
Changes related to past services - Adjustment to liabilities for incurred claims		—	19,247	19,247
Losses and reversals of losses in onerous contracts		—	53,785	53,785
Amortisation of insurance acquisition expenses		—	—	—
Insurance service expenses		**—**	**1,863,646**	**1,863,646**
Reinsurance expenses		—	(196,799)	(196,799)
Income for reinsurance recoverables		—	201,705	201,705
Profit or loss for reinsurance contracts held		**—**	**4,906**	**4,906**
PROFIT OR LOSS FOR THE INSURANCE SERVICE (*a)		**—**	**921,904**	**921,904**
Net income for investments: Unit linked		—	(1,677,869)	(1,677,869)
Net income for investments: Other investments (*d)		—	1,415,719	1,415,719
Net income for investments		**—**	**(262,150)**	**(262,150)**
Credited interest		—	(1,338,293)	(1,338,293)
Effect of changes to interest rates and financial assumptions		—	1,673,277	1,673,277
Net financial profit or loss of insurance		**—**	**334,984**	**334,984**

cont.

CONSOLIDATED PROFIT AND LOSS ACCOUNT - RECONCILIATION OF THE RESTATEMENT OF THE BALANCES AS OF 31-12-2022 (Thousands of euros)

	2022	Reclassifications	Measurement Changes	2022 restated
NET PROFIT OR LOSS FROM INSURANCE AND INVESTMENT		**—**	**994,738**	**994,738**
Other income and other expenses		—	15,309	15,309
Share in the gains of associates (equity method)		—	154,870	154,870
PRE-TAX PROFIT OR LOSS	**1,148,084**		**16,833**	**1,164,917**
CORPORATION TAX (*e)	**(278,198)**		**(18,348)**	**(296,546)**
PROFIT OR LOSS FOR THE FINANCIAL YEAR	**869,886**		**(1,515)**	**868,371**

*a) The margin for savings, risk and unit linked products is recognised in “Profit or loss for the insurance service”.

b*) Fees paid to third parties for products under the scope of IFRS 17 are shown in “Profit or loss for the insurance service”.

*c) “Administration expenses” and “Amortisations” are shown in “Profit or loss for the insurance service”, to the extent that they are directly attributable to insurance contracts.

*d) The changes in fair value of financial swaps that were previously presented in “Accumulated other comprehensive income”, the ineffective part, are now presented under the heading “Net investment income” of the profit and loss account.

*e) Tax effect of adjustments that modify the income statement.

In application of that established in IAS 8, considering that the transition date of IFRS 17 and IFRS 9 was 1 January 2022, without restating the consolidated balance sheet of the Group as of 31 December 2021, below is a reconciliation of the measurement and classifications changes resulting from that transition on that date:

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 01-01-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros)

ASSETS	31-12-2021	Incorporationsinto the BV perimeter	Reclassifications (*a)	Measurement Changes	01-01-2022 Restated
Cash and equivalent liquid assets	1,405,734	22,617	(227,046)	—	1,201,305
Financial assets held to trade	150	—	—	—	150
Other financial assets at fair value through profit or loss	18,401,600	134,571	(18,536,171)	—	
Financial assets available for sale	58,232,950	6,357,659	(64,589,614)	(995)	
Loans and receivables	352,174	12,412	(364,586)	—	
Held-to-maturity investments	—	—	—	—	
Hedge derivatives	—	—	8,212	121,003	129,215
Financial assets not held for trading that must be measured at fair value through profit or loss			13,402,955	—	13,402,955
Financial assets classified at fair value through profit or loss			5,421,548	—	5,421,548
Financial assets at fair value through other comprehensive income			67,375,108	(24,980)	67,350,128
Financial assets at amortised cost(*c)			3,848,765	(6,987)	3,841,778
Changes in fair value of the hedged elements of a portfolio with interest rate risk hedging			—	—	—
Holding of the reinsurer in technical provisions	117,679	1,834	(117,719)	(1,834)	
Assets for reinsurance contracts (*b)			117,719	(40,805)	76.914
Assets for remaining coverage			98,960	(40,805)	58,155
Assets for incurred claims			18,759	—	18,759

cont.

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 01-01-2022 - CONSOLIDATED FINANCIAL STATEMENTS (Thousands of euros)

ASSETS	31-12-2021	Incorporationsinto the BV perimeter	Reclassifications (*a)	Measurement Changes	01-01-2022 Restated
Tangible assets	22,214	11,009	—	—	33,223
Intangible assets (*d)	784,121	492,030	—	(220,654)	1,055,497
Holdings in entities accounted for using the equity method	1,193,321	—	—	74,880	1,268,201
Tax assets (*e)	206,833	677,963	—	3.791,296	4,676,092
Other assets	932,654	124,869	(844,014)	—	213,509
Assets held for sale	—	—	—	—	—
TOTAL ASSETS	**81,649,430**	**7,834,964**	**5,495,197**	**3,690,924**	**98,670,515**

*a) In the first application of IFRS 9 for financial instruments, the financial instruments in the assets on the balance sheet recognised following the accounting policies for recognition and measurement under IAS 39, have been reclassified to each of the headings established under IFRS 9. Mainly, the balances corresponding to financial assets held for trade have been reclassified to the headings “Financial assets at fair value through other comprehensive income” or “Financial assets at amortised cost”, while the value of financial swaps of certain and predetermined interest rate flows, previously presented jointly with fixed income instruments, have been reclassified to the heading “Hedging derivatives” in assets or liabilities, as appropriate.

*b) Balances classified under the heading “Holding of the reinsurer in technical provisions” have been reclassified to the heading “Assets for reinsurance contracts”, depending on their nature and their value has been adjusted following the measurement criteria of IFRS 17.

*c) The change in measurement corresponds to the impact derived from the rewinding of the fair value adjustments for the instruments reclassified to “Financial assets at amortised cost”.

*d) Certain intangible assets linked to the insurance business recognised in business combinations prior to the entry into force of IFRS 17 have been derecognised. In accordance with this standard, these are not eligible for activation after being implicitly included in the contractual service margin (CSM) recognised in the transition to IFRS 17.

*e) Tax effect of the indicated measurement changes.

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 01-01-2022 - CONSOLIDATED FINANCIAL STATEMENTS (THOUSANDS OF EUROS)

LIABILITIES	31-12-2021	Incorporations into the BV perimeter	Reclassifications (*a)	Measuremnt Changes	01-01-2022 Restated
TOTAL LIABILITIES	**77,845,807**	**7,658,396**	**5,495,197**	**3,856,438**	**94,855,838**
Financial liabilities held to trade	—	—	—	—	—
Other financial liabilities at fair value through profit or loss	20,161	—	3,745,289	—	3,765,450
Debits and payables	547,959	27,318	(568,420)	(6,857)	
Financial liabilities at amortised cost			624,695	1,358	626,053
Hedge derivatives	7,667	—	5.999,414	469,653	6,476,734
Technical provisions (*b) (*c)	76,974,000	4,597,408	(65,822,887)	(15,748,521)	
Liabilities for insurance contracts (*c)			61,756,021	16,534,989	78,291,010
Liabilities for remaining coverage			60,426,,922	16.299,876	76,726,798
Liabilities for incurred claims			1,329,099	235,113	1,564,212
Non-technical provisions	2,166	800	—	—	2,966
Tax liabilities (*d)	285,874	887,358	198,932	3,692,459	5,064,623
Other liabilities	7,980	2.145,512	(437,847)	(1,086,643)	629,002
Liabilities associated with assets held for sale	—	—	—	—	—
EQUITY					
Shareholders' capital	**3,786,924**	**176,568**	**—**	**(690,155)**	**3,273,337**
Capital	1,347,462	—	—	—	1,347,462
a) Authorised capital	1,347,462	—	—	—	1,347,462

cont.

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 01-01-2022 - CONSOLIDATED FINANCIAL STATEMENTS (THOUSANDS OF EUROS)

LIABILITIES	31-12-2021	Incorporations into the BV perimeter	Reclassifications (*a)	Measuremnt Changes	01-01-2022 Restated
b) Less: Uncalled capital	—	—	—	—	—
Issue premium	—	—	—	—	—
Reserves (*e)	2,015,635	176,568	—	(690,155)	1,502,048
Minus: Treasury stocks or shares	—	—	—	—	—
Profit or loss from previous years	—	—	—	—	—
Other shareholder contributions	—	—	—	—	—
Profit or loss for the financial year attributable to the parent company	793,827	—	—	—	793,827
a) Consolidated profit and loss	793,827	—	—	—	793,827
b) Profit and loss attributable to external shareholders	—	—	—	—	—
Minus: Interim dividend	(370,000)	—	—	—	(370,000)
Other equity instruments	—	—	—	—	—
Accumulated other comprehensive income (*e)	**16,699**	**—**	**—**	**524,641**	**541,340**
Financial assets available for sale	16,699	—	(7,936,035)	7,919,336	
Changes in the fair value of equity instruments measured at fair value through other comprehensive income			—	58	58
Changes in the fair value of debt instruments through other comprehensive income			7,229,473	453,755	7,683,228
Exchange differences	—	—	15	(874)	(859)
Accounting asymmetry correction	—	—	—	—	

cont.

BALANCE SHEET SHOWING RECONCILIATION OF BALANCES AS OF 01-01-2022 - CONSOLIDATED FINANCIAL STATEMENTS (THOUSANDS OF EUROS)

LIABILITIES	31-12-2021	Incorporations into the BV perimeter	Reclassifications (*a)	Measuremnt Changes	01-01-2022 Restated
Financial component of insurance contracts			706,547	(7,892,063)	(7,185,516)
Financial component of reinsurance contracts			—	—	—
Share in other recognised income and expenses through investments in joint ventures and associates			—	44,429	44,429
TOTAL EQUITY ATTRIBUTED TO THE PARENT COMPANY	**3,803,623**	**176,568**	**—**	**(165,514)**	**3,814,677**
MINORITY INTERESTS					
Accumulated other comprehensive income	**—**	**—**	**—**	**—**	**—**
Other	**—**	**—**	**—**	**—**	**—**
TOTAL EQUITY AND LIABILITIES	**81,649,430**	**7,834,964**	**5,495,197**	**3,690,924**	**98,670,515**

*a) In the first application of IFRS 9 for financial instruments, the financial instruments in liabilities on the balance sheet recognised following the accounting policies for recognition and measurement under IAS 39, have been reclassified to each of the headings established under IFRS 9. Mainly, the balances corresponding to debits and payables have been reclassified to the headings “Financial liabilities at amortised cost”.

*b) Reclassification of the heading “Technical provisions” corresponding to certain products of BPI Vida e Pensões that do not include a significant transfer of insurance risks and, therefore, are classified and measured under the scope of IFRS 9 (see Note 2).

*c) The balances classified under the “Technical Provisions” heading have been reclassified to the “Liabilities for insurance contracts” heading and “Financial liabilities at amortised cost” or “Other financial liabilities at fair value through profit or loss”, depending on their nature and measured in accordance with IFRS 17, or IFRS 9 for those not involving a significant transfer of insurance risk, for which there is a measurement of the contractual service margin (CSM) for the amount of €2,961,588,000 and the risk adjustment for non-financial risk for the amount of €570,643,000.

*d) Tax effect of the indicated measurement changes.

*e) The impact on equity of -€165,514,000 net of taxes broken down into:

– Impact on “Reserves” of -€690,155,000, mainly due to the difference between the existing insurance provisions under IFRS 4 and the new measurement of liabilities for insurance contracts under IFRS 17, as well as the derecognition of intangible assets of business combinations prior to 1 January 2022.

– Impact on “Accumulated Other Comprehensive Income” of €524,641,000, the reclassification of assets to the portfolio of “Financial assets at amortised cost” basically due to the elimination of shadow accounting and the difference between OCI for financial investments and OCI for liabilities (difference between historical rate at the time of issuance of the policy – called the locked-in rate – used on the transition date and the current rate on that date).

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1.5. SEASONALITY OF TRANSACTIONS

The nature of the most significant transactions performed by the Group is not cyclical or seasonal in nature within the same financial year.

1.6. SUBSEQUENT EVENTS

Between 31 December 2023 and the date of formulating these consolidated annual accounts, no additional events not described in the other explanatory notes have occurred that significantly affect the accompanying consolidated financial statements, apart from those indicated in the following paragraphs.

On 18 January 2024, the Constitutional Court issued a ruling annulling certain tax measures set out in Spanish Royal Decree-Law 3/2016 and limiting their effects to the past. The Parent Company of the tax group to which the Company belongs has carried out a first assessment of the Judgment, for both previous years and the year 2023. Its conclusion is that no significant impacts are expected for the Company.

On 9 February 2024, inspection actions were initiated involving the Parent Company as the full legal successor of Sa Nostra, Compañía de Seguros de Vida, S.A. for certain taxes for the periods between 2019 and 2021. The Directors of the Parent Company do not believe that these will have a significant impact on the Group's financial position.

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2. ACCOUNTING PRINCIPLES AND POLICIES AND MEASUREMENT CRITERIA APPLIED

When drawing up the consolidated annual accounts for the Group corresponding to the 2023 financial year, the following accounting principles and policies and measurement rules have been applied:

2.1 BUSINESS COMBINATIONS AND CONSOLIDATION PRINCIPLES

The consolidated annual accounts comprise, in addition to the figures corresponding to the Parent Company, the information corresponding to the subsidiaries and associates. The procedure for integrating the assets of these companies been carried out based on the type of control or influence exercised over them.

Subsidiary companies

The Group considers subsidiaries to be those over which it can exercise control. This ability to control a subsidiary is manifested when:

- it has the power to direct its material activities, that is, those that significantly affect its performance, under a legal or bylaw provision or by virtue of an agreement;
- there is a current ability, that is, practical ability, to exercise the rights to use that power to influence its performance;
- and due to its involvement, it is exposed or has a right to variable returns from the investee.

Generally, voting rights provide the power to direct the material activities of an investee. To calculate this, all direct and indirect voting rights are taken into account, including potential ones such as call options acquired on equity instruments of the investee. In certain situations, the power to direct activities may exist without having the majority of the voting rights.

In these cases, it is assessed whether it unilaterally has the practical ability to direct its material activities (financial, operational or those related to the appointment and remuneration of management bodies, among others).

Subsidiaries are consolidated, without exceptions resulting from their activity, using the full integration method, which consists of aggregating the assets, liabilities and equity, income and expenses, of a similar nature, that appear in their individual annual accounts. The book value of the holdings, direct and indirect, in the capital of the subsidiaries is eliminated using the proportion of the equity of the subsidiaries that they represent. The remaining balances and transactions between consolidated companies are eliminated in the consolidation process.

Third-party holdings in the equity and earnings for the financial year are presented in the “Minority Interests” heading of the balance sheet and in the “Profit and loss attributed to minority interests” heading of the profit and loss account.

With regard to the consolidation of the earnings of the subsidiaries acquired in the financial year, this is carried out for the amount of the earnings generated since the acquisition date. Similarly, the earnings of the subsidiaries that cease to be subsidiaries in the financial year are consolidated for the amount of the earnings generated from the beginning of the financial year until the date on which control is lost.

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Acquisitions and disposals that do not imply a change of control in the investee are recorded as equity transactions, not recognising any loss or gain in the profit and loss account. The difference between the consideration given or received and the decrease or increase in minority interests, respectively, is recognised in reserves.

Appendix 1 of this Report provides relevant information about these entities. The information corresponds to the latest real or estimated figures available at the time of writing this Report.

Exceptionally, the following companies have not been included in the consolidation perimeter due to their insignificant impact on the true and fair view of the consolidated annual accounts and they have been classified in the portfolio of "Financial Assets at fair value through other comprehensive income - Equity instruments":

HOLDINGS IN GROUP COMPANIES, MULTIGROUP COMPANIES AND ASSOCIATES AND ASSETS HELD FOR SALE
(Thousands of euros)

Company name	Address	Activity	% Holding		Summarised financial information		
			Direct	Indirecta	Equity	Profit or loss	Book value
GROUP COMPANIES:							
GEROCAIXA PYME EPSV DE EMPLEO	Gran Vía López de Haro, 38. Bilbao	Occupational Voluntary Retirement Savings Provider	100.00 %	—	44,240	3,650	105
GEROCAIXA EPSV INDIVIDUAL	Gran Vía López de Haro, 38. Bilbao	Individual Voluntary Retirement Savings Provider	100.00 %	—	822,114	73,740	1.100
GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA	Gran Vía López de Haro, 38. Bilbao	Association Voluntary Retirement Savings Provider	100.00 %	—	1,457	124	50

The aforementioned companies focus their activity on the management of insurance-based corporate pension funds domiciled in the Basque Country. All of them are unlisted companies. The Group only participates in the Mutual Fund, and the remaining equity is in the hands of the unitholders.

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Associates

Associates are those over which the Parent Company directly or indirectly exercises significant influence but are not subsidiaries or joint ventures. Significant influence is evident, in most cases, through a holding equal to or greater than 20% of the voting rights of the investee.

Holdings in associates are valued by applying the equity method, that is, by the proportion of the equity accounted for by the holding of each entity in its capital, after considering the dividends received from them and other equity eliminations. In the case of transactions with an associate, the corresponding earnings are eliminated at the percentage of the Group's share in its capital.

The amortisation of intangible assets with a defined useful life identified as a result of preparing a Purchase price allocation ("PPA") for the allocation of the acquisition price paid is charged to the profit and loss account.

The Group has not used financial statements of entities where the equity method is applied which refer to a date other than that of the Group's parent company.

Appendix 2 of this Report provides relevant information about these entities. The information corresponds to the latest real or estimated figures available at the time of writing this Report.

Business combinations

The accounting standards define business combinations as the joining of two or more entities into a single entity or group of entities, the "acquiring entity" being the one that, on the acquisition date, assumes control of another entity.

For those business combinations in which the Group acquires control, the cost of the combination is determined. This is generally the fair value of the consideration paid. This consideration will be made up of the assets contributed, the liabilities assumed from the previous owners of the acquired business and the capital instruments issued by the acquiring entity.

Similarly, on acquisition date there is an assessment of the difference between:

i) the sum of the fair value of the consideration paid, the minority interests and the previous holdings in the entity or business acquired.

ii) The net amount of identifiable assets acquired and liabilities assumed, measured at fair value.

The positive difference between i) and ii) is recorded under the "Intangible assets – Goodwill" heading on the balance sheet, provided that it is not possible to assign it to specific capital elements or identifiable intangible assets of the entity or business acquired. If the difference is negative, it is recorded under the "Negative goodwill recognised in profit and loss" heading in the profit and loss account.

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2.2. CASH AND EQUIVALENT LIQUID ASSETS

This heading of the balance sheet includes cash, meaning both cash in hand and demand bank deposits, as well as cash equivalents.

Cash equivalents correspond to those high liquidity short-term investments that are easily convertible into determined amounts of cash and are subject to a low risk of changes in their value and have a maturity of less than three months.

2.3. FINANCIAL INSTRUMENTS

The Group (particularly the Parent Company and BPI Vida e Pensões) has adapted to the application of IFRS 9, so its financial instruments are presented according to the presentation and measurement criteria set out that standard (see Note 1.2).

Classification of financial assets

The following are the criteria established by the accounting regulatory framework for the classification of financial instruments:

CONTRACTUAL CASH FLOWS	BUSINESS MODEL	CLASSIFICATION OF FINANCIAL ASSETS (FA)	
Payments, solely of principal and interest on the amount of principle outstanding on specified dates (SPPI Test)	• With the aim of receiving contractual cash flows.	• FA at amortised cost.	
	• With the aim of receiving contractual cash flows and sale.	• FA at fair value through other comprehensive income.	
Other - No SPPI test	• Derivative instruments classified as accounting hedge instruments.	• Derivatives - Accounting of hedges.	
	• They are created or purchased with the aim of selling them in the short term.	• FA at fair value through profit or loss.	• FA held to trade.
	• They are part of a group of financial instruments identified and managed jointly for which there is evidence of recent activity to obtain short-term gains.		
	• These are derivative instruments that do not meet the definition of a financial guarantee contract and have not been classified as hedge accounting instruments.		
	• Other.	• FA not held for trading that must be measured at fair value through profit or loss.	

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Investments in equity instruments constitute an exception to the general measurement criteria described above. In general, the Group exercises the option, upon initial recognition and irrevocably, to include in the portfolio of financial assets at fair value through other comprehensive income, those investments in equity instruments that are not classified as held for trading and that, if this option were not exercised, would otherwise be classified as financial assets that must be measured at fair value through profit or loss.

In relation to the evaluation of the business model, this does not depend on the intentions for an individual instrument, but is instead determined for a set of instruments, taking into consideration the frequency, amount and timing of sales in previous financial years, the reasons for those sales and the expectations regarding future sales. Infrequent or insignificant sales, those close to the maturity of the asset and those motivated by increases in the credit risk of the financial assets or to manage the concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

In the case of sales made during the period associated with a crisis based on the exceptions included under the regulatory framework, we consider that in any case they would be consistent with a business model of holding financial assets to obtain contractual cash flows. This is because it is clear that the conditions existing at that time and the reasons for the need to carry out the sales of assets classified under the amortised cost portfolio are totally extraordinary, transitory and restricted to an identifiable period of time.

Regarding the assessment of whether the cash flows of an instrument are only payments of principal and interest, the Group makes a series of judgments when assessing such compliance (solely payments of principal and interest test, also known as SPPI), the most significant being those listed below:

- Modified time value of money: to assess whether the interest rate of a transaction includes any consideration other than that linked to the passage of time, the Group considers factors such as the currency in which the financial asset is denominated and the term for which the interest rate is established. In particular, the Group carries out a regular analysis for transactions where there is a difference between the wording and the frequency of review, which are compared with an instrument that does not have such a difference within a tolerance threshold.

- Exposure to risks not related to a basic loan agreement: consideration is made as to whether the contractual terms of the financial assets introduce exposure to risks or volatility in the contractual cash flows that would not be present in a basic loan agreement, such as exposure to changes in the prices of shares or traded commodities, in which case they would not be considered to pass the SPPI test.

- Clauses that modify the schedule or amount of the flows: the Group considers the existence of contractual conditions under which the schedule or amount of the contractual flows of the financial asset could be modified. This is the case for: i) assets whose contractual conditions allow full or partial early repayment of the principal: ii) assets where an extension of their duration is contractually allowed, or iii) those assets for which interest payments may vary depending on a non-financial variable specified in the contract. In these cases, there is an assessment of whether the contractual flows that may be generated during the life of the instrument due to that contractual condition are only payments of principal and interest on the outstanding principal amount, and may include reasonable additional compensation for the early termination of the contract.

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- Leverage: leveraged financial assets, that is, those in which the variability of the contractual flows increases so that they do not have the economic characteristics of interest, cannot be considered financial assets that meet the SPPI test (for example, derivative instruments such as simple option contracts).

- Subordination and loss of collection rights: the Group assesses the contractual clauses that may result in a loss of collection rights on the amounts of principal and interest on the outstanding principal amount.

- Currency: in the analysis of whether the contractual flows are only payments of principal and interest on the outstanding principal amount, the Group takes into consideration the currency in which the financial asset is denominated to assess the characteristics of the contractual flows, for example, when evaluating the element of the time value of money based on the reference used to set the interest rate for the financial asset.

- Contractually linked instruments: with respect to positions in contractually linked instruments, a lookthrough analysis is carried out. In this, the flows derived from this type of asset are considered to consist solely of payments of principal and interest on the outstanding principal amount if:

  - the contractual conditions of the tranche whose classification is being assessed (without examining the underlying pool of financial instruments) give rise to cash flows that are solely payments of principal and interest on the outstanding principal amount (for example, interest rate of the tranche not linked to raw materials index);

  - the underlying pool of financial instruments is composed of instruments that have contractual flows that are only payments of principal and interest on the outstanding principal amount; and

  - the credit risk exposure for the tranche is equal to or better than the credit risk exposure of the underlying pool of financial instruments (for example, the credit rating of the tranche for which the rating is being assessed is equal to or better than that which would apply to a single tranche formed by the underlying pool of financial instruments). Therefore, if the rating of the tranche is equal to or better than that of the vehicle, it will be considered to meet this condition.

The underlying pool referred to in the previous section may also include instruments that reduce the variability of the flows of that pool of instruments so that, when combined with them, they give rise to flows that are only payments of principal and interest on the outstanding principal amount (for example, an interest rate cap or floor option or a contract that reduces the credit risk of the instruments). It may also include instruments that allow the flows of the tranches to be aligned with the flows of the pool of underlying instruments to exclusively handle differences in the interest rate, currency in which the flows are denominated (including inflation) and the flow schedule.

In cases where a characteristic of a financial asset is not consistent with a basic loan agreement, that is, if there are characteristics of the asset that give rise to contractual flows other than payments of principal and interest on the outstanding principal amount, the Group will evaluate the significance and probability of occurrence to determine if that characteristic or element should be taken into consideration in the evaluation of the SPPI test.

Regarding the significance of a characteristic of a financial asset, the measurement that the Group carries out consists of estimating the impact that

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it may have on the contractual flows. The impact of an element is not significant when it represents a variation in the expected cash flows of less than 5%. This tolerance threshold is determined based on the expected contractual flows without discounting.

If the characteristic of an instrument could have a significant effect on the contractual flows, but that flow characteristic affects the contractual flows of the instrument only at the time when an event occurs that is extremely exceptional, highly anomalous and very unlikely to occur, the Group will not take that characteristic or element into consideration when assessing whether the contractual cash flows of the instrument are solely payments of principal and interest on the outstanding principal amount.

Classification of financial liabilities

Financial liabilities are classified into the following categories: "Financial liabilities held for trading", "Financial liabilities at fair value through profit or loss" and "Financial liabilities at amortised cost", except those that must be classified as "Liabilities included in disposal groups of items that have been classified as held for sale" or that correspond to "Changes in fair value of the hedge elements of a portfolio with interest rate risk hedging" or "Derivatives - hedge accounting", which are presented independently.

Specifically, the "Financial liabilities at amortised cost" portfolio includes: financial liabilities that have not been classified as held for trading or as other financial liabilities at fair value through profit or loss. The balances recorded in this category reflect the typical activity of insurance and reinsurance operations and also those that, without having a commercial origin, cannot be considered as derivative financial instruments.

Initial recognition and measurement

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments not recorded at fair value through profit or loss, the fair value amount is adjusted by adding or deducting any transaction costs directly attributable to their acquisition or issuance. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are recognised immediately in the profit and loss accounts.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issuance or assumption of a financial liability, which would not have been incurred if the Group had not performed the transaction.

The Group recognises financial assets in its balance sheet when it becomes a liable party in the contract or legal business pursuant to its provisions.

Claims recoveries are only accounted for when their realisation is sufficiently guaranteed at the date of preparation of the annual accounts and, therefore, it is expected that economic profits will be obtained from them. Under no circumstances are financial assets recognised for claims recoveries based on estimates made using the Group's experience.

The transactions for the purchase or sale of financial assets instrumented through conventional contracts are recognised on the contracting or settlement date. Contracts that can be settled net are accounted for as a derivative instrument. In particular, transactions carried out in the foreign exchange market are recorded on the settlement date, while financial assets traded on secondary securities markets, if they are equity instruments, are recognised on the contract date, and if they are debt securities, on the settlement date.

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Subsequent measurement of financial assets and liabilities

After their initial recognition, the Group measures financial instruments at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Receivables from trade operations that do not have a significant financing component and trade credits and shortterm debt instruments that are initially valued at the transaction price or their principal, respectively, continue to be valued at that amount less the value correction for impairment, if applicable.

Reclassifications of financial instruments between portfolios

The Group would only reclassify all affected financial assets according to the requirements set forth in IFRS 9 if it decided to change its business model for the management of financial assets. This reclassification would be carried out prospectively from the date of the reclassification. In accordance with the IFRS 9 approach, changes in the business model generally occur very infrequently. Financial liabilities cannot be reclassified between portfolios.

Income and expenses from financial assets and liabilities

The income and expenses associated with financial instruments are recognised using the following criteria:

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PORTFOLIO		RECOGNISING INCOME AND EXPENSES
Financial assets	**At amortised cost**	• Accrued interest: in the profit and loss account with the effective interest rate of the transaction on the gross book amount of the transaction (except in the case of doubtful assets where it is applied to the net book value). • Other changes in value: income or expense when the financial instrument is removed from the balance sheet, is reclassified or there are losses due to impairment or gains from the subsequent reversal of this.
	At fair value through profit or loss	• Changes in fair value: changes in fair value are recorded directly in the profit and loss account, distinguishing, for instruments that are not derivatives, between the part attributable to the returns accrued from the instrument, which will be recorded as interest or dividends according to their nature, and the rest which will be recorded as profit or loss from financial transactions in the corresponding heading. • Accrued interest: corresponding to debt instruments is calculated by applying the effective interest rate method.
	At fair value through other comprehensive income (*)	• Interest or dividends accrued, in the profit and loss account. Interest, as for assets at amortised cost. • Differences in changes in the profit and loss account when they are monetary financial assets and in other comprehensive income when they are non-monetary financial assets. • Debt instruments, losses for impairment or gains for later reversal of this are through the profit and loss account. • The remaining changes in value are recognised through other comprehensive income.
Financial liabilities	**At amortised cost**	• Accrued interest: in the profit and loss account at the effective interest rate of the transaction on the gross book amount of the transaction, except in the case of Tier 1 issues, where discretionary coupons are recognised in reserves. • Other changes in value: income or expense when the financial instrument is removed from the balance sheet or is reclassified.
	At fair value through profit or loss	• Changes in fair value: changes in the value of a financial liability classified at fair value through profit or loss, if applicable, as follows: a) the amount of the change in the fair value of the financial liability attributable to changes in the credit risk inherent to that liability is recognised in other comprehensive income, which is then transferred directly to a reserve item if that financial liability is derecognised, and b) the remaining amount of the change in the fair value of the liability is recognised in profit or loss for the year. • Accrued interest: corresponding to debt instruments is calculated by applying the effective interest rate method.

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

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

For each of the above portfolios, the recognition will change if those instruments are part of a hedging relationship (see section 2.4).

The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial asset or financial liability with respect to the gross book value of a financial asset or the amortised cost of a financial liability. To calculate the effective interest rate, the Group estimates the expected cash flows taking into account all the contractual terms of the financial instrument, but without taking into account the expected credit losses. The calculation includes all fees and basis points of interest, paid or received by the parties to the contract, which include the effective interest rate, transaction costs and any other premium or discount. In those cases where the cash flows or the remaining life of a financial instrument cannot be reliably estimated (for example, prepayments), the Group uses the contractual cash flows over the entire contractual period of the financial instrument.

In the case of financial instruments with variable remuneration, the accounting criteria applied by the Group if there is a subsequent change in the estimation of their remuneration arising from a change in expectations regarding the fulfilment of the future contingency, is based on a recalculation of the amortised cost of the transaction and recognising the effect of that update in the profit and loss account.

2.4. ACCOUNTING HEDGES

The Group uses financial derivatives as a tool for managing financial risks, mainly structural interest rate risk. When these transactions meet certain requirements, they are considered “hedging”.

When a transaction is classified as hedging, this is done from the first moment of the transaction or the instruments included in the aforementioned hedge, and a technical note of the transaction is documented in accordance with current regulations. The documentation for hedging transactions clearly identifies the hedged instrument or instruments and the hedging instrument or instruments, in addition to the nature of the risk that is intended to be hedged and the way in which the Group evaluates whether the hedging relationship meets the hedge effectiveness requirements (together with its analysis of the causes of any ineffectiveness of the hedge and how to determine the hedge ratio).

In order to verify the requirement for effectiveness:

- There must be an economic relationship between the hedged item and the hedging instrument;
- The credit risk of the counterparty of the hedged item or hedging instrument must not have a dominant effect on the changes in value resulting from that financial relationship; and

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- The hedge ratio of the accounting hedge relationship must be met, this being understood as the amount of the hedged item divided by the amount of the hedging instrument. This must be the same as the hedge ratio used for management purposes.

Fair value hedges

Fair value hedges cover the exposure to changes in the fair value of financial assets and liabilities, liabilities for insurance contracts or firm commitments not yet recognised, or of an identified portion of the aforementioned assets, liabilities or firm commitments, attributable to a particular risk and whenever they affect the profit and loss account.

In fair value hedges, the value differences produced in both the hedging elements and the hedged elements, for the part corresponding to the type of risk covered, are recognised asymmetrically depending on whether the hedged element is a debt instrument or an equity instrument:

Debt instruments: the differences in value produced in both the hedging elements and the hedged elements, for the part corresponding to the type of risk hedged, are recognised in the profit and loss account, in the section "Net investment income: other investments". Specifically, in macro fair value hedges, the differences in valuation of the hedged elements have their counterpart in the "Assets - Changes in the fair value of the hedged elements of a portfolio with interest rate risk hedging" or "Liabilities – Changes in the fair value of the hedged items of a portfolio with interest rate risk hedging" headings of the balance sheet, depending on the nature of the hedged item, instead of being recorded in the headings where the hedged items are recorded.

Equity instruments: the differences in value produced in both the hedging elements and the hedged elements, for the part corresponding to the type of risk hedged, are recognised in the "Accumulated other comprehensive income - Elements that cannot be reclassified into profit or loss" heading of the balance sheet.

When hedging derivatives no longer meet the requirements to be classified as such, they are reclassified as trading derivatives. The amount of adjustments previously recorded to the hedged item is allocated as follows:

- Debt instruments: they are allocated to the heading "Net investment income: other investments" of the profit and loss account using the effective interest rate method resulting from the date of interruption of the hedging.
- Equity instruments: are reclassified to reserves from the heading "Accumulated other comprehensive income – Elements that cannot be reclassified into profit or loss – Ineffectiveness of the hedging of fair value hedges for equity instruments measured at fair value through other comprehensive income" of the balance sheet.

Cash flow hedges

Cash flow hedges hedge changes in cash flows attributed to a particular risk associated with a financial asset or liability or a highly probable planned transaction, provided that it may affect the profit and loss account.

The amount of the adjustments to the hedging element is recorded in the "Accumulated other comprehensive income – Elements that can be reclassified into profit or loss – Hedging derivatives. Cash flow hedging reserves [effective part]" heading where they will be maintained until the hedged transaction occurs, at which time it will be recorded in the "Net investment income" heading of the

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profit and loss account, symmetrically with the hedged cash flows, unless it is anticipated that the transaction will not be carried out in which case it will be recorded immediately. The hedged items are recorded in accordance with the criteria explained in Note 2.3, without any modification due to the fact that they are considered hedged instruments.

2.5. OFFSETTING OF ASSETS AND LIABILITIES

Financial assets and liabilities are offset, and are consequently presented on the balance sheet at their net amount, only when there is the legally enforceable right to offset the amounts of the aforementioned instruments and the intention is to settle the net amount, or realise the asset and pay the liability simultaneously, taking into consideration the following:

- The legally enforceable right to offset the recognised amounts must not depend on a future event and must be legally enforceable in all circumstances, including in the event of non-payment or insolvency of any of the parties.
- Those settlements for which the following conditions are met are treated as equivalent to "settlements for the net amount": virtually all credit and liquidity risk is eliminated; and the liquidation of the asset and liability is carried out in a single settlement process.

The Group has not carried out offsetting operations for financial assets and liabilities in the 2023 and 2022 financial years.

2.6. DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset is fully or partially derecognised from the balance sheet when the contractual rights over the cash flows of the financial asset expire or when it is transferred to a third party independent of the entity.

In contrast, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in assignments of financial assets where the risks and rewards inherent to their ownership are substantially retained, such as discounted bills, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest, and the securitisation of financial assets in which the assigning company retains subordinated financing or any other type of guarantees that substantially absorb all expected losses.

Similarly, financial liabilities will be deregistered from the balance sheet when the obligations arising from the contract have been paid, cancelled or expired.

Impairment of financial assets

The Group applies impairment requirements to debt instruments measured at amortised cost and fair value through other comprehensive income, as well as to other exposures that carry credit risk.

The objective of the requirements of the regulatory accounting framework on impairment is to recognise the expected credit losses of transactions, evaluated on a collective or individual basis, considering all reasonable and substantiated information available, including prospective information.

Impairment losses for the period on debt instruments are recognised as an expense under the "Net investment income" heading of the profit and loss account. Impairment losses on debt instruments at amortised cost are recognised against a provision adjustment account that reduces the book value of the asset, while those at fair value through other comprehensive income are

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recognised against accumulated other comprehensive income.

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

- Credit losses: correspond to the difference between all the contractual cash flows owed to the Group in accordance with the financial asset contract and all the cash flows that it expects to receive (i.e., the entire cash flow shortfall), discounted at the original effective interest rate or, for financial assets purchased or originated with credit impairment, at the effective interest rate adjusted for credit quality, or the interest rate on the date referred to in the financial statements when variable. The Group estimates the cash flows of the transaction during its expected life, taking into account all the contractual terms and conditions of the transaction (such as early repayment, extension, redemption and other similar options). In exceptional cases where it is not possible to reliably estimate expected life, the remaining contractual term of the transaction is used, including extension options.

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

  - Expected credit losses over the life of the transaction: these are the expected credit losses resulting from possible default events during the expected life of the transaction.
  - Expected credit losses in twelve months: these are the part of the expected credit losses during the life of the transaction that corresponds to the expected credit losses resulting from default events that may occur in the transaction in the twelve months following the reference date.

The amount of hedging for impairment losses is calculated based on whether or not there has been a significant increase in credit risk since the initial recognition of the transaction, and whether or not a default event has occurred. The Group assumes that the credit risk of a financial instrument has not increased significantly since initial recognition if it is determined that the credit risk of that instrument at the reporting date is low, that is, the equivalent of an Investment Grade credit rating (from AAA to BBB-), which translates into recognising an impairment provision for expected credit losses within 12 months. The Group has defined a series of indicators that identify default events (Stage 3) and significant increases in risk (Stage 2) at the transaction level, for all financial instruments valued at amortised cost and at fair value through other comprehensive income, assuming that the so-called expected credit loss is recognised over the life of the transaction.

When the contractual cash flows of a financial asset are modified or the financial asset is swapped for another, and the modification or swap does not give rise to its derecognition from the balance sheet, the Group recalculates the gross book value of the financial asset, considering the modified cash flows and the effective interest rate applicable before the change, and recognises any difference that arises as a loss or gain due to modification in profit or loss for the period. The amount of directly attributable transaction costs increases the book value of the modified financial asset and will be amortised over its remaining life, requiring the entity to recalculate the effective interest rate.

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2.7. TANGIBLE ASSETS

Tangible fixed assets for own use

This includes the amount for property, land, furniture, vehicles, computer equipment and other facilities acquired or leased, as well as assets assigned under operating leases.

Tangible fixed assets for own use is made up of the assets that the Group has for current or future use for administrative purposes or for the production or supply of goods and that are expected to be used for more than one financial year.

Property investments

This includes the net values of the land, buildings and other constructions held to be used on a leasing basis or to obtain a capital gain from them through their sale.

In general, tangible assets are recorded at acquisition cost, net of cumulative depreciation and any impairment resulting from comparing the net value of each item with its corresponding recoverable amount.

Depreciation is calculated by applying the straight-line method to the acquisition cost of the assets less their residual value. An exception to this is land, which is not depreciated because it is considered to have an indefinite life.

Charges for the depreciation of tangible assets are made with a balancing entry in the profit and loss account, and, basically, are equivalent to the following depreciation percentages, determined in keeping with the estimated years of useful life of the different elements:

Tangible fixed asset elements	2023 Estimated useful
Property (excluding land)	50 years
Furniture and installations	Between 3 and 10 years
Transport equipment	Between 5 and 7 years
Computer equipment	Between 3 and 5 years
Other tangible fixed assets	Between 4 and 13 years

At each financial year end, the Group analyses whether there are indications that the net value of its tangible asset elements exceeds their corresponding recoverable amount, this being understood as the higher of their fair value less the necessary costs of sale and their value in use.

If it is decided that there is a need to recognise an impairment loss, this is recorded in the "Net investment income: Other investments" heading of the profit and loss account, reducing the book value of the assets to their recoverable amount. After recognition of the impairment loss, future depreciation charges are adjusted in proportion to the adjusted book value and its remaining useful life.

Similarly, when it is verified that the value of the assets has recovered, the reversal of the impairment loss recognised in previous periods is recorded and future depreciation charges are adjusted. Under no circumstances can the reversal of the impairment loss on an asset lead to an increase in its book value to an amount higher than would have been recorded had no impairment losses been recognised in previous years.

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Similarly, once a year, or when indications that this is recommendable are observed, the estimated useful life of intangible assets is reviewed and, if necessary, the charges for amortisation are adjusted in the profit and loss account in future financial years.

Conservation and maintenance expenses, operating expenses and operating income from property investments are charged to the profit and loss account depending on their use when they are incurred.

2.8. INTANGIBLE ASSETS

Identifiable non-monetary assets that do not have a physical appearance and that arise as a result of an acquisition from third parties or that have been developed internally are considered to be intangible assets.

Goodwill

Goodwill represents the advance payment made by the acquiring entity for the future economic profits from assets that could not be individually identified and recognised separately. Goodwill is only recorded when business combinations are carried out for a consideration.

In business combination processes, goodwill arises as a positive difference between:

- The consideration paid plus, where appropriate, the fair value of the previous holdings in the capital of the acquired business and the amount of the external partners.
- The net fair value of the identified assets acquired minus the liabilities assumed.

Goodwill is recorded under the heading "Intangible assets – Goodwill" and is not amortised.

At each year end, or when there are indications of impairment, an exercise is performed to identify whether there has been any impairment that reduces the recoverable value below the recorded net cost. If this has taken place, it performs its timely write-off with a balancing entry in the "Other income and other expenses" heading in the profit and loss account. Impairment losses are not subject to subsequent reversal.

Other intangible fixed assets

This item includes the amount of identifiable intangible assets which are, among other items, intangible assets arising from business combinations and administrative concessions.

Intangible assets have a defined useful life and are amortised over this, applying criteria similar to those adopted for the depreciation of tangible assets.

Similarly, once a year, or when indications that this is recommendable are observed, the estimated useful life of intangible assets is reviewed and, if necessary, the charges for amortisation are adjusted in the profit and loss account in future financial years.

Losses that occur in the recorded value of these assets are recognised in the accounts with a balancing entry under the "Other income and other expenses" heading in the profit and loss account. The criteria for recognising impairment losses on these assets and, if applicable, reversals of impairment losses recorded in previous years, are similar to those applied to tangible assets.

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Software

Software is recognised as an intangible asset when, among other requirements, there is the ability to use or sell it, it is also identifiable and its ability to generate economic profits in the future can be demonstrated.

Expenses incurred during the research phase are recognised directly in the profit and loss account in the financial year in which they are incurred. However, they may be subject to subsequent capitalisation when they correspond to individualised projects with a determined cost and well-founded grounds to expect technical success and financial-commercial profitability.

Almost all of the software registered in this heading of the balance sheet has been developed by third parties and is amortised over an average useful life of 10 years.

2.9. CONTINGENT ASSETS

Contingent assets come from unexpected or unplanned events that give rise to the possibility of an inflow of economic profits. Contingent assets are not recognised in the financial statements unless the inflow of economic profits is practically certain. If the inflow of economic profits is probable, it is reported in the notes on the corresponding contingent asset.

Contingent assets are subject to continuous evaluation to ensure that their evolution is adequately reflected in the financial statements.

2.10. FOREIGN CURRENCY TRANSACTIONS

The Group's functional currency and presentation currency is the euro, with balances and transactions denominated in currencies other than the euro being denominated in foreign currency.

All transactions in foreign currency are recorded at the time of their initial recognition by applying the spot exchange rate between the functional currency and the foreign currency.

At the end of each reporting period, the monetary items in foreign currency are translated into euros using the average exchange rate on the spot foreign exchange market corresponding to the end of each year. Non-monetary items measured at historical cost are translated into euros applying the exchange rate on acquisition date and non-monetary items valued at fair value are translated at the exchange rate on the date the fair value is determined.

The exchange rates applied in the translation of foreign currency balances to euros are those published by the European Central Bank (ECB) on 31 December of each financial year.

Any exchange differences produced when translating foreign currency balances to the Group's presentation currency are normally recorded in the profit and loss account. However, exchange variations arising from changes in the value of non-monetary items are recorded under the equity heading "Accumulated other comprehensive income - Elements that can be reclassified into profit or loss - Currency conversion" in the balance sheet, while the exchange variations produced in financial instruments classified at fair value through profit or loss are recorded in the profit and loss account, without differentiating these from the rest of the variations in their fair value.

Income and expenses in foreign currency are translated at the exchange rate at the end of each month.

2.11. RECOGNISING INCOME AND EXPENSES

Income and expenses are generally recognised on an accrual basis, meaning when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. This income is measured at the fair value of the consideration received, net of discounts and taxes.

Expenses by nature are classified as expenses attributable or not attributable to insurance contract portfolios. In accordance with IFRS 17, expenses are considered attributable if they can be allocated at a portfolio level, even if they cannot be directly attributable to individual contracts or groups of insurance contracts. The criteria followed by the Group for the reclassification of expenses attributable by nature into expenses for activities have been based on the identification of tasks carried out in each of the business processes and on allocating the resources used. When this variable is not representative, analytical criteria for cost allocation are used. Based on these analyses, the Parent Company periodically updates the distribution drivers.

The Parent Company has chosen to recognise the acquisition costs associated with insurance products when they are incurred.

2.12. EMPLOYEE BENEFITS

This includes all forms of consideration granted in exchange for the services provided by the Group's employees or for severance pay. They can be classified into the following categories:

Short-term employee benefits

Corresponds to employee benefits, other than severance payments, which are expected to be fully settled within the twelve months following the end of the annual reporting period arising from the services provided by the employees in that period. It includes salaries, wages and contributions to social security; paid annual leave and sick leave; profit sharing and incentives and non-monetary benefits for employees, such as medical care, housing, cars and the gifting of free or partially subsidised goods and services.

The cost of the services provided is recorded in the profit and loss account.

Defined contribution plans

Post-employment commitments maintained with employees are considered defined contribution commitments when contributions of a predetermined nature are made to a separate entity or Pension Fund, without having a legal or effective obligation to make additional contributions if the separate entity or Fund cannot meet the employee compensation related to the services rendered in the current financial year and in previous ones. The contributions made for this item each year are considered staff costs and recorded in the profit and loss account. Post-employment commitments that do not meet the above conditions are considered defined benefit commitments.

Defined benefit plans

As a result of the merger of Sa Nostra, the Parent Company includes in defined benefit plans those that are financed through the payment of insurance premiums in which there is a legal or implicit obligation to directly pay the employees the benefits promised at the time when these are due or to pay additional amounts if the insurer does not make the disbursement of the benefits corresponding to the services provided by the employees in the financial year or in previous financial years.

The liabilities for defined benefits recognised in the consolidated balance sheet

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correspond to the present value of the commitments acquired at the closing date, while the assets recorded for defined benefits correspond to the fair value at that date of the assets affected by the plan, less costs for past unrecorded services.

If applicable, the Parent Company recognises actuarial gains and losses in recognised income and expenses in the financial year in which they occur.

The Parent Company has taken out insurance policies with insurance companies to cover these commitments made to personnel, both active and passive.

Severance payments

The event that gives rise to this obligation is the termination of the employment relationship between the Group and the employee as a result of the Group's decision, the creation of valid expectations for the employee or the decision of an employee to accept benefits through an irrevocable offer from the Group in exchange for terminating the employment contract.

A liability and an expense are recognised from the moment in which the entity can no longer withdraw the offer of these benefits for the employees or from the moment in which it recognises the costs of a restructuring that involves the making of severance payments. These amounts are recorded as a provision under the "Other provisions – Provision for pensions and similar obligations" heading on the balance sheet, until they are settled.

2.13. LEASES

All existing leases are operating leases. These are operations in which, substantially, all the risks and advantages that fall on the asset subject to the lease, and also its ownership, remain with the lessor.

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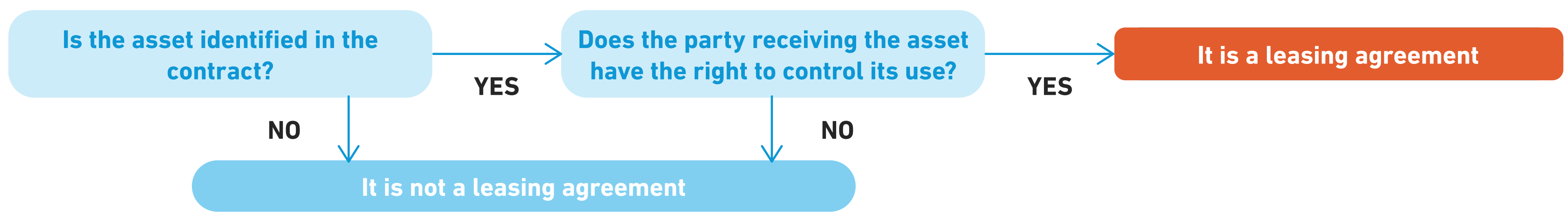
The way to identify and account for the lease operations in which the Group acts as lessor or as lessee is set out below:

Determination of whether the contract constitutes or contains a lease (*)

At the start or when the conditions of the contract are modified



(*) Each component of the contract that constitutes a lease is accounted for independently from the rest of the components of the contract that are not leasing. In the event of contracts that have a lease component and one or more additional lease components or other non-lease components, the consideration from the contract is allocated to each component of the lease on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Accounting as lessor	Financial leases	Operating leases
According to the financial basis of the transaction. Regardless of its legal form	• These are operations in which all the risks and advantages that fall on the asset subject to the lease are substantially transferred to the lessee. • They are recorded as financing provided in the "Financial assets at amortised cost" heading of the balance sheet at the sum of the present value of the payments to be received from the lessee during the term of the lease and any non-guaranteed residual value that corresponds to the lessor. • They include both fixed amounts (minus any payments made to the lessee) and variable amounts determined with reference to an index or rate, as well as the exercise price of the purchase option, if there is reasonable certainty that it will be exercised by the lessee, and the penalties for termination by the lessee, if the term of the lease reflects the exercising of the option to terminate. • The financial income obtained as lessor is recorded in the profit and loss account under the "Income from interest" heading.	• Operations in which, substantially, all the risks and advantages that fall on the asset subject to the lease, and also its ownership, remain with the lessor. • The acquisition cost of the leased assets is recorded under the "Tangible assets" heading in the balance sheet. • They are depreciated using the same criteria applied to the other tangible assets for own use. • Income is recorded in the "Other operating income" heading of the profit and loss account.

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Accounting as lessee	Contract period	• Fixed-term agreements with or without the option of early termination for the Company without the permission of the other party (with only insignificant compensation): in general, the lease term coincides with the initial established duration. • Fixed-term agreements with a renewal option for the Company, without the permission of the other party: the judgment is that this option will be exercised, understanding that there are financial incentives and also considering the past practice of the Company. • The term of certain lease agreements may be affected as a result of possible restructuring plans undertaken by the Company.			
				On the start date of the contract	**Subsequently**
	Contract period	Contracts with a term of more than 12 months or in which the underlying asset is not of minimal value (set at €6,000)	Leasing liabilities ("Other financial liabilities")	Valued at the present value of the lease payments that remain to be paid as of that date, using as the discount rate the interest rate that the lessee would have to pay to borrow, with a similar term and guarantee, the funds necessary to obtain an asset of a value similar to the right-of-use asset in an equivalent economic environment, called the "additional financing rate"*.	Valued at amortised cost using the effective interest rate method and reassessed (with the corresponding adjustment in the related right-of-use asset) when there is a change in future lease payments in the event of renegotiation, changes in an index or rate or in the event of a new assessment of the options in the agreement.
			Assets for right of use ("Tangible assets - land and buildings")	Valued at cost and includes the amount of the initial valuation of the lease liability, the payments made on or before the start date, the initial direct costs and those for dismantling or reuse when there is an obligation to pay them.	Depreciated on a straight-line basis and subject to impairment loss, if any, in accordance with the treatment established for other tangible and intangible assets. In particular, right-of-use assets are included in the bank CGU impairment test together with the corresponding lease liabilities.
		Other contracts		They are accounted for as operating leases	

(*) This type of additional financing has been calculated taking as a reference the debt instruments issued –mortgage bonds and senior debt- weighted according to the issuing capacity of each. A specific rate is used depending on the term of the operation and the business (Spain or Portugal) where the agreements are based.

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Sale transactions with subsequent leasing	• When acting as the seller-lessee: - If control of the good is not retained: · The asset sold is deregistered. · · The right-of-use asset derived from the subsequent leasing is valued at an amount equal to the part of the prior book value of the leased asset corresponding to the proportion of the value of the asset sold accounted for by the right of use. · · A leasing liability is recognised - If control of the good is retained: · The asset sold is not deregistered. · · A financial liability is recognised for the amount of the consideration received. • A financial liability is recognised for the amount of the consideration received. • The profit or loss generated from the transaction is immediately recognised in the profit and loss account if it is established that there has been a sale (only for the amount of the profit or loss relating to the rights over the transferred goods), in such a way that the buyer-lessor acquires control of the good. • A procedure has been established to carry out the future monitoring of the transaction, paying particular attention to the evolution in the market of office rental prices in comparison with the contractually fixed rents and the situation of the assets sold.

2.14. CORPORATION TAX

The corporation tax expense is considered an expense for the financial year and is recognised in the profit and loss account, except when it is the result of a transaction whose results are recorded directly in equity, in which case its corresponding tax effect is also recognised in equity.

The corporation tax expense is calculated as the sum of the current tax for the financial year, which results from applying the tax rate to the taxable base for the financial year, and the change in deferred tax assets and liabilities recognised during the financial year in the profit and loss account. The resulting amount is reduced by the sum of the allowable tax deductions.

Temporary differences, tax losses that can be used to offset future taxes and credits for tax deductions not applied are recorded as deferred tax assets and/or liabilities. These amounts are recorded by applying to them the tax rate at which they are expected to be recovered or settled.

All tax assets are recorded under the “Tax assets” heading on the balance sheet and are shown divided into current, for amounts to be recovered in the next twelve months, and deferred, for amounts to be recovered in subsequent financial years.

Similarly, tax liabilities are recorded under the “Tax liabilities” heading on the balance sheet and are also shown divided between current and deferred. Current

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consists of the amounts to be paid for taxes in the next twelve months and deferred consists of those expected to be settled in future financial years.

It should be noted that deferred tax liabilities arising from temporary differences associated with investments in subsidiaries, holdings in joint ventures or associates are not recognised if the Group controls the timing of the reversal of the temporary difference and, furthermore, it is probable that it will not reverse it.

Deferred tax assets are only recognised when it is estimated that they are likely to be reversed in the foreseeable future and sufficient taxable profits will be available to recover them.

2.15. ASSETS AND LIABILITIES FOR INSURANCE AND REINSURANCE CONTRACTS

The "Assets for reinsurance contracts" and "Liabilities for insurance contracts" headings contain the rights and obligations, respectively, derived from the insurance business of the Group, depending on the following characteristics:

- **Assets for reinsurance contracts**

  The "Assets for reinsurance contracts" heading of the balance sheet includes the combination of rights and obligations that arise from a group of reinsurance contracts. When this combination for a group of contracts has a liability position, it is presented in the "Liabilities for reinsurance contracts" heading.

- **Liabilities for insurance contracts**

  - Definition and classification

    The Group assesses whether its contracts meet the definition of an insurance contract. In other words, whether significant insurance risk is accepted from another party, agreeing to compensate the insurance policy holder if an uncertain future event that has an adverse effect on them occurs. From this assessment, it is concluded that all the insurance contracts previously under the scope of IFRS 4 meet the definition of an insurance contract and, therefore, the introduction of IFRS 17 does not lead to any reclassification. In addition, those products of BPI Vida e Pensões without significant insurance risk which until the 2022 financial year were under the scope of IAS 39 have been measured under IFRS 9 from the 2023 financial year (having been restated in the comparative 2022 financial year).

  - Unit of account

    The Group has analysed the principles for grouping insurance contracts, taking into account whether they are contracts subject to similar risks and are jointly managed, the degree of onerosity and that they are contracts that are no more than one year apart in relation to their issue date (yearly cohorts). From this analysis it has been concluded that the product groups currently used in Solvency II are appropriate.

    The Group uses different measurement methods for insurance contracts depending on the risk group to which they belong:

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Risk Group	Method for measuring the provision
Risk	
Multi-year risk	BBA: Building block approach (General model)
Temporary Annual Renewable Risk ("TAR")	PAA: Premium allocation approach
Savings	
Individual Savings Prior to 1999 - Matching Management	BBA: Building block approach (General model)
Individual Savings After 1999 - Gestión Matching	BBA: Building block approach (General model)
Individual Savings After 1999 - Gestión Volatility	BBA: Building block approach (General model)
Collective Savings - Matching Management	BBA: Building block approach (General model)
Collective Savings - Volatility Management	BBA: Building block approach (General model)
Direct participation	
Unit Linked	VFA: Variable fee approach

Given that the Group has adopted the fair value transition approach, for those contracts issued prior to the transition date (1 January 2022) it has not been necessary to aggregate the contracts into previous cohorts.

For contracts issued after the transition date, the grouping has been carried out by year except for insurance contracts managed under Matching Adjustment techniques and Unit Linked contracts for which the Group has taken advantage of the exception set out in article 2 of Regulation (EU) 2021/2036.

• Recognition and derecognition of accounts

Insurance contract groups are initially recognised when the earliest of the following events take place:

– The start of the coverage period for the contract group.

– The date on which the first payment of a holder of a group policy is due.

– For a group of contracts of an onerous nature, the date on which the group starts to become onerous.

Insurance contracts acquired in a business combination within the scope of IFRS 3 are accounted for as if they were entered into on the acquisition date.

In general, the Group uses the general model for the recognition and measurement of insurance contracts. However, for Unit Linked contracts and similar when the definition of insurance contracts with direct participation features is met, the variable fee approach is used. In addition, for contracts whose coverage period is shorter than one year, the Group uses the premium

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allocation approach. This is also used when the Group expects that the use of this simplified approach will produce a measurement that does not significantly differ from that which would be produced by applying the general or VFA method.

An insurance contract is deregistered when: (i) it is terminated; or (ii) it is modified and meets the requirements of the standard to be deregistered.

• Measurement

- Initial recognition

For contract groups not measured using the premium allocation approach, in the initial recognition the Group values them for the total of:

- The future cash flows (PVCF), which include:
  - Estimations of the future cash flows within the contract limits. The Group estimates the present value of the future cash outflows less the present value of the future cash inflows which are within the contract limits. These estimations are based on the expected value of a full range of possible outcomes, in the Group's opinion (although in keeping with the observable market prices for the variables used) and reflect the existing conditions on the measurement date.
  - These flows include expenses directly attributable to insurance contracts. At the Group level, these expenses include the expenses for the marketing of insurance contracts, the amount of which is approximately the marketing commissions of the insurance contracts paid between Group companies. Those expenses that the Group has decided are not directly attributable are classified in accordance with their nature.
  - Cash flows are within the limits of the insurance contract if the Group can oblige the policyholder to pay the premiums or the Group has a substantive obligation to provide services under the insurance contract to the policyholder. This obligation ends when the Group has the practical ability to reassess the policyholder's risks and, therefore, set a price or level of benefits that reflects those risks. In general, the limit of the contract is determined as the end date of validity, for contracts with renewal the moment in which the Group can reevaluate risks, and in life products the date of the death of the insured party.
  - The investment components will be identified in the cash flows, that is, the amount that must be paid regardless of whether or not the insured event occurs. In those cases where it has been concluded that this exists, it will be equivalent to: i) the accumulated fund, ii) the mathematical provision of the policy or iii) the lesser of the capital for death and the redemption at the mathematical provision value of the policy.
  - An adjustment to reflect the time value of money and the financial risks related to the future cash flows. In general, the Group adopts a top-down approach for discount rates, meaning that the asset rate is taken as a reference and the credit risk is discounted. For contracts measured using the variable fee model and risk products, the discount rate is established using a bottom-up approach.
  - An adjustment to risk for non-financial risk (RA). This reflects the compensation that the Group requires to deal with uncertainty about the amount and schedule of the cash flows as a result of non-financial risk. The Group uses the cost of capital methodology, taking the cost of capital established by Solvency II (6%) and the regulatory capital requirement currently used for underwriting risks, which is equivalent to a confidence

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level of a range between 65% and 70%. The Group breaks down the change to the risk adjustment between the insurance service component and the financial component.

- The contractual service margin (CSM) represents the future profit from the insurance contracts issued. This amount is not recognised in the profit and loss account in the initial recognition, but instead will be recognised as the services under the contract are provided. When this margin is negative, the insurance contract is onerous and the loss must be recognised immediately in the profit and loss account, without the contractual service margin being recognised on the balance sheet.

That Group uses the premium allocation approach for those contracts whose coverage period is one year or less, or when this approach is expected to produce a measurement of the liability for the remaining coverage which does not differ significantly from that which would be produced applying the general model.

For contract groups measured using the premium allocation approach, in the initial recognition, the Group measures the liability for remaining coverage as the premiums received plus/minus any amount arising from the accounting derecognition of assets/liabilities previously recognised for the cash flows related to the contract group.

For these contracts, the profit is implicit in the calculation of the insurance liability, and therefore there is no CSM recognised separately.

For these contracts, the Group has availed itself of the accounting policy option to account for the cash flows from the acquisition of the insurance as expenses when they are incurred.

- Subsequent recognition

The book amount of an insurance contract group at each year end being reported will be the sum of:

- The liability for remaining coverage, which consists of the cash flows derived from the fulfilment of future services assigned to the group on that date and the contractual service margin of the group on that date.
- The liability for incurred claims, which consists of the cash flows derived from the fulfilment of past services assigned to the group on that date.

The changes in cash flows related to the present or past service are recognised in the profit and loss account, where as those related to the future service adjust the CSM or loss component.

For contracts valued using the variable fee approach, the amounts related to the future service that adjust the CSM include changes in the amount of the Group's share in the fair value of the underlying elements.

Changes due to the measurement of cash flows at present rates are recognised in the headings "Elements that may be reclassified into profit or loss - financial component of insurance and reinsurance contracts" of Other Comprehensive Income since the Group has availed itself of this accounting policy to minimise the accounting asymmetries with the accounting recognition of financial assets. For contracts valued using the variable fee approach, these amounts adjust the CSM.

In the earnings for the financial year, the transfer of insurance contract services in the period will be recognised as income from ordinary insurance activities. This amount is determined through the coverage units that are the amount of

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insurance services provided under the contracts during the expected coverage period.

In the insurance contracts where the premium allocation approach is used, at the end of each period the book value of a contract group will be the sum of the liability for remaining coverage and liability for incurred claims. Liability for remaining coverage will be the result of the initial balance plus the premiums received in the period less the amount recognised as income from ordinary insurance activities for services provided in that period.

The Group does not adjust the liability for remaining coverage for the time value of money, since the insurance premiums are due within the coverage period of the contracts, which is one year or less. The measurement of the liability for incurred claims is performed in a way that is similar to the general model.

- Insurance contract income and expenses and net financial profit or loss from insurance

The income and expenses associated with insurance contracts, as well as the net profit or loss from insurance are recognised using the following criteria:

HEADING	RECOGNITION
Profit or loss for the insurance service	• This includes income from ordinary insurance activities, showing the provision of services derived from the group of insurance contracts for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. • Includes insurance service expenses that comprise claims incurred (excluding investment components) and other insurance service expenses, amortisation of acquisition cash flows, changes in flows that relate to past services and changes that relate to the present service.
Financial income and expenses for insurance	• Financial income and expenses for insurance consists of the change in the book value of the group of insurance contracts caused by the effect of the time value of money and changes in this value and by the effect of financial risk and changes in this. • The Group has chosen the accounting policy of recognising the impact of changes in discount rates and other financial variables in Other Comprehensive Income to minimise accounting asymmetries with the accounting recording of financial assets. • For contracts valued using the premium allocation approach, the discount rate will not be used since the cash flows are expected to be received and paid within one year. • The Group breaks down changes in the risk adjustment for non-financial risk between the results of the insurance service and financial income and expenses for insurance.

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The CSM is unlocked and recognised as income in response to the transfer of services in the period and that unlocking is realised on the basis of the allocation of the coverage units. The CSM unlocking approach proposed according to product type is as follows: (i) in income and savings, the expected future mathematical provisions are used and in risk the best estimate claims flows adjusted for the mathematical provision; which in both cases is analogous to the insured sum of all the components of the product.

The income and expenses from reinsurance contracts held show the amounts recovered from the reinsurer and the reinsurance expenses (which correspond to the allocation of the premiums paid) and which together give a net amount equal to that single amount. Additionally, they are presented separately from the income and expenses of insurance contracts issued under the headings "Profit or loss for reinsurance contracts".

2.16. OTHER PROVISIONS AND CONTINGENCIES

Provisions cover current obligations at the date of formulation of the annual accounts arising as a result of past events that may give rise to damage to its assets where their occurrence is considered likely; they are specific with respect to their nature but indeterminate with respect to their amount and/or maturity.

The annual accounts contain all the significant provisions where it is considered more likely than not that the obligation will have to be settled. The provisions are recorded on the liabilities side of the balance sheet based on the covered obligations.

The provisions, which are quantified taking into consideration the best information available on the consequences of the event from which they arise and are re-estimated at each year end, are used to meet the specific obligations for which they were originally recognised. They are reversed, totally or partially, when these obligations cease to exist or decrease.

The policy regarding tax contingencies is to provision the inspection decisions of the Tax Inspection Authorities in relation to the main taxes applicable to it, whether or not they have been appealed, plus the corresponding default interest. As for legal proceedings in progress, provision is made for those whose probability of loss is estimated to exceed 50%.

When there is a present obligation but it is not probable that there will be an outflow of resources, it is recorded under contingent liabilities. Contingent liabilities may evolve in a different way to that initially expected, so they are subject to continuous review to determine whether the need for a resource outflow has become probable. If it is confirmed that the outflow of resources is more likely than not to occur, the corresponding provision is recognised in the balance sheet.

Provisions are recorded in the "Other provisions" heading on the liabilities side of the balance sheet based on the covered obligations.

2.17. ASSETS AND LIABILITIES HELD FOR SALE

The assets recorded under this heading of the consolidated balance sheet include the book value of the individual items, or those integrated into a group (disposal group) or that form part of a business unit that is intended to be sold (discontinued operations), whose sale is highly probable to take place in the conditions in which such assets are currently found within a period of one year from the date to which the consolidated annual accounts refer.

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Additionally, those assets that are expected to be sold in a period of more than one year can be classified as held for sale, as long as the delay is caused by events and circumstances beyond the Group's control, and there is sufficient evidence that the Group remains committed to its plan to sell them. The recovery of the book value of these items will foreseeably take place through the price obtained in their disposal.

Non-current assets held for sale are generally initially valued at the lower of the book value of the financial assets applied and the fair value less costs to sell the asset.

Subsequent to initial recognition, the Group compares the book value with the fair value less costs to sell, recording any possible additional impairment in the consolidated profit and loss account. To do this, the Group updates the reference valuation used to estimate fair value.

When fair value less costs to sell is higher than the book value, the Group recognises the difference in the consolidated profit and loss account as income from the reversal of impairment with the limit of the amount of impairment accumulated since the initial recognition of the asset.

Losses due to impairment of an asset, or disposal group, are recognised in the "Profits or losses from non-current assets and disposal groups of elements classified as held for sale not eligible as discontinued operations (net)" heading of the consolidated profit and loss account. Gains on a non-current asset held for sale due to subsequent increases in fair value (less costs to sell) increase its book value and are also recognised in the consolidated profit and loss account up to an amount equal to that of the losses due to previously recognised deterioration.

Non-current assets held for sale are not amortised while they remain in this category.

2.18. MANAGED CAPITAL

Managed pension funds are not recorded on the Group's balance sheet because their assets are owned by third parties. The fees accruing in the financial year for this activity are recorded in the "Other income and other expenses" heading of the profit and loss account. The expenses corresponding to this activity are recorded in the "Other income and other expenses" heading of the profit and loss account.

2.19. STATEMENTS OF CHANGES IN EQUITY. PART A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

This statement contains the income and expenses recognised as a result of the Group's activity during the financial year, distinguishing between those recorded as earnings in the profit and loss account and the other income and expenses recognised directly in equity.

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

This statement contains all the changes in the Group's equity, including those originating from changes in the accounting criteria and error corrections. The statement presents a reconciliation of the book value at the beginning and at the end of the financial year for all the items that make up equity, grouping the movements according to their nature:

- Adjustments for changes in accounting criteria and error corrections: includes changes in equity that arise as a result of the retrospective restatement of

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the balances in the financial statements, distinguishing between those that originate from changes in accounting criteria and those that correspond to error corrections.

- Total recognised income and expenses: includes, in an aggregate form, the total of the entries recorded in the statement of changes in equity, part A) Recognised Income and Expenses, indicated above.
- Other changes in equity: includes the rest of the entries recorded in equity, such as capital increases or reductions, distribution of earnings, operations with own capital instruments, payments with own capital instruments, transfers between equity items and any other increase or decrease in equity.

2.21. CASH FLOW STATEMENT

The concepts used in the presentation of the cash flow statement are as follows:

- Cash flows: inputs and outputs of money in cash and its equivalents; in other words, short-term investments with high liquidity and low risk of changes in their value.
- Operating activities: the indirect method is used for the presentation of cash flows from operating activities, which reflects the flow from the typical activities of insurance companies, as well as other activities that cannot be classified as investment or financing.
- Investment activities: the acquisition, transfer or disposal through other means of long-term assets and other investments not included in cash and its equivalents.
- Financing activities: activities that cause changes to the composition of equity and liabilities that do not form part of the operating activities, such as financial liabilities.

3. RISK MANAGEMENT

3.1. RISK ENVIRONMENT AND FACTORS

From the perspective of the VidaCaixa Group, for the 2023 financial year, the following factors can be highlighted as having had a significant impact on risk management, both due to their occurrence in the year and their longterm implications:

- **Macroeconomic environment**

  - Global economy

    There were three key factors affecting the performance of the international economy in 2023. First, economic activity slowed down by less than was feared in late 2022, supported by robust labour markets, the improving position in the energy crisis, notable resilience in economic confidence and tailwinds such as the easing of the bottlenecks seen at the end of the pandemic, the withdrawal of restrictions in China and the final restarting of services after the pandemic. Second, inflation was steadily falling in all major international economies. The reduction was much sharper in the general price index, due to the correction of energy inflation, while underlying price pressures eased more moderately. In this context, and as the third major factor during the year, the main central banks continued with the process of tightening the financial conditions that began in 2022. In the early part of 2023, they continued to raise interest rates, until these were at levels considered sufficiently restrictive. And in a second phase, once the peak level of rates had been reached, they halted the increases, but were clear about the intention to maintain these restrictive levels for a prolonged period of

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time until it was confirmed that inflation was on the path towards the central banks' targets. As a result, the rates of the Federal Reserve (FED), with a cumulative increase in the year of 100 b.p., peaked at 5.25%-5.50%, and those of the European Central Bank (ECB), with an increase of 200 b.p., reached 4.00% for the rate on the deposit facility (depo) and 4.50% for the rate on refinancing operations (refi). This was all in a year in which inflation ended close to 3% in both regions, a substantial fall from its peak, but still clearly above the 2% target.

It is estimated that global economic activity grew by just under 3% in 2023 as a whole, rising throughout the year but with variations in performance between different areas. The economic activity of the eurozone showed a marked sluggishness and in China, the initial recovery was followed by indicators that were below expectations, something that was in addition to the persistent difficulties of the real estate sector. In contrast, the US economy exhibited significant resistance, especially supported by consumption.

In this environment of restrictive monetary conditions and weak external demand, the main world economies are expected to exhibit low growth in the early part of 2024. All in all, the scenario has positive elements, such as the robustness of the labour market. So, after a few quarters of relative stagnation, a gradually recovery is expected throughout 2024, underpinned by a recovery in the purchasing power of households and fewer setbacks, such as the correction of the overstocking of inventories that has hampered industry.

- Eurozone

The eurozone economy was clearly weak in 2023 as a result the impact of monetary tightening and the loss of competitiveness of the most energy-intensive industries. After a practically stagnant first half of the year, GDP fell in the third quarter (-0.1% quarter-on-quarter) and a sustained rebound in activity is not expected until well into 2024. Activity was negatively affected by an industrial sector in recession since the outbreak of the war in Ukraine in February 2022, while the services sector was losing momentum and could no longer sustain the growth of the economy as a whole on its own. In relation to the energy crisis that began in 2022 as a result of the outbreak of war in Ukraine, the worst scenarios involving risks to security of supply did not occur and gas prices underwent a strong correction, although they are still at levels almost twice those seen before the war in Ukraine.

In this context, the outlook for 2024 has weakened significantly and we anticipate GDP growth in the eurozone similar to that of 2023 (0.5%). This is a result of Germany's problems in coming out of the 2023 recession and the lack of momentum in both France and Italy (both with growth forecasts of less than 1.0%). The good news is that the labour market continued to generate employment, albeit at a slow pace.

This, added to the savings built up by families, allows us to forecast that consumption will once again sustain the economy once their purchasing power recovers more intensely.

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- Spain and Portugal

In 2023, the Spanish economy showed notable resilience to a very difficult environment, dominated by the impact of high inflation and rising interest rates, as well as the weakness of our main trading partners. In this context, GDP growth moderated to 2.5%, a rate much higher than that of the large economies in the eurozone, thanks to the good pace of job creation and the boost to the tourism sector, which recovered to its pre-pandemic levels.

One of the most positive aspects that explains the resilience of the economy was the strength of the labour market, with an increase in workers registered with Social Security at the end of the year of more than half a million. This supported the recovery of household income and contributed to retaining the climate of confidence, allowing household consumption to take over from external demand as the driver of growth. However, the Spanish economy saw a fall in its growth rate over the course of the year as it began to suffer from the transmission of the monetary tightening and the loss of momentum in external demand.

Inflation experienced a significant correction throughout the year, standing at 3.1% in December compared to the 5.7% recorded at the end of 2022. This was due to the lower contribution of energy and food and the end of the transfer of the indirect effects to the rest of the basket of goods and services, in a context in which no significant second round effects were triggered.

Looking ahead to 2024, we are forecasting a slowdown in GDP growth to a rate of 1.4%, although with the rate rising throughout the year. It is expected that activity will gain traction as the external environment improves, along with the real income of families and the pace of deployment of the Next Generation funds (NGEU).

In 2023, the Portuguese economy grew more vigorously than the eurozone average, with GDP growth of 2.3% overall and with renewed vigour in the final quarter, despite there having been a gradual loss of momentum throughout the year. The passing on of the increase in interest rates to the income of households and companies, the absorption of the inflationary shock and the climate of high uncertainty negatively affected private consumption and investment. On the positive side, the good performance of the labour market stood out, reaching record employment levels. For 2024, we expect the slowdown in economic activity to continue in the early part of the year, hampered by the weakness of the eurozone, before giving way to stronger growth thanks to progress in investments associated with EU funds and the recovery in household purchasing power. We forecast average GDP growth of 1.8% for the year as a whole.

• **Regulatory environment**

The regulatory system on which VidaCaixa Group's business model is based is fundamental to its development, in relation to both management and methodological processes. As a result, regulatory analysis represents an important point on the Group's agenda.

Among the proposals for legislative and regulatory changes, as well as new legislation and regulations approved in 2023, we can highlight:

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- Sustainable finance and environmental, social and governance (ESG) factors:
  - European Securities and Markets Authority (ESMA) public Consultation on Guidelines on funds' names using ESG or sustainability-related terms.
  - Consultation of the Government of Spain on the Draft Bill on Equality in decision-making bodies.
  - European Commission Consultation on the proposal for a Delegated Regulation on the 4 remaining objectives and amendment to the Climate Taxonomy Regulation.
  - Treasury consultation on the draft Royal Decree on the content of reports on the estimation of the financial impact of the risks associated with climate change for financial institutions, listed companies and other large companies.
  - Consultation of the Ministry of Economy, Commerce and Business on the draft bill to transpose the Corporate Sustainability Reporting Directive (CSRD) through a Draft Bill regulating the corporate reporting framework on environmental, social and governance issues.
  - Commission consultation on the Delegated Act on the first set of European Sustainability Reporting Standards (ESRS).
  - Proposal from the European Commission and consultation on the proposed Regulation on ESG ratings.
  - European Commission consultation on the implementation of the Sustainable Finance Disclosure Regulation (SFDR).
  - European Commission Consultation on the possible amendment to the Taxonomy (amendment of activities or addition of new activities).
  - Publication of Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.
  - Draft Bill on Transparency and Integrity in the Activities of Interest Groups (Lobby Law).
  - Draft Bill on the Organic Law for equal representation of women and men.
  - Draft Bill on the Royal Decree implementing the Climate Change Law and which regulates the report mentioned in article 32 of the Law.
- Prudential and solvency regulation:
  - Publication of the implementing technical standards (ITS) on the introduction of reporting of the new interest rate risk from activities other than trading activities (IRRBB).
  - European Commission consultation on the reform of the Crisis Management and Deposit Insurance (CMDI) framework.
  - Regulation 2023/1114 on markets in crypto-assets, and amending Regulations 1093/2010 and 1095/2010 and Directives 2013/36 and 2019/1937.
  - Draft DGSFP circular for the calculation of the declaration of pension benefits and technical assumptions (IORP II).
  - New General Collective Bargaining Agreement for insurance, reinsurance and mutual insurance companies collaborating with Social Security adopted by the Resolution of 2 October 2023, of the Directorate-General for Labour.

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· Royal Decree 668/2023 modifying the Regulation of pension plans and funds to promote employment pension plans.

- Digital area:

· Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience of the financial sector (DORA) and ESA public consultations on implementing technical regulations.

· Proposal from the European Commission for a Regulation on Cyber Resilience, with the aim of ensuring that digital products are safer for consumers across the EU.

· Proposal for a Regulation of the European Parliament and of the Council on a framework for access to financial data and amending Regulations (EU) No. 1093/2010, (EU) No. 1094/2010, (EU) No. 1095/2010 and (EU) 2022/2554.

· Proposal for a Regulation of the European Parliament and of the Council on payment services in the internal market and amending Regulation (EU) No 1093/2010.

· Proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the internal market amending Directive 98/26/ EC and repealing Directives 2015/2366/EU and 2009/110/EC.

· European Commission consultation on an initiative on virtual worlds (metaverses) and Web 4.0.

· Consultation of the European Commission on the proposal for a Cyber Solidarity Act.

· Public consultations of the ESAs on the technical regulations for the implementation of Regulation (EU) 2023/1114, of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

· Royal Decree 817/2023, of 8 November, which establishes a controlled testing environment for testing compliance with the proposed Regulation of the European Parliament and of the Council establishing harmonised standards on artificial intelligence.

· Draft Artificial Intelligence Act of the European Union.

· Public consultation on FIDAR (Financial Data Access Regulation) with an impact on open finance and, in particular, open insurance.

· Proposed Regulation amending Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 as regards establishing a framework for a European Digital Identity.

- Markets and bank insurance:

· Directive (EU) 2023/2225 of the European Parliament and of the Council of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC.

· Directive (EU) 2023/2673 of the European Parliament and of the Council of 22 November 2023 amending Directive 2011/83/EU as regards financial services contracts concluded at a distance and repealing Directive 2002/65/EC.

· European Commission proposal and public consultation on the Retail Investment Strategy. The initiative includes a proposal for an Omnibus Directive, amending the main regulations on the marketing of financial

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instruments and insurance (MiFID, IDD, Solvency II, UCITS, AIFMD) and a proposal to review the PRIIP Regulation.

· EU Commission Delegated Regulation 2023/2222 of 14 July 2023 extending the transitional period laid down for third-country benchmarks in Article 51(5) of Regulation (EU) 2016/1011 of the European Parliament and the Council (BMR Regulation).

· Guidelines on product governance requirements under MiFID II.

· ESMA guidelines relating to certain aspects of the MiFID II suitability requirements.

· Law 2/2023, of 20 February, regulating the protection of persons reporting on regulatory and anti-corruption infringements.

· Law 6/2023, of 17 March, on Securities Markets and Investment Services.

· Law 11/2023, of May 8, transposing European Union Directives on the accessibility of certain products and services, migration of highly qualified people, tax and digitalisation of notarial and registry procedures; and which modifies Law 12/2011, of 27 May, on civil liability for nuclear damage or damage caused by radioactive materials.

· Law 13/2023, of 24 May, which modifies Law 58/2003, of 17 December, General Taxation, in transposition of Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation and other tax regulations.

· Royal Decree Law 5/2023, of 28 June, through which certain measures are adopted and extended in response to the economic and social consequences of the War in Ukraine, to support the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union Directives on structural modifications of mercantile companies and reconciliation of family life and professional life for parents and caregivers; and for the execution and compliance with European Union Law.

· Royal Decree 193/2023, of 21 March, governing the basic conditions of accessibility and non-discrimination of people with disabilities in the accessing and use of goods and services available to the public.

· Royal Decree 816/2023, of 8 November, which modifies the Regulations for the implementation of Law 35/2003, of 4 November, on Collective Investment Institutions, approved by Royal Decree 1082/2012, of 13 July.

· Code of good practice for institutional investors, asset managers and proxy advisors in relation to their duties with respect to the assets vested or services provided (“Investor code of good practice”).

· Bill to create the Independent Administrative Authority for the defence of financial clients.

· Bill that regulates customer service services.

· Draft Royal Decree that modifies various tax regulations, among which is the measurement in wealth tax of insurance for the amount of the mathematical provision.

- Anti-money laundering and financing of terrorism (AML/FT) and tax regulations:

  · Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.

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· Royal Decree 609/2023, of 11 July, which creates the Central Registry of Beneficial Owners and approves its Regulations.

· Order HFP/1284/2023, which approves model 430 of "Tax on insurance premiums. Selfassessment"

· Provincial Decree of Navarre 234/2023 through which various tax regulations in that region are amended.

- Strategic events

So-called "strategic events" are the most important events that could have a significant impact for the Group in the medium term. It includes only those events that have not yet materialised and do not form part of the Catalogue but to which the Group's strategy is exposed, although the severity of the possible impact of those events may be mitigated with management. In the event of the materialisation of a strategic event, the impact could apply to one or more risks in the Catalogue at the same time.

The most important strategic events currently identified are listed with the aim of being able to anticipate and manage their effects:

· Shocks derived from the geopolitical and macroeconomic environment pronounced and persistent deterioration in the macroeconomic outlook and an increase in risk aversion in the financial markets. It could be, for example, the result of: an intensification of the war in Ukraine, the Middle East or the start of other conflicts, a prolongation and intensification of inflationary tensions, an increase in interest rates that is faster or longer-lasting than expected, other global geopolitical shocks, domestic political factors (such as regional tensions, populist governments or social protests), an intense return of the pandemic or the reappearance of tensions within the eurozone that increase the risk of fragmentation. Possible consequences: increase in the country risk premium (financing cost), pressure on costs (due to inflation), reduction in business turnover, worsening credit quality, deposit outflows, material damage to offices or barriers preventing entry to corporate offices (due to protests or sabotage as a result of social discontent).

Mitigating factors: The Group believes that these risks are sufficiently managed through the Group's capital and liquidity levels, validated by compliance with the stress tests and disclosed in the annual own risk and solvency assessment process (ORSA).

· New competitors and application of new technologies

An increase in competition from new entrants is expected, such as Insurtechs, Bigtechs and other players with disruptive proposals or technologies. This event could lead to the separation and elimination of intermediaries in part of the value chain, which could have an impact on margins and cross-selling, on competing with more agile, flexible entities that generally have low-cost proposals for the consumer. The loss of margin on individual clients stands out. While an abrupt reduction is not expected in the short term, continuous and cumulative worsening over the next few years is a risk affecting our profitability.

All this could be exacerbated if the regulatory requirements applicable to these new competitors and services are not equivalent to those currently applied to insurance companies and pension fund managers.

In parallel, the race between competitors to develop and apply new technologies, such as Artificial Intelligence and Blockchain, could lead

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to a competitive disadvantage in certain circumstances where they are required should there be a lack of momentum or low adoption.

Mitigating factors: The Group considers new entrants to be a potential threat and, at the same time, an opportunity as a source of collaboration, learning and encouragement to meet the targets for the digitalisation and transformation of the business established in the Strategic Plan. This is the reason for the periodic monitoring of the performance of the leading new entrants and the BigTech developments in the industry.

Regarding the use of generative artificial intelligence, the Group has already set up a working group to explore different applications.

· Cybercrime and data protection

Cybercrime involves continually changing criminal plans as they continue trying to profit through different types of attacks. The diffusion of new technologies and services that the Group makes available to its customers produces greater ease of access for cybercrime and, therefore, sophistication in its criminal operations. This constant evolution of criminal targets and techniques leads to pressure on the Group to constantly reassess its model for the prevention, management and response to cyber-attacks and fraud in order to be able to respond effectively to emerging risks. An example of this is the adoption of generative artificial intelligence by cybercriminals in order to be more efficient and effective in the construction and execution of their attacks and attempts at fraud. The Group is responding to this with new security capabilities and strategies.

The constant phishing campaigns imitating different companies and official bodies have allowed cybercriminals to carry out different cybersecurity attacks on many organisations. In parallel, the regulators and supervisors in the financial area have moved this topic up their agendas to make it more of a priority. Taking into account the international context, the existing cybersecurity threats and the recent attacks on other institutions, the presence of such events in the Group's digital environment could have serious impacts of different kinds such as the mass corruption of data, the unavailability of critical services (e.g. ransomware), attacks on the supply chain, the leaking of confidential information and fraud in digital channels. There could also be impacts directly related to the banking operations in terms of serious sanctions by the competent bodies and potential reputational damage for the Group.

Mitigating factors: The Group is also very aware of the importance and level of the threat that exists at this time, which is why it performs a constant review of the technological environment and applications in relation to information integrity and confidentiality, as well as the availability of systems and business continuity, both with planned reviews and through continuous auditing by monitoring defined risk indicators. Additionally, through the CaixaBank Group's corporate processes, security protocols and mechanisms are kept updated to adapt them to the threats that arise in the current context (e.g., generative artificial intelligence), continuously monitoring emerging risks. The evolution of security protocols and measures is included in the strategic information security plan, aligned with the Group's strategic objectives to remain at the forefront of information protection and in accordance with the best market standards.

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· Evolution of the legal, regulatory and supervisory framework

The risk of increased pressure from the legal, regulatory or supervisory environment is one of the risks identified in the risk self-assessment exercise as potentially having a greater impact in the short-medium term. Specifically, there is a need to continue performing constant monitoring of new regulatory proposals and their implementation, given the greater activity of legislators and regulators in the financial sector.

Mitigating factors: the control and monitoring of regulations performed by the different areas and control over the effective implementation of regulations in the Group.

· Extreme events and high-impact operational incidents

We do not know the potential impact of extreme events, such as future pandemics or events of an environmental nature, on each of the risks in the Catalogue. This will depend on future events and developments that are uncertain and that would be met with actions to contain or handle the event and mitigate its impact on the economies of the affected countries. Using COVID-19 as a reference, there could be high volatility in the financial markets and significant falls. The macroeconomic outlook could also worsen significantly and with considerable volatility in future scenarios.

Mitigating factors: capacity to effectively implement management initiatives to mitigate the effect on the risk profile of a deterioration in the economic environment in the event of an extreme operational event, such as the specific case of Covid-19.

· Medical advances

Medical advances made in recent years are leading to an evolution in the prevention, diagnosis and treatment of diseases, allowing an improvement in health and longevity. In addition to the benefits to society, the progress that we are witnessing in medicine will also bring challenges for the insurance industry, such as the increase in the information asymmetry between insurer and insured, mispricing between pricing/risks and an increase in insurance costs.

Mitigating factors: the portfolio's longevity risk exposure is limited to within acceptable levels. In any event, the product design and risk analysis processes are integrated, so any increase in the risk profile for new production is controlled ex ante. Attention must be paid to how the entry into play of dependency/illness products associated with longevity risk may change this perspective.

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3.2. RISK GOVERNANCE, MANAGEMENT AND CONTROL

To provide a complete overview of risk management and control, the following core elements of the risk management framework are described below:

INTERNAL CONTROL FRAMEWORK based on the Three Lines of Defence model that provides a reasonable degree of certainty about the achievement of the Group's objectives.

GOVERNANCE AND ORGANISATION

It is developed through internal policies, rules and procedures that ensure adequate supervision by the governing bodies and committees, as well as by the specialization of the human team.

RISK CULTURE

The risk culture is articulated through training, communication, and the development and remuneration of employee performance, among others.

STRATEGIC RISK MANAGEMENT PROCESSES

Risk identification and assessment: Risk Assessment

Half-yearly self-assessment of the Group's risk profile. Its objective is to identify the material risks, assessing for each of these the inherent risk situation and its trend, as well as their management and control, and the emerging risks. In turn it allows for the identification of strategic events that affect one or more risks which, due to their potential medium term impact, should be specifically monitored.

Taxonomy and definition of risks: Risk catalogue

List and description of the material risks identified through the Risk Assessment process and reviewed each year. It supports the monitoring and reporting, internal and external, of the risks and consistency across the Group.

Risk monitoring: Risk Appetite Framework (RAF)

Comprehensive and forward-looking tool used by the Board of Directors to determine, for all the risks in the Catalogue, the type and thresholds it is willing to accept to achieve the Group's strategic objectives.

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3.2.1. Internal control framework

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

- An appropriate identification, measurement and mitigation of the risks to which VidaCaixa 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.
- Compliance with the regulations and supervisory requirements, Codes of Conduct and internal policies, processes and standards.

It is integrated into the internal governance system of the VidaCaixa Group, aligned with the business model and follows both the regulations applicable to insurance companies and pension fund managers and the Guidelines established at the corporate level by the CaixaBank Group.

The guidelines for the internal control framework are included in the Internal Control Policy and are organised into a model with three levels of control, in line with the guidelines of the regulators and the best practices of the sector based on the “three lines of defence model”.

First level of control

Formed by the business areas (along with the areas that provide them with support) which generate the VidaCaixa Group’s exposure to risks in the exercising of its activity. They are therefore responsible for developing and implementing control processes and mechanisms to ensure that the main risks arising from their activities are identified, managed, measured, controlled, mitigated and reported.

Second level of control

The functions integrated into the second level of control act independently from the business units and include:

- The establishment of risk management and control policies, in coordination with the first level of control, evaluating their subsequent compliance.
- The identification, measurement and monitoring of the risks (including emerging ones), contributing to the definition and implementation of risk indicators aligned with the RAF, as well as controls that allow compliance with external and internal regulations in the scope of risk management and control.
- Periodic monitoring of the effectiveness of the indicators and controls at the first level of control, as well as of the indicators and controls at the second level of control.
- Monitoring identified control weaknesses, as well as establishing and implementing action plans to remedy them.

The issuance of an opinion, through Risk Assessment, on the suitability of the risk control environment. The second level of control is split between the Risk Management Function, the Actuarial Function and the Regulatory Compliance Function, which carry out their activities in accordance with the provisions of the Solvency II regulations for the insurance business. Additionally, the Risk Management Function includes in its scope the activity of managing pension funds in accordance with IORP II.

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Third level of control

Internal Audit acts as the third line of defence, independently supervising the actions of the first and second of lines in order to provide reasonable assurance to Senior Management and the Governing Bodies.

To establish and preserve the independence of the function, the Internal Audit Department reports functionally to the Chair of the Board of Directors' Audit and Control Committee, not with standing that it must report to the Chairman of the Board of Directors for proper fulfilment of its functions.

Internal Audit at the VidaCaixa Group has a By-Law Policy on its duties, aligned with the CaixaBank By-Laws, and approved by the Board of Directors of the VidaCaixa Group, which establishes that it is an independent and objective department providing assurance and consultation designed to add value and improve activities. Its objective is to provide reasonable security to Senior Management and the Governing Bodies regarding:

- The effectiveness and efficiency of the internal control systems to mitigate the risks associated with the activities.
- Compliance with the current legislation, with special attention to requests from the supervisory bodies and the proper application of the Global Risk Management and Appetite Frameworks.
- Compliance with the internal policies and regulations, and alignment with the best practices and good sectoral customs, for suitable internal governance.
- The reliability and integrity of the information, including the effectiveness of the Internal Control System of Financial and Non-Financial Information (SCIIF and SCIINF in Spanish).

In this sense, the main areas of supervision refer to:

- The suitability, effectiveness and implementation of policies, standards and procedures.
- The effectiveness of controls.
- The adequate measurement and monitoring of indicators at the first level of control and second level of control.
- The existence and correct implementation of action plans to remedy control weaknesses.
- The validation, monitoring and assessment of the control environment created by the second level of control.

Its functions also include:

i) The preparation of a multi-year Strategic Internal Audit Plan aligned with that of the Entity, as well as the preparation of the Annual Audit Plan with a multi-year vision based on risk assessments, which includes the requirements of the regulators and those tasks or projects requested by Senior Management and the Audit and Control Committee. The Annual Audit Plan for 2023 has focussed on four areas of particular importance: technological and cybersecurity risk, Sustainability, integration processes, as well as Regulatory Developments and Information Reliability.

ii) The periodic reporting of the conclusions of the work carried out and the weaknesses detected to the Governing Bodies, senior management, external auditors, supervisors and the rest of the corresponding control and management environments.

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3.2.2. Governance and Organisation

The organisational system for risk management governance in the VidaCaixa Group is set out below:

DIRECTORS

Board of Directors (BoD)

Highest decision making body. Establishes and monitors the business model and responsible for implementing a risk governance framework in line with the risk appetite. Includes the dissemination of the strong and diligent risk culture, the setting of the risk appetite laid down in the Risk Appetite Framework and the Risk Catalogue. Monitors the results of the risk assessment process, establishes and is responsible for the internal governance polities, the management and control of risks, overseeing the organisation to ensure these are implemented and monitored.

Risk Committee

Advises the BoD about the global risk strategy and appetite, reports on the RAF and proposes risk policies to the Board.

Audit and Control Committee (ACC)

Supervises the efficiency of the internal control systems, internal audit and the risk management systems. Supervises the process for drawing up and presenting the mandatory financial and non-financial information.

Appointments, Remuneration and Sustainability Committee

Assesses and proposes to the BoD the evaluation of the skills, knowledge and experience of the members of the BoD and the senior executives. Establishes the governance principles and framework in the area of remuneration for the BoD and the senior executives. Supervises and monitors compliance with the environmental and social policies and rules.

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SENIOR MANAGEMENT

Management Committee (MC)

Chaired by the CEO-Managing Director of VidaCaixa who is also Director of Insurance at CaixaBank and takes part in different CaixaBank Group committees such as the Management Committee and the Global Risk Committee.

Global Risk Committee (GRC)

Under the chairmanship of the Director of the Actuarial and Risk Function, the GRC globally manages, controls and monitors the risks included in the Risk Catalogue, as well as the implications for liquidity, solvency and capital consumption management.

Investment Committee

General management of investments and in charge of monitoring and controlling the evolution of the entity's investments and their associated risks.

Business Committee

Taking the pulse of the business through monitoring the customer/channel elements and experience. Making value propositions for new products and sales aspects.

Transformation and Service Committee

Ensuring the control and correct provision of resources, controlling quality levels and promoting efficiency in operations.

Production and distribution committee

New products, ensuring their proper marketing.

Efficiency committee

Control and monitoring of budget planning, promoting and monitoring efficiency improvements.

Talent Committee

Talent management and development to guarantee a meritocracy, transparency and diversity.

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3.2.3. Strategic risk management processes

As part of the internal control framework and in accordance with the provisions of the Global Risk Management Policy, the VidaCaixa Group has a risk management framework that allows it to make well-founded decisions on whether to accept risk.

This risk management framework allows the VidaCaixa Group to understand and communicate its risk profile, ensure that risks remain at acceptable levels, assess their probable evolution as a result of new activities or changes in the operating environment, and contribute to the rapid recovery after a risk event. All of this is necessarily based on a sound risk culture and governance structure which, together with the strategic risk processes, make up the pillars of the risk management framework.

In this way, the objective of the strategic risk management processes is the identification, measurement, monitoring, control and reporting of risks. To this end, the processes include three fundamental elements that are set out below: risk assessment (identification and evaluation), risk catalogue (taxonomy and definition) and risk appetite framework (monitoring).

The result of the strategic processes is reported, at least annually, to the Global Risk Committee first and to the Risk Committee second, to be finally approved by the Board of Directors.

Risk Assessment

The VidaCaixa Group carries out a risk self-assessment exercise on a half-yearly basis in order to:

- Identify and assess the inherent risks adopted given the environment and business model.
- Perform a self-assessment of the risk management, control and governance capabilities, as an explicit instrument that helps detect best practices and relative weaknesses in any of the risks.

Risk Assessment is one of the main ways we can identify:

- Emerging risks: risks whose materiality or importance is increasing in such a way that could result in them being explicitly included in the risk catalogue.
- Strategic events: the most relevant events that could have a significant impact in the medium-long term. It includes only those events that have not yet materialised and do not form part of the Catalogue but to which the company's strategy is exposed due to external causes, although the severity of the possible impact of those events may be mitigated with management.

Risk Catalogue

The Corporate Risk Catalogue is the taxonomy of the Group's risks. It facilitates internal and external monitoring and reporting of risks and consistency across the Group and is subject to periodic review, at least annually. In this updating process, the materiality of the emerging risks previously identified in the Risk Assessment process is also evaluated and the definition of strategic events is covered.

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EXPOSURE TO STRATEGIC EVENTS

FINANCIAL RISKS					OPERATIONAL RISK				
Credit	Actuarial	Structural for rates	Liquidity and financing	Market	Conduct and compliance	Legal and regulatory	Technological	Fiduciary	Other operacional risk

CROSS-CUTTING RISKS
- Profitability of the business
- Own resources and solvency
- Model
- Reputational

The risk catalogue (taxonomy and definition), together with the risk assessment exercise (identification and assessment) and the risk Appetite Framework - RAF (monitoring) are the processes forming the foundation of the CaixaBank Group's strategy for the identification, measurement, monitoring, control and reporting of risks.

All of that following the general risk management principles established in the Group and based on: governance. Segregation of duties (3 LoD model), proactive and anticipatory management, advanced tools and methods, scenario analysis, culture of risks, social responsibility, communication and transparency.

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

All of the risks and their associated definitions are presented below:

CROSS-CUTTING RISKS	Profitability of the business	Obtaining results below market expectations or the Group's targets that ultimately prevent it from reaching a level of sustainable profitability higher than the cost of capital.
	Own resources and solvency	Restriction of the CaixaBank Group's ability to adapt its volume of own resources to regulatory requirements or a change in its risk profile.
	Model	Possible adverse consequences for the Group that could originate from decisions based mainly on the results of the internal models, due to errors in their construction, application or use.
	Reputational	Potential financial loss or lower income for the Group, as a consequence of events that negatively affect stakeholder perception of the CaixaBank Group.

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FINANCIAL RISKS	**Credit** (ESG)	Loss of value of the CaixaBank Group's assets vis-à-vis a customer, due to the impairment of the ability of that customer to meet its commitments to the Group. Includes the risk generated by transactions in financial markets (counterparty risk).
	Actuarial	Risk of loss or adverse change to the value of the commitments taken on by virtue of insurance or pension contracts with customers or employees as a result of a difference between the estimate for the actuarial variables used in pricing and reserves and their actual level.
	Structural for rates	Negative effect on the financial value of balance sheet items or the financial margin due to changes in the time structure of interest rates and their impact on the Group's assets, liabilities and off-balance sheet instruments not recorded in the trading portfolio.
	Liquidity	Lack of liquid assets, or limitation on the ability to access market funding, to satisfy contractual maturities of liabilities, regulatory requirements or the investment needs of the Group.
	Market	Loss of value, with an impact on earnings and solvency of a portfolio (set of assets and liabilities), due to unfavourable movements in market prices or rates.
OPERATIONAL RISK	**Conduct and compliance**	Application of performance criteria contrary to the interests of its customers or other stakeholders, or actions or omissions by the Group not in keeping with the legal and regulatory framework or the internal policies, standards or procedures or codes of conduct, ethical standards or best practices.
	Legal and regulatory (ESG)	Potential losses or reduction in the profitability of the CaixaBank Group as a result of changes to the current legislation, incorrect implementation of that legislation in the CaixaBank Group's processes, improper interpretation of this in the different transactions, incorrect management of legal or administrative requests or any lawsuits or claims received.
	Technological	Losses due to the inadequacy or failure of the hardware or software used in the technological infrastructures, due to cyber-attacks or other circumstances, which may compromise the availability, integrity, accessibility and security of the infrastructures and the data.
	Fiduciary (ESG)	Losses or reduced income resulting from a decline in customer confidence in the Group caused by inappropriate actions, even when complying with regulations and standards in activities relating to the management, advice or custody of customers' investment assets, which may result in losses for them, causing them to believe that expectations generated have not been met.
	Other operational risks (ESG)	Losses or damages caused by errors or failures in processes, due to external events or the accidental or malicious actions of third parties unrelated to the Group. It includes, among other factors, risk factors related to outsourcing, operation continuity and external fraud.

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

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The most important modifications from this year's review are:

- The proposal is for model risk to be considered as a cross-cutting risk (instead of purely operational) due to alignment with corporate criteria for presentation purposes in reports where the catalogue is included in matrix format. Currently, in the VidaCaixa Group, the only relationship between Model Risk and the rest of the risks is in relation to actuarial risk due to the Internal Mortality and Longevity Underwriting Model. However, the plan is to increase the model perimeter with 3 new models.

In relation to sustainability risk (ESG), this continues to be considered to be a cross-cutting 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 the legal and regulatory risk area. No explicit mention is made of liquidity and market risks, given the low level of materiality assigned to them, but in any case it has been determined that the stress tests carried out are of sufficient magnitude to reflect impacts in these areas arising from climate matters.

ESG risk factors

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

Among the ESG risk factors, climate risks in particular are highly complex to measure. As a result, the materiality analysis is focussed on the qualitative assessment of the main impacts that ESG factors could have on traditional risks, such as credit, liquidity, market, operational, reputational and business risks. Additionally, the qualitative analyses have been complemented with quantitative analyses that have confirmed the qualitative conclusions. However, given the current state of progress of quantification methodologies and existing data, it is expected that these exercises will continue to evolve in order to provide increasingly accurate results.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is a comprehensive prospective tool with which the Board of Directors determines the risk type and thresholds (risk appetite) it is willing to accept to achieve the VidaCaixa Group's strategic objectives. These objectives are formalised through the qualitative statements relating to the risk appetite, expressed by the Board of Directors, and the metrics and thresholds that allow the monitoring of the development of the activity for the different risks.

3.2.4. Risk culture

The risk culture in the VidaCaixa Group is made up of employee behaviour and attitudes towards risk and its management, which reflect the values, objectives and practices shared by the Group and integrated into the management through its policies, communication and staff training.

This culture influences the decisions made by the management and employees in their daily activity, with the aim of avoiding conduct that could inadvertently increase risks or lead to unacceptable risks. It is based on a high level of awareness about risk and its management, a solid governance structure, an open and critical dialogue in the organisation and the absence of incentives for unjustified risk taking.

In this way, the actions and decisions that involve an acceptance of risk are:

- Aligned with the corporate values and basic principles of action.
- Aligned with the risk appetite and strategy.

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- Based on exhaustive knowledge of the risks involved and how to manage them, including environmental, social and governance factors.

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

Responsibility

The VidaCaixa Board of Directors is responsible for establishing and supervising the implementation of a solid and diligent risk culture in the organisation that promotes behaviour consistent with the identification and mitigation of risks. They will consider the impact of that culture on the financial stability, risk profile and proper governance of the institution and will make changes where necessary.

All employees must be fully aware of their responsibility in risk management. This management does not correspond only to risk experts or internal control functions. The business units are primarily responsible for the daily management of risks in line with the entity's policies, procedures and controls and will promptly escalate, internally or outside the entity, any cases of non-compliance that they observe.

Communication

The management of VidaCaixa assists the governing bodies in establishing and communicating the risk culture to the rest of the organisation, ensuring that all members of the organisation are aware of the fundamental values and associated expectations in risk management. This is an essential element in maintaining a robust and consistent framework aligned with the risk profile.

In this regard, the Risk Culture project, with the aim of raising awareness about the importance of all employees in risk management in order to be a solid and sustainable Group, has been a turning point in the dissemination of the risk culture to the entire Group. Within the framework of this project, different actions have been carried out to disseminate the risk culture. These have been aimed at all VidaCaixa Group employees through the publication on the intranet, among others, of any news related to risk projects.

Training

Training represents a fundamental mechanism in VidaCaixa Group for internalising the risk culture and ensuring that employees have the appropriate skills to perform their duties with full awareness of their responsibility when taking on risks to achieve objectives. To this end, the VidaCaixa Group provides regular training tailored to functions and profiles, in accordance with the business strategy, which allows employees to become familiar with the institution's risk management policies, procedures and processes and which includes the study of changes introduced in the applicable legal and regulatory frameworks.

In the specific area of the Risk activity, the training content is defined both in the support functions for the Board of Directors/Senior Management, with specific content that facilitates decision-making at the highest level, and in the rest of the organisation's functions. All this is done with the aim of facilitating the rollout of the RAF to the entire organisation, the decentralisation of decision-making, the refreshing of risk analysis skills and the optimisation of risk quality.

The VidaCaixa Group channels its training mainly through the Risks School. In this way, training is considered to be a strategic tool aimed at providing support to the business areas while at the same time being the channel for transmitting the Group's risk culture and policies, offering training, information and tools for all professionals.

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3.3. CROSS-CUTTING RISKS

3.3.1. Business profitability risk

Business profitability risk refers to obtaining earnings that are lower than forecast or fail to meet the Company's targets and that ultimately prevent it from reaching a level of sustainable profitability which exceeds the cost of capital.

The profitability targets, supported by a financial planning and monitoring process, are defined in the Strategic Plan, for a three-year horizon, and are specified annually in the budget.

The VidaCaixa Group has a Business Profitability Risk Management Policy that establishes the principles that will govern any actions to control and manage that risk, including prudence in forecasting earnings in keeping with the risk and the integration of solvency strategies, the strategic plan and risk management.

The business profitability risk management strategy is closely integrated with the solvency management strategy and is supported by the strategic risk processes (Risk Catalogue, Risk Assessment and RAF).

3.3.2. Own funds and solvency risk

The own funds and solvency risk is the potential restriction of the ability to adapt its volume of own funds to regulatory requirements or a change in its risk profile.

The VidaCaixa Group, in line with the CaixaBank Group, aims to maintain a medium-low risk profile and a comfortable capital adequacy, in order to strengthen its position.

In this area, the VidaCaixa Group has an Own Funds and Solvency Risk Management Policy whose purpose is to establish the principles on which its capital targets are determined, aligned with the objectives at the CaixaBank Group level, as well as establish common guidelines in relation to the monitoring, control and management of own funds that allow, among other things, the mitigation of this risk.

3.3.3. Model risk

Model risk is defined as the possible adverse consequences that could originate from decisions based mainly on the results of internal models, due to errors in their construction, application or use.

The general model risk management strategy is carried out through the Model Inventory as a key element to ensure the appropriate governance and monitoring of the risks derived from the use of the models.

In particular, the sub-risks identified under model risk are Quality, Governance and Control Environment Risks.

3.3.4. Reputational risk

Reputational risk is the possible weakening of the competitive capacity that would occur due to a deterioration of trust in the VidaCaixa Group among its stakeholders.

Some risk areas identified by the VidaCaixa Group, in line with the CaixaBank Group, where this trust could deteriorate are, among others, those linked to the design and marketing of products, information systems and security, the need to promote ESG (Environmental, Social and Corporate Governance) aspects in the business, including risks related to climate change, talent development, work-life balance, diversity and occupational health due to their increasing importance.

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3.4. FINANCIAL-ACTUARIAL RISKS

3.4.1. Credit risk

Credit risk corresponds to the loss of value of the VidaCaixa Group's assets vis-à-vis a customer or counterparty, due to the impairment of the ability of that customer or counterparty to meet its commitments to VidaCaixa Group.

The VidaCaixa Group has an Investment Risk Management Policy that establishes that the principles guiding decision-making will ensure that it operates following prudent investment management practices and establishing quantitative limits on assets and exposures, so that managed assets behave in a balanced and stable manner in the long term, even under adverse market conditions.

In relation to the credit risk associated with financial instruments, rating scales are defined, minimum levels of credit quality and diversification are established, seeking a high level of diversification in sectors and issuers, with maximum risk limits per issuer. Additionally, socially responsible investment criteria are taken into consideration in investment management.

In general, the VidaCaixa Group holds its cash and equivalent liquid assets in financial institutions with high credit ratings. For balances pending collection from insurance policyholders, there is no significant concentration of credit risk with third parties.

The VidaCaixa Group's credit risk management is determined by internal compliance with the action approved by the Board of Directors. In this context, a set of values is established consistent with the corporate guidelines established in the CaixaBank Group, adapted to the investment management structure and focus in the VidaCaixa Group in relation to the long-term nature of the investment and the need for liquidity.

The maximum exposure to the credit risk of the financial instruments included in the financial instruments headings of the assets side of the balance sheet, including counterparty risk, is presented below:

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MAXIMUM EXPOSURE TO CREDIT RISK
(Thousands of euros)

	31-12-2023		31-12-2022 Restad	
	Maximum exposure to credit risk	Coverage	Maximum exposure to credit risk	Coverage
Financial assets not held for trading that must be measured at fair value through profit or loss (Note 11)	**13,260,704**	**—**	**11,180,425**	**—**
Equity instruments	13,260,704	—	11,180,425	—
Debt securities	—	—	—	—
Loans and advances	—	—	—	—
Financial assets classified at fair value through profit or loss (Note 12)	**5,925,110**	**—**	**6,534,469**	**—**
Equity instruments	—	—	—	—
Debt securities	5,820,494	—	6,322,071	—
Loans and advances	104,616	—	212,398	—
Financial assets at fair value through other comprehensive income (Note 13)	**59,003,972**	**—**	**53,601,409**	**—**
Equity instruments	2,063	—	10,798	—
Debt securities	59,001,909	—	53,590,611	—
Financial assets at amortised cost (Note 14)	**4,107,296**	**—**	**3,759,929**	**—**
Debt securities	3,592,209	—	3,202,628	—
Receivables	515,087	—	557,301	—
Trading derivatives and hedge accounting (Note 15)	**679,599**	**—**	**823,888**	**—**
TOTAL ASSET EXPOSURE	**82,976,681**	**—**	**75,900,120**	**—**

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As investment criteria, different measures are taken into consideration such as the concentration of risk by credit rating, geographic diversification and diversification across sectors. These are presented below.

CONCENTRATION BY CREDIT RATING 31-12-2023
(Thousands of euros)

RATING	FA AT AMORTISED COST - DS	FA HELD-TO-TRADE -DS	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
AAA/AA+/AA/AA-	460,000	—	3,146,117	—	2,445,486
A+/A/A-	2,339,509	—	1,468,308	—	46,641,476
BBB+/BBB/BBB-	776,953	—	1,150,856	—	9,856,013
"INVESTMENT GRADE"	**3,576,462**	**—**	**5,765,281**	**—**	**58,942,975**
Valuation changes for impairment losses	(436)	—	—	—	—
BB+/BB/BB-	—	—	26,021	—	45,902
B+/B/B-	—	—	512	—	—
CCC+/CCC/CCC-	—	—	—	—	—
No rating	16,183	—	28,680	—	13,032
"NON-INVESTMENT GRADE"	**16,183**	**—**	**55,213**	**—**	**58,934**
Valuation changes for impairment losses	—	—	—	—	—
TOTAL	**3,592,209**	**—**	**5,820,494**	**—**	**59,001,909**

(*) DS: Debt securities.

(**) FA at FV: Financial assets at fair value.

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CONCENTRATION BY CREDIT RATING 31-12-2022 RESTATED
(Thousands of euros)

RATING	FA AT AMORTISED COST - DS	FA HELD-TO-TRADE -DS	FA AT FV THROUGH PROFIT OR LOSS RESULTADOS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME (**)
AAA/AA+/AA/AA-	192,107	—	2.607,465	—	1,597,285
A+/A/A-	2,252,918	—	2,076,095	—	41,540,681
BBB+/BBB/BBB-	754,239	—	1,507,874	—	10,284,276
“INVESTMENT GRADE”	**3,199,264**	**—**	**6,191,434**	**—**	**53,422,242**
Valuation changes for impairment losses	—	—	—	—	—
BB+/BB/BB-	—	—	63,409	—	141,723
B+/B/B-	—	—	6,842	—	—
CCC+/CCC/CCC-	—	—	—	—	—
No rating	3,364	—	60,386	—	26,646
“NON-INVESTMENT GRADE”	**3,364**	**—**	**130,637**	**—**	**168,369**
Valuation changes for impairment losses	—	—	—	—	—
TOTAL	**3,202,628**	**—**	**6,322,071**	**—**	**53,590,611**

(*) DS: Debt securities.

(**) FA at FV: Financial assets at fair value.

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EXPOSURE TO SOVEREIGN RISK 31-12-2023
(Thousands of euros)

COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
SPAIN	Less than 3 months	44,264	—	123,060	—	1,325,320
	Between 3 months and 1 year	10,918	—	108,648	—	2,604,277
	Between 1 and 2 years	151,825	—	147,149	—	1,562,518
	Between 2 and 3 years	209,689	—	16,727	—	2,382,174
	Between 3 and 5 years	336,408	—	494,901	—	4,255,539
	Between 5 and 10 years	402,837	—	245,921	—	10,675,617
	More than 10 years	692,728	—	7,311	—	20,402,255
	Total	**1,848,669**	**—**	**1,143,717**	**—**	**43,207,700**
ITALY	Less than 3 months	—	—	96,617	—	18,563
	Between 3 months and 1 year	10,586	—	152,556	—	258,901
	Between 1 and 2 years	—	—	38,704	—	76,944
	Between 2 and 3 years	7,851	—	167,245	—	423,096
	Between 3 and 5 years	—	—	81,518	—	970,757
	Between 5 and 10 years	—	—	323,780	—	671,184
	More than 10 years	135,210	—	15,909	—	3,172,027
	Total	**153,647**	**—**	**876,329**	**—**	**5,591,472**
PORTUGAL	Less than 3 months	—	—	—	—	5,891
	Between 3 months and 1 year	7,870	—	1,097	—	2,538
	Between 1 and 2 years	3,117	—	978	—	43,390

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COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
PORTUGAL	Between 2 and 3 years	7,538	—	—	—	24,575
	Between 3 and 5 years	—	—	5,272	—	58,840
	Between 5 and 10 years	5,524	—	205	—	132,279
	More than 10 years	—	—	—	—	—
	Total	**24,049**	**—**	**7,552**	**—**	**267,513**
EEUU	Less than 3 months	—	—	35,278	—	—
	Between 3 months and 1 year	—	—	8,452	—	209,619
	Between 1 and 2 years	—	—	11,889	—	—
	Between 2 and 3 years	—	—	—	—	—
	Between 3 and 5 years	—	—	23,833	—	—
	Between 5 and 10 years	—	—	183,080	—	—
	More than 10 years	—	—	10,596	—	—
	Total	**—**	**—**	**273,128**	**—**	**209,619**
FRANCE	Less than 3 months	—	—	350,064	—	7,451
	Between 3 months and 1 year	—	—	5,646	—	—
	Between 1 and 2 years	—	—	68,916	—	1,361
	Between 2 and 3 years	7,100	—	159,795	—	598
	Between 3 and 5 years	—	—	320,922	—	—
	Between 5 and 10 years	—	—	321,352	—	10,570

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COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIV E INCOME
FRANCE	More than 10 years	—	—	12,248	—	10,157
	Total	**7,100**	**—**	**1,238,943**	**—**	**30,137**
BELGIUM	Less than 3 months	—	—	80,897	—	—
	Between 3 months and 1 year	—	—	—	—	1,472
	Between 1 and 2 years	—	—	22,825	—	158,056
	Between 2 and 3 years	10,259	—	22,019	—	76
	Between 3 and 5 years	9,812	—	37,707	—	36
	Between 5 and 10 years	—	—	135,717	—	357
	More than 10 years	—	—	19,374	—	131
	Total	**20,071**	**—**	**318,539**	**—**	**160,128**
OTHER	Less than 3 months	—	—	4,138	—	9,422
	Between 3 months and 1 year	—	—	219,620	—	—
	Between 1 and 2 years	—	—	61,847	—	268
	Between 2 and 3 years	—	—	26,363	—	—
	Between 3 and 5 years	9,985	—	277,890	—	1,934
	Between 5 and 10 years	10.091	—	413,092	—	10,596
	More than 10 years	—	—	16,076	—	269
	Total	**20,076**	**—**	**1,019,026**	**—**	**22,489**
TOTAL COUNTRIES		**2,073,612**	**—**	**4,877,234**	**—**	**49,489,058**

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EXPOSURE TO SOVEREIGN RISK 31-12-2022 RESTATED
(Thousands of euros)

COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
SPAIN	Less than 3 months	67,033	—	532,755	—	505,833
	Between 3 months and 1 year	83,948	—	465,539	—	915,457
	Between 1 and 2 years	132,330	—	255,419	—	3,285,482
	Between 2 and 3 years	219,720	—	160,681	—	1,769,226
	Between 3 and 5 years	391,596	—	175,132	—	4,605,300
	Between 5 and 10 years	523,561	—	207,063	—	11,202,561
	More than 10 years	705,823	—	91	—	17,503,856
	Total	**2,124,011**	**—**	**1,796,680**	**—**	**39,787,715**
ITALY	Less than 3 months	—	—	311,667	—	317
	Between 3 months and 1 year	29,106	—	303,498	—	580,285
	Between 1 and 2 years	6,340	—	40,406	—	265,679
	Between 2 and 3 years	—	—	19,936	—	56,406
	Between 3 and 5 years	8,100	—	230,179	—	390,317
	Between 5 and 10 years	—	—	172,590	—	1,089,799
	More than 10 years	32,641	—	21	—	2,927,115
	Total	**76,187**	**—**	**1,078,297**	**—**	**5,309,918**
PORTUGAL	Less than 3 months	—	—	207	—	—
	Between 3 months and 1 year	—	—	16,877	—	51,328
	Between 1 and 2 years	—	—	1,136	—	7,133

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COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIV E INCOME
PORTUGAL	Between 2 and 3 years	3,174	—	4,556	—	42,938
	Between 3 and 5 years	4,363	—	18	—	67,163
	Between 5 and 10 years	5,529	—	8	—	136,360
	More than 10 years	—	—	—	—	—
	Total	**13,066**	**—**	**22,802**	**—**	**304,922**
EEUU	Less than 3 months	—	—	70,552	—	—
	Between 3 months and 1 year	—	—	14,538	—	—
	Between 1 and 2 years	—	—	23,562	—	212,412
	Between 2 and 3 years	—	—	9,760	—	—
	Between 3 and 5 years	—	—	8,450	—	—
	Between 5 and 10 years	—	—	111,165	—	—
	More than 10 years	—	—	7,533	—	—
	Total	**—**	**—**	**245,560**	**—**	**212,412**
FRANCE	Less than 3 months	—	—	7,767	—	—
	Between 3 months and 1 year	—	—	111,845	—	—
	Between 1 and 2 years	—	—	237,767	—	—
	Between 2 and 3 years	—	—	22,158	—	1,390
	Between 3 and 5 years	6,946	—	19,835	—	596
	Between 5 and 10 years	—	—	461,203	—	10,413

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COUNTRY	RESIDUAL MATURITY	FA AT AMORTISED COST	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
FRANCE	More than 10 years	—	—	—	—	9,573
	Total	**6,946**	**—**	**860,575**	**—**	**21,972**
BÉLGICA	Less than 3 months	—	—	226,216	—	—
	Between 3 months and 1 year	—	—	42,425	—	1,340
	Between 1 and 2 years	—	—	3,547	—	—
	Between 2 and 3 years	—	—	45,779	—	—
	Between 3 and 5 years	10,290	—	38,044	—	76
	Between 5 and 10 years	9,769	—	86,961	—	—
	More than 10 years	—	—	56,291	—	118
	Total	**20,059**	**—**	**499,263**	**—**	**1,534**
OTHER	Less than 3 months	—	—	5,764	—	1,755
	Between 3 months and 1 year	—	—	132,641	—	—
	Between 1 and 2 years	—	—	326,524	—	72
	Between 2 and 3 years	—	—	18,677	—	385
	Between 3 and 5 years	9,964	—	22,334	—	—
	Between 5 and 10 years	10,057	—	293,979	—	9,363
	More than 10 years	—	—	389	—	3,136
	Total	**20,021**	**—**	**800,308**	**—**	**14,711**
TOTAL COUNTRIES		**2,260,290**	**—**	**5,303,485**	**—**	**45,653,184**

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CONCENTRATION BY ECONOMIC ACTIVITY
(Thousands of euros)

	31-12-2023			31-12-2022 Restated		
SECTOR	**GROSS BOOK VALUE**	**OF WHICH: STAGE 3**	**COVERAGE**	**GROSS BOOK VALUE**	**OF WHICH: STAGE 3**	**COVERAGE**
Communications	763,106	—	—	797,118	—	—
Non-cyclical consumption	1,438,443	—	—	801,062	—	—
Energy	762,887	—	—	388,240	—	—
Finance	4,926,312	—	—	13,673,658	—	—
Public sector	62,316,323	—	—	52,419,357	—	—
Industrial	5,845,652	—	—	1,399,714	—	—
Raw materials	573,210	—	—	293,255	—	—
Utilities	1.508,286	—	—	1,667,830	—	—
Diversified	3,232,482	—	—	2,499,211	—	—
Technology	415,442	—	—	579,709	—	—
TOTAL	**81,782,143**	**—**	**—**	**74,519,154**	**—**	**—**

3.4.2. Actuarial risk

General description

The European regulatory framework for insurance companies, known as Solvency II, has been transposed to the Spanish legal system through Law 20/2015 and Royal Decree 1060/2015, known in Spanish, respectively, as LOSSEAR and ROSSEAR. This framework is supplemented by the technical standards approved by the European Commission (ITS), which are directly applicable, and the guidelines published by EIOPA (European Insurance and Occupational Pensions Authority), which have been adopted by the General Directorate of Insurance and Pension Funds (DGSyFP) as its own.

In line with the European Solvency II Directive, actuarial risk is defined in the Risk Catalogue as the risk of loss or adverse change in the value of the commitments taken on by virtue of insurance or pension contracts with customers or employees as a result of a difference between the estimate for the actuarial variables used in pricing and reserves and their actual development. In this area, the processes followed in performing the activity are differentiated according to the following risks that make up the actuarial risk:

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- Mortality risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of mortality rates, in those cases where an increase in the mortality rate generates an increase in the value of the commitments taken on.
- Longevity risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of mortality rates, in those cases where a decrease in the mortality rate generates an increase in the value of the commitments taken on.
- Disability and morbidity risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of disability, illness and morbidity rates.
- Downside risk: risk of loss or adverse adjustment to the value of expected future profits or an increase in future expected loses due to changes in the level, trend or volatility of the real cancellation, renewal and redemption rates among policyholders of the insurance contracts compared to the downside assumptions used.
- Expense risk: risk of loss or adverse adjustment to the value of the commitments taken on through insurance contracts, due to changes in the level, trend or volatility of the expenses for executing the insurance or reinsurance contracts compared to the surcharges foreseen in the pricing and constitution of provisions for the products.
- Catastrophic risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance contracts, due to significant uncertainty in the pricing assumptions and the constitution of provisions corresponding to extreme or extraordinary events.

The purpose of managing this risk is to maintain the ability to pay the commitments to policyholders, optimise the technical margin and preserve the economic value of the balance sheet within the limits established in the Risk Appetite Framework.

Actuarial risk cycle

Monitoring and measurement of actuarial risk

The actuarial risks taken on as a result of the underwriting of life insurance contracts are managed jointly with the inherent risks arising from the financial assets acquired for their coverage.

To ensure proper management of the actuarial risk, the VidaCaixa Group has an Underwriting and Constitution of Reserves Policy and a Reinsurance Policy, updated at least once a year, in which the strategy and general principles, the governance framework, the control framework and the information framework for each area are established.

The actuarial risk management established in these Policies is designed to ensure the long-term stability of the actuarial factors that affect the technical evolution of the insurance products underwritten. In the specific area of mortality and longevity risks, the VidaCaixa Group incorporates in its management and for the calculation of the Solvency II Solvency Capital Requirement (SCR) for mortality and longevity risks, an internal model partially complying with the regulations established in the Solvency II Directive and presented annually to the Regulatory Body. The model is based on data from historical experience that provide it with an accurate view of the real behaviour of the insured parties as a whole.

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The underwriting and constitution of reserves policy identifies for each business line the different parameters used for the acceptance of risks, their management, measurement, pricing and finally the valuation and constitution of the reserves for the policies constituted under the underwriting process. The general operating procedures used for underwriting and for the constitution of reserves are also identified.

The actuarial risk measurement systems, from which the quantification and evaluation of the adequacy of the technical provisions, policy by policy, are performed, form part of the management of the insurance company. In this way, production operations, whatever the channel, are recorded in the systems through the different contracting and benefits management applications which are directly integrated or connected, through automated interfaces, with provision and capital requirement calculation applications. The management and control of the investments supporting the company's insurance activity are carried out through the investment management applications. All the applications automatically post in the accounting support applications.

Within the framework of these integrated and automated systems, there is a series of applications that carry out management support tasks. We can mention those for data processing and that are responsible for preparing information for reporting and risk management. Similarly, it has a risk and solvency Datamart, as a support tool for compliance with all the requirements established by the Solvency II Directive.

To evaluate the impact that it would have on the liabilities for insurance contracts and assets for reinsurance, the assumptions used are broken down below:

Actuarial assumptions for the mortality/longevity estimation

Within the regulatory framework of Solvency II, the Group has approved an internal model for longevity and mortality underwriting risks, the purpose of which is to obtain the following results:

- The mortality table corresponding to the experience of the company's insured population (generational table with calculation of the improvement factors to be applied between generations, with the exception of risk policies where contractual limits are applied within the current year in which the base table is used).
- The shock percentages for both longevity and mortality (value calibrated at the 99.5% or 0.5% percentile, respectively).

The internal model is widely used and plays an important role in evaluating the effect of potential decisions when they affect the entity's risk profile, including the impact on expected gains or losses and their volatility as a result of such decisions. Its uses can be divided into two blocks depending on whether the use is related to risk management or management decision making:

- Risk management: the results of the internal model are taken into account when formulating risk strategies, including the establishment of risk tolerance limits, reporting, etc.
- Management decision making: the internal model is used to support decisions about new product launches, rate changes, group policy pricing and product changes, capital allocation, etc.

The mortality table from own experience that emanates from the statistical process of the partial internal mortality and longevity model has been used in

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forecasting the best estimate of the flows from the obligations held with the insured parties, both in Solvency II and in the IFRS standards.

Other actuarial assumptions

Also within the framework of the calculation of Best Estimate of Solvency II and IFRS, the VidaCaixa Group uses assumptions for the measurement of other actuarial or underwriting risks such as disability, morbidity, portfolio loss and expenses. These assumptions are based on own experience, that is, on the observation of the historical behaviour of claims, loss and expenses of the entity's portfolio.

Below is a sensitivity analysis from the end of 2023 to changes in the risk variables of insurance contracts based on the variations in the best estimate assumptions used for the valuation of future cash flows derived from the obligations under insurance contracts:

ANALYSIS OF SENSITIVITY TO CHANGES IN CONTRACT RISK VARIABLES - 2023
%

	Impact on PVCF+RA	Impact on CSM	Impact on pre-tax profit or loss	Impact on equity
RISK				
Risk of mortality +1%	6.05 %	(0.38) %	(0.01) %	0.02 %
Risk of longevity +1%	(5.99) %	0.38 %	0.01 %	(0.02) %
Risk of disability and morbidity +1%	7.14 %	(0.70) %	(0.03) %	— %
Risk of fall -10%	(9.86) %	1.17 %	0.01 %	— %
Risk of expenses +5%	3.24 %	(0.18) %	— %	0.01 %
SAVINGS				
Risk of mortality +1%	(0.10) %	0.88 %	0.27 %	(0.32) %
Risk of longevity +1%	0.10 %	(0.89) %	(0.27) %	0.31 %
Risk of disability and morbidity +1%	— %	— %	— %	— %

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cont.

	Impact on PVCF+RA	Impact on CSM	Impact on pre-tax profit or loss	Impact on equity
Risk of fall -56%	(0.01) %	0.78 %	(0.63) %	0.07 %
Risk of expenses +5%	0.06 %	(0.61) %	(0.09) %	0.20 %
DIRECT PARTICIPATION				
Risk of mortality +1%	(0.08) %	(0.09) %	— %	— %
Risk of longevity +1%	(0.06) %	0.15 %	— %	— %
Risk of disability and morbidity +1%	— %	— %	— %	— %
Risk of fall -10%	(0.29) %	4.02 %	(0.01) %	— %
Risk of expenses +5%	— %	(0.14) %	— %	— %

The sensitivity calculation has been determined on the basis of the positions at the end of November 2023 (the changes with respect to December 2023 are insignificant).

There is dependence between different variables that makes it difficult to establish clear causal relationships between a specific variable and an effect. As a result, for the calculation of each sensitivity, the rest of the assumptions remain unchanged except when they are directly affected by the modified sensitivity. The results are presented as a percentage change from the corresponding base value indicated in the appropriate column.

Development of incurred claims

Below is a breakdown of the outstanding liability for claims at the end of the 2023 financial year according to their year of occurrence that make up the “Liabilities for incurred claims” in comparison with previous estimates for these:

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DEVELOPMENT OF LIABILITIES FOR INCURRED CLAIMS - 2023
(Thousands of euros)

		2018	2019	2020	2021	2022	2023	Total
Gross LIC constituted in the occurrence of the claim (1)								
Number of years since the declaration	1 year later	204,392	219,208	207,869	257,663	242,164	1,763,804	
	2 years later	260,786	279,289	287,350	339,688	316,037		
	3 ayears later	266,693	291,759	300,738	351,922			
	4 years later	270,842	298,287	307,787				
	5 years later	273,313	300,070					
	6 years later	274,689						
Accumulated payments made (-)		**274,689**	**298,672**	**304,043**	**340,969**	**294,853**	**220,417**	
Gross liabilities for incurred claims (LIC)		**—**	**1,398**	**3,744**	**10,953**	**21,184**	**1,543,387**	**1,580,666**
Effect of financial discounting		—	—	—	—	—	—	—
Effect of the RA		—	—	—	—	—	—	—
Liabilities for incurred claims (LIC)		—	—	—	—	—	—	**1,580,666**

(1) Given the short-term nature of Liabilities for incurred claims, provisions occurring prior to the period shown in the breakdown are not considered significant.

Mitigation of actuarial risk

One of the tools available to the VidaCaixa Group to mitigate the actuarial risk taken on is to transfer some of the risk to other institutions, through reinsurance contracts. For this, the aforementioned Reinsurance Policy, updated at least each year, identifies the risk transfer level, considering the risk profile of the direct insurance contracts, as well as the type, suitability and operation of the different reinsurance agreements.

By using reinsurance, an insurer can reduce risk, stabilise solvency, use

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available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance obtained, the insurer remains contractually liable to pay all claims to policyholders.

In this regard, the VidaCaixa Group establishes tolerance limits based on the criteria that must govern the selection of the reinsurance companies and the maximum retained risk.

3.4.3. Structural rate risk

This is identified in the Risk Catalogue as the negative effect on the financial value of balance sheet items or their financial margin due to changes in the time structure of interest rates and their impact on the assets, liabilities and off-balance sheet instruments.

The VidaCaixa Group has an Asset and Liability Management Policy whose purpose is to establish the strategy for their management, which is based, among other aspects, on maximising the VidaCaixa Group's performance and, in turn, limiting exposure to interest rate risk. In this context, risk exposure is limited through financial immunisation techniques provided for in the provisions of the DGSyFP.

Similarly, the perimeter of the structural interest rate risk in the VidaCaixa Group includes the use of the matching adjustment in the relevant time structure of risk-free interest rates in accordance with the guidelines established in the Solvency II Directive. For its application, VidaCaixa obtained the necessary authorisation for its application from of the General Directorate of Insurance and Pension Funds in 2015.

The redemption value and market value of the assets assigned to the portfolios affected by the cash flow matching adjustment amount to €42,326,582,000 and €44,896,765,000, respectively, as of 31 December 2023.

The following are the performance curves used to discount the estimated future cash flows from insurance contracts:

FINANCIAL RISK ASSUMPTIONS
(% Weighted average rate on cash flows at present rate)

Present Rate	1 year	5 years	10 years	20 years	30 years
Risk	3.36 %	2.22 %	2.61 %	2.26 %	3.13 %
Savings	4.46 %	3.46 %	3.82 %	3.52 %	3.04 %
Direct participation	3.45 %	2.31 %	2.72 %	2.37 %	1.84 %

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The rates presented in the previous table have been calculated for the risk and savings segments based on the weighted average discount rate of the managed resources.

Finally, a sensitivity analysis is shown at the end the 2023 financial year on how a possible change in interest rates and credit spread could impact "Other comprehensive income" derived from the valuation of insurance contracts under the BBA model, as well as "Financial assets at fair value through other comprehensive income" associated with that model:

INTEREST RATE SENSITIVITY (1) - GROSS OF TAXES
(% increase over the base scenario)

	Impact on the Group's equity	
	+100	**-100 PB**
Risk-free rate	(3.31) %	4.99 %
	+50 PB	**-50 PB**
Credit spread on Spanish debt	(4.47) %	5.62 %
Credit spread on Italian debt	(2.01) %	2.27 %
Credit spread on Portuguese debt	(0.17) %	0.17 %
Credit spread on corporate	(2.91) %	3.14 %

(1) The sensitivity variation is applied to the yield curves for all durations.

The sensitivity calculation has been determined on the basis of the positions at the end of November 2023 (the changes with respect to December of 2023 are insignificant).

Structural exchange rate risk

Structural exchange rate risk is the potential risk to the value of the assets affected by exchange rate movements.

The Parent Company holds assets and liabilities in foreign currency on its balance sheet, mainly as a result of its commercial activity and holdings in foreign currency, in addition to the assets or liabilities in foreign currency arising as a result of the management carried out by the Group to mitigate exchange rate risk.

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In relation to the exchange rate risk, the positions in foreign currency are as follows:

FOREIGN CURRENCY POSITIONS
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Cash and equivalent liquid assets	293.646	170.729
Financial assets not held for trading that must be measured at fair value through profit or loss	7.391.043	6.047.156
Financial assets classified at fair value through profit or loss	374.621	440.540
Financial assets at fair value through other comprehensive income	1.917.062	1.603.516
Financial assets at amortised cost - Debt securities	188.169	162.941
TOTAL ASSETS IN FOREIGN CURRENCY	**10.164.541**	**8.424.882**
Of which: linked to investments by life policyholders who assume the risk of the investment (*)	2.805.665	2.346.820
Other financial liabilities	90.098	100.776
Liabilities for insurance contracts	—	—
Other liabilities	—	—
TOTAL LIABILITIES IN FOREIGN CURRENCY	**90.098**	**100.776**

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products.

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The breakdown by currency for the years 2023 and 2022 is as follows:

BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET 31-12-2023
(Thousands of euros)

	FA AT AMORTISED COST - DS	FA HELD-TO-TRADE - DS	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
USD	79,795	—	355,186	6,612,310	1,244,820
JPY	—	—	19,435	688,124	2,182
GBP	108,374	—	—	44,684	639,999
CHF	—	—	—	24,879	—
Other	—	—	—	21,046	30,061
TOTAL	**188,169**	**—**	**374,621**	**7,391,043**	**1,917,062**

BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET 31-12-2022 RESTATED
(Thousands of euros)

	FA AT AMORTISED COST - DS	FA HELD-TO-TRADE - DS	FA AT FV THROUGH PROFIT OR LOSS	FA NOT HELD FOR TRADING MAN FV THROUGH PROF. OR LOSS	FA AT FV THROUGH OTHER COMPREHENSIVE INCOME
USD	73,607	—	396,660	5,325,867	1,027,005
JPY	—	—	43,765	602,813	4,675
GBP	89,334	—	115	55,378	571,760
CHF	—	—	—	30,968	—
Other	—	—	—	32,130	76
TOTAL	**162,941**	**—**	**440,540**	**6,047,156**	**1,603,516**

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3.4.4. Liquidity risk

Liquidity risk is referred to in the Risk Catalogue as having insufficient liquid assets to meet the contractual maturities of its liabilities, any regulatory requirements or its investment needs.

The VidaCaixa Group manages its liquidity and financing risk based on its own management frameworks and policies included in the strategic corporate risk management processes. The VidaCaixa Group does not have a significant exposure to this risk since it mainly maintains long-term portfolio investments, although there is a risk of illiquidity with the market risk inherent to the possibility that an asset has to be sold at a price lower than the market price due to its low liquidity and/or volatility at that time. In addition, there is a risk that the company will not have enough cash to make immediate payments to meet its obligations over certain time horizons, mainly in the short term.

The VidaCaixa Group performs continuous monitoring of the adequate relationship between the cash flows from investments and the obligations from insurance contracts. As assets have a direct relationship with the liabilities they cover, the management of this risk is closely linked to the management of the business' assets and liabilities. While it is true that liquidity risk is inherent to any asset, controlling the evolution of probable flows provides sufficient tools to also exhaustively manage liquidity needs.

Additionally, two analyses are carried out based on time periods:

- Cash and banks forecast: this is the forecast for one month ahead; where the need for liquidity to meet commitments in the most immediate term is analysed.
- Forecast in the different short/medium term liquidity stress test scenarios: this is the analysis of the existing GAP between the inflows and outflows of money, derived from the forecast of the insurance group's flows. For this second analysis, the segmentation of the business is taken into account based mainly on the interest rate guarantee and redemption rights.

The VidaCaixa Group periodically monitors the evolution of the matching of the flows of assets and liabilities, which allows it to manage the sensitivity of the portfolios to variations in the profitability and duration of the pools of assets and liabilities, and to anticipate possible cash flow mismatches.

The VidaCaixa Group has a Liquidity Risk Management Policy whose purpose is to establish the strategy for managing liquidity risk, based, among other aspects, on having sufficient assets to meet the obligations to the insured parties, including in situations of severe stress.

Residual term of the transactions

Below is the analysis by maturity of assets for reinsurance contracts and liabilities for insurance contracts:

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Residual term of the transactions - 31-12-2023
(Thousands of euros)

	ON DEMAND	<3 MONTHS	3-12 MONTHS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS	TOTAL
Assets for reinsurance contracts	—	(7,369)	(46,136)	—	—	—	—	—	(53,505)
Liabilities for insurance contracts	6,438	1,830,794	5,436,770	5,091,106	5,444,215	3,956,557	3,552,891	25,409,606	50,728,377
TOTAL INSURANCE CONTRACTS	**6,438**	**1,823,425**	**5,390,634**	**5,091,106**	**5,444,215**	**3,956,557**	**3,552,891**	**25,409,606**	**50,674,872**

(1) The amounts for Insurance Contract Liabilities do not include Risk Adjustment for Non-Financial Risks (RA), the CSM or contracts valued under VFA.

3.4.5. Market Risk

In the Risk Catalogue, the market risk is identified as the loss of value, with an impact on earnings or solvency, of a portfolio (set of assets and liabilities) due to unfavourable movements in market prices or rates. The VidaCaixa Group periodically performs different sensitivity analyses of its portfolios in relation to market risk, derived mainly from changes in interest rates. In this regard, among other aspects, the amended durations of the fixed income portfolios associated with the Life business are controlled on a monthly basis.

The management of financial derivatives includes the use of counterparties that, being financial institutions subject to supervision by the supervisory body of the Member States of the Economic European Union, have sufficient solvency. Contractually, the positions have an explicit guarantee in relation to being able to cancel the transaction at any time, either through its settlement or its assignment to third parties. This settlement is guaranteed by a commitment by the counterparties to publish daily strike prices as well as a clear specification of the valuation method used.

With regard to exchange rate risk, the VidaCaixa Group holds no assets with significant direct exposure in currencies other than the euro and, where appropriate, the necessary hedges are made.

The Investment Risk Management Policy establishes investment management and control frameworks that are carried out through investment management applications. All the applications automatically post in the accounting support applications.

3.5. OPERATIONAL RISK

General description

Operational risk is defined as the possibility of incurring losses due to failures or the inadequacy of processes, personnel, internal systems or external events. Given the heterogeneity of the nature of operational events, the VidaCaixa Group does not include operational risk as a single element in the Risk Catalogue, but rather has included the following risks of an operational nature: conduct and compliance, legal and regulatory, technological, fiduciary and other operational risks. The VidaCaixa Group maintains specific management frameworks for each of these risks in the Catalogue, without prejudice to the additional existence of an Operational Risk Management Policy.

Although the method used to calculate the Solvency II capital requirement, SCR, is the standard, the measurement and management of the operational risk of the VidaCaixa Group is based on risk-sensitive policies, processes, tools and methodologies, in accordance with best market practices.

Operational risk measurement includes the following aspects: qualitative measurement (through an annual selfassessment), quantitative measurement (through an internal operational loss registry database) and through the monitoring of Operational Risk Indicators (KRIs).

To mitigate operational risk, action plans are defined that involve the nomination of those responsible, the description of the actions to be undertaken to mitigate the risk, the degree of progress that is periodically updated and the final commitment date of the plan.

Finally, an annual operating loss budgeting exercise is carried out that covers the entire management perimeter and allows monthly monitoring to analyse and correct, if necessary, any possible deviations.

Risks of an operational nature

The risks in the Catalogue that are of an operational nature are described below:

3.5.1. Conduct and compliance risk

This is defined as the risk of applying performance criteria contrary to the interests of its customers or other stakeholders, or actions or omissions by the VidaCaixa Group not in keeping with the legal and regulatory framework or the internal policies, standards or procedures or the codes of conduct, ethical standards or best practices. The objective of the VidaCaixa Group is: i) to minimise the probability of this risk materialising and ii) if it does materialise, to detect, report and resolve the deficiencies quickly.

3.5.2. Legal and regulatory risk

This is understood as the potential losses or reduction in the profitability of the VidaCaixa Group as a result of changes to the current legislation, incorrect implementation of that legislation in the VidaCaixa Group's processes, improper interpretation of it in the different transactions, incorrect management of legal or administrative requests or any lawsuits or claims received.

3.5.3. Technological risk

Risk of losses due to the inadequacy or failure of the hardware or software used in the technological infrastructures, due to cyber-attacks or other circumstances, which may compromise the availability, integrity,

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accessibility and security of the infrastructures and the data. The risk is broken down into five categories that involve ICT (Information and Communication Technologies): i) availability; ii) security of the information; iii) operation and change management; iv) data integrity; and v) governance and strategy.

3.5.4. Other operational risks

Losses or damages caused by errors or failures in processes, due to external events or the accidental or malicious actions of third parties unrelated to the VidaCaixa Group.

3.5.5. Fiduciary risk

Fiduciary risk refers to losses or reduced income obtained as a result of the deterioration of customer confidence in the Group generated by inappropriate actions, even if these are in compliance with the regulations and standards, in activities involving the management, advice or custody of customers' investment assets, which may result in losses for them, causing them to perceive that there has been a failure to comply with the expectations generated.

The activity of the VidaCaixa Group in the area of managing its customers' investments in the Unit Linked insurance businesses, in which the insured party assumes the risk of the investment, and of managing pension funds and plans has been growing in recent years, establishing a strong position as one of the largest fund managers in the Iberian market. This activity involves a high level of complexity due to the environment in which it takes place (transactions in financial markets on behalf of customers), being subject to greater responsibility towards its customers.

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4. SOLVENCY MANAGEMENT

EC Directive 2009/138 of the Parliament and of the Council, of 25 November 2009, on the taking-up and pursuit of the business of Insurance and Reinsurance, hereinafter the Solvency II Directive, Delegated Regulation (EU) 2015/35 of the Commission, of 10 October 2014, completing the aforementioned Directive, the Spanish Law on the Ordination, Supervision and Solvency of Insurance and Reinsurance Companies (Law 20/2015, of 14 July 2015), together with the Spanish Regulation on the Organisation, Supervision and Solvency of Insurance and Reinsurance Companies (R.D. 1060/2015, of 20 November 2015), constitute the basic legal texts that regulate the requirements of the Solvency II regime. The aforementioned legislation includes, among other aspects, the establishment as of 1 January 2016 of standardised figures for the solvency capital requirement (SCR) and minimum capital requirement (MCR) and the funds for their coverage that are a result of the consideration, for the purposes of that referred to in the regulation as an economic balance sheet, of criteria relating to the recognition and valuation of assets and liabilities (economic balance sheet) that are, as described in the following paragraphs, substantially different to those used to reflect the financial situation and assets of the Parent Company in its attached annual accounts, drawn up in accordance with the regulatory framework of financial reporting applicable to the Parent Company.

The main objective pursued by the Solvency II regulation is to protect the insured party through improved control and measurement of the market, operational, credit and liquidity risks to which insurance companies are exposed, through three pillars or principles:

- Pillar I: Quantitative requirements whose objective is to establish the mandatory solvency capital through the prior determination of an "economic balance sheet" focused on risk and valued at market prices.
- Pillar II: Qualitative requirements with demands on the governance of the entities (supervisory processes) that affect the organisation and management of the entities required to undertake processes to identify, measure and actively manage risks, as well as prospectively assess these risks and the solvency capital.
- Pillar III: Transparency requirements that implement the communication of the information required, on the one hand by the supervisor (DGSyFP) and on the other by the market, and whose objective is to promote market discipline and contribute to transparency and financial stability.

On the closing date of the 2015 financial year, the Parent Company obtained authorisation from the DGSyFP to use the following models, in accordance with EC Directive 2009/138 of the European Parliament and of the Council:

- Authorisation of the use of the matching adjustment in the relevant time structure of risk-free interest rates.
- Use of the partial internal model to calculate the SCR for longevity and mortality risks.

In accordance with the calendar set forth in the current regulations, VidaCaixa sent DGSyFP, on 5 April 2023, the individual annual reporting for the 2022 financial year and, on 19 May 2023, the consolidated annual reporting for the 2022 financial year, which demonstrated compliance with the required SCR and MCR levels.

The Parent Company has made the notifications referred to in article 69 of Spanish Law 24/1988 and article 85 of Spanish Law 20/2015, of 14 July, on the organisation, supervision and solvency of insurance and reinsurance companies in relation to the acquisition of holdings in investment services companies and in insurance and reinsurance companies, respectively.

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5. DISTRIBUTION OF EARNINGS

The distribution of VidaCaixa's earnings for the 2023 financial year, which the Board of Directors agrees to propose to the Sole Shareholder for approval, is presented below:

DISTRIBUTION OF EARNINGS 2023
(Thousands of euros)

	2023
Balance for distribution	**1,018,707**
Distribution:	
To Dividends	1,018,707
of which: interim dividend	650,000
of which: supplementary dividend	368,707
To reserves	
To legal reserve (*)	—
To voluntary reserve	—
NET PROFIT FOR THE FINANCIAL YEAR	**1,018,707**

*There is no requirement to allocate part of the profit for 2023 to the legal reserve since this already amounts to 20% of the share capital (art. 274 of the Capital Companies Law).

Below is the liquidity statement prepared by the Directors to show the existence of liquidity and sufficient earnings for the distribution of the interim dividends from the earnings in the 2023 financial year approved by the Board of Directors:

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SUFFICIENCY OF LIQUIDITY AND PROFIT/LOSS OF THE PARENT COMPANY
(Thousands of euros)

	28-02-2023	31-05-2023	31-08-2023	31-10-2023
Net profit	107,040	306,014	505,707	654,183
Endowment of 10% of the profit to legal reserve	—	—	—	—
Endowment of 5% of the Goodwill to Unavailable Reserves	—	—	—	—
EARNINGS TO DISTRIBUTE 2023 FINANCIAL YEAR	**107,040**	**306,014**	**505,707**	**654,183**
Interim dividends paid for 2023 to CaixaBank, S.A.	—	(100.000)	(305.000)	(505.000)
EARNINGS TO DISTRIBUTE (100%)	**107,040**	**206,014**	**200,707**	**149,183**
CASH AND BANKS BALANCE FORECAST AS OF:	**March-23**	**June-23**	**September-23**	**December-23**
CASH AND BANKS BALANCE	**845,849**	**1.014,023**	**990,316**	**1.571,625**
Interim dividend	(100,000)	(205,000)	(200,000)	(145,000)
REMAINING LIQUIDITY	**745,849**	**809,023**	**790,316**	**1,426,625**

The dividend distribution decision adopted is based on an exhaustive and thoughtful analysis of the Parent Company's situation and does not compromise either its future solvency or the protection of the interests of the policyholders or insured parties, and is made within the context of the supervisors' recommendations on this matter. In this regard, the Parent Company, within the framework of the dialogue with the supervisor, has communicated the dividends proposal and has presented the necessary data and analyses to allow the aforementioned aspects to be verified.

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6. SHAREHOLDER REMUNERATION AND PROFIT PER SHARE

6.1. SHAREHOLDER REMUNERATION

Dividends distributed during the financial year were as follows:

DIVIDENDS PAID
(Thousands of euros)

	EUROS PER SHARE	AMOUNT PAID IN CASH	ANNOUNCEMENT DATE	PAYMENT DATE
Supplementary dividend from the 2022 financial year	1.49	333,593	30-03-23	31-03-23
1st Interim dividend from the 2023 financial year	0.45	100,000	28-03-23	31-03-23
2nd Interim dividend from the 2023 financial year	0.91	205,000	27-06-23	30-06-23
3rd Interim dividend from the 2023 financial year	0.89	200,000	29-09-23	29-09-23
4th Interim dividend from the 2023 financial year	0.65	145,000	19-12-23	22-12-23
TOTAL	**4.39**	**983,593**		

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7. BUSINESS COMBINATIONS, ACQUISITION AND SALE OF HOLDINGS IN THE CAPITAL OF SUBSIDIARIES

Business combinations and mergers – 2023

Acquisition of 100% of Bankia Mediación Operador de Banca Seguros Vinculado, S.A.U.

Within the framework of the restructuring of the banking-insurance businesses of the CaixaBank Group, and as a consequence of the merger of the sole shareholder (CaixaBank) with Bankia S.A., CaixaBank owned all of the shares of Bankia Mediación Operador de Banca Seguros Vinculado, S.A.U. (hereinafter, "Bankia Mediation").

On 5 December 2022, a private sale contract was signed between the Parent Company and its sole shareholder (CaixaBank) for the transfer of all of the shares of Bankia Mediación to VidaCaixa by CaixaBank for a total amount of €75.2 million. The contract was subject to compliance with a condition precedent (obtaining a no-objection declaration from the General Directorate of Insurance and Pension Funds to the aforementioned acquisition).

Additionally, a clause was established in the contract according to which CaixaBank undertook to indemnify and compensate VidaCaixa, holding it completely harmless, in the event that Bankia Mediación had to pay any penalty, expense or payment of any kind derived from existing litigation or disputes between CaixaBank and the Mapfre Group as a result of the breaking of the exclusive distribution agreements signed at the time between Bankia Mediación and the Mapfre Group.

On 17 March 2023, the relevant regulatory authority declared that they had no objection to the transaction and on 16 May 2023, the private sale contract between the Parent Company and its sole shareholder mentioned above was notarised and the payment established therein became effective. Therefore, Vidacaixa has been the Sole Shareholder of Bankia Mediación since that date.

As a consequence of the notification of the result of the arbitration case involving CaixaBank and the Mapfre Group, which established the obligation to pay the Mapfre Group a total amount of €22.9 million, the Vidacaixa Group has recorded an expense under the heading " Other income and other expenses" of the profit and loss account as of 31 December 2023.

By virtue of the clause established in the private contract between the Parent Company and its Sole Shareholder, the Parent Company has received from its Shareholder a total amount of €22.9 million, which has been recorded as income under the heading "Other income and other expenses" of the profit and loss account as of 31 December 2023, therefore resulting in a neutral impact for the Vidacaixa Group.

Business combinations and mergers – 2022

Merger with Bankia Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal

On 17 September 2020, the Boards of Directors of CaixaBank and Bankia signed a Common Merger Plan for the takeover of Bankia, S.A. (merged company) by CaixaBank, S.A. (merging company). The effective takeover date was 23 March 2021, once all the conditions precedent had been met.

On 29 December 2021, after obtaining the relevant regulatory authorisations, CaixaBank completed the purchase from the Mapfre Group of 51% of the share capital of Bankia Vida, SA de Seguros y Reaseguros, as a result of which it

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owned all of its share capital and the CaixaBank Group took over control of that company.

On 21 March 2022, VidaCaixa disbursed 100% of Bankia Vida, Sociedad Anónima de Seguros y Reaseguros, Sociedad Unipersonal (hereinafter Bankia Vida) to CaixaBank (Sole Shareholder of the Company) for an amount of €578,000,000 in keeping with the value determined by the independent expert agreed between CaixaBank and the Mapfre Group.

For the purposes of carrying out the merger, on 26 April 2022, the Boards of Directors of Bankia Vida and VidaCaixa signed the Common Merger Plan relating to the takeover, approved by the Sole Shareholder on 11 May 2022.

On 11 May 2022, the Sole Shareholder of the Parent Company and of Bankia Vida unanimously agreed to the takeover of Bankia Vida (merged company) by VidaCaixa (merging company) as part of the process for the restructuring and integration of the insurance business from Bankia, S.A., after the execution of the aforementioned takeover of Bankia by CaixaBank.

On 11 May 2022, the Sole Shareholder of both companies agreed, among others, to approve as merger balance sheets those closed by the companies as of 31 December 2021 and to approve the takeover of Bankia Vida by the merging company, strictly in keeping with the Merger Plan.

Once all the pertinent authorisations had been obtained, on 11 November 2022, the merger was registered in the Mercantile Registry of Madrid and the dissolution without liquidation and transfer en bloc to the merging company of the assets by way of universal succession of the merged company took place. The merging company took over all the rights and obligations of the merged company in general and without any reservation or limitation.

The transaction benefited from the special tax regime for mergers, spin-offs, contributions of assets and securities swaps established in Chapter VII of Title VII of Spanish Law 27/2014 of 27 November, on Corporation Tax.

Accounting for the merger

The consolidated annual accounts for the financial year 2022 included the recognition of the merger. For accounting purposes, since this was a merger between companies in the same group, the recording of the assets and liabilities associated with VidaCaixa derived from the merger was completed taking as reference their values in the consolidated annual accounts of the CaixaBank Group, and the accounting impact of the merger was calculated retrospectively to 1 January 2022, as established in the applicable accounting standard.

As a result of the 2021 acquisition of Bankia Vida by CaixaBank, a first consolidation difference of €399 million was evidenced, which was recorded in the books of the CaixaBank Group on the date of the merger.

Subsequently, as part of the restructuring of the insurance business of the CaixaBank Group after the merger between CaixaBank and Bankia, in March 2022 the Parent Company acquired 100% of the share capital of Bankia Vida from CaixaBank. This had no equity impact on the consolidated figures for the CaixaBank Group.

The Parent Company assigned fair value in accordance with the applicable regulations, working with an independent expert. As a result of that, customer portfolios were identified (Life, Non-Life and Unit Linked) that met the identifiability and separability criteria established in the IAS 38 Standard, for the gross sum of €492 million and recorded in the "Intangible assets - Other

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intangible assets" heading, as well as the corresponding deferred tax liability for the temporary difference between the accounting cost and the tax cost of that asset, always considering the limit set by the consolidated values of the CaixaBank Group and without performing any revaluations. In this allocation process, no Goodwill was allocated, in keeping with the treatment given to the CaixaBank and Bankia merger in the consolidated tax base of the CaixaBank Group.

In addition, the business combination also resulted in an increase of €177 million in the Parent Company's reserves as the greater contribution of the partner arising from the cost of the business combination, the liquidation value of the business combination and the non-allocation of Goodwill.

- Intangible assets – Customer relationships: the value attributable to customer relationships linked to asset management was estimated using a method consistent with the Market Consistent Embedded Value (MCEV) approach. The main assumptions used were the following:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS
(Percentage)

Relationships with customers	ASSUMPTION 2022
Useful life	
Risk	10,5 years
Discount rate (*)	EIOPA RFR Curve + VA

(*) Risk free rate curve (RFR) + Volatility Adjustment (VA) adjusted for each of the portfolios in keeping with the composition of the assigned investments.

Acquisition of 100% of Sa Nostra, Compañía de Seguros de Vida S.A.

As part of the restructuring of the banking-insurance businesses of the CaixaBank Group and as a result of the merger between the Sole Shareholder (CaixaBank) and Bankia S.A., through which it acquired 18.69% of the shares of Sa Nostra Compañía de Seguros de Vida, S.A., on 27 June 2022 the Sole Shareholder of the Parent Company reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (Caser) so that VidaCaixa, S.A.U. would buy its 81.31% holding in the share capital of Sa Nostra Compañía de Seguros de Vida, S.A.

On 24 November 2022, the Parent Company acquired from Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER) the 81.31% holding in Sa Nostra Compañía de Seguros de Vida, S.A. for the sum of €221,071,000. On that same date, the Parent Company purchased from CaixaBank a holding of 18.69% of the shares in Sa Nostra Compañía de Seguros de Vida, S.A. for the sum of €50,816,000, equivalent to the same value per share as the transaction between independent parties agreed between CASER and VidaCaixa, on behalf of the CaixaBank Group (as Sole Shareholder of the Entity). With that it held all of the share capital.

Therefore, since 24 November 2022, the Parent Company has held 100% of that company. The total amount of the operation stood at €271,887,000.

On 20 April 2023, the Boards of Directors of VidaCaixa and Sa Nostra Compañía de Seguros de Vida, S.A. agreed unanimously to the takeover of Sa Nostra Compañía de Seguros de Vida, S.A. ("merged company") by VidaCaixa ("merging company"), in accordance with the banking-insurance concentration strategy of the CaixaBank Group. On 11 May 2023, the Sole Shareholder of both companies

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agreed, among others, to approve as merger balance sheets those closed by the companies as of 31 December 2022 and to approve the takeover of the merged company by the merging company, strictly in keeping with the Merger Plan.

Once all the pertinent authorisations had been obtained, on 31 October 2023, the merger was registered in the Mercantile Registry of Barcelona and the dissolution without liquidation and transfer en bloc to the merging company of the assets by way of universal succession of the merged company took place.

The merging company took over all the rights and obligations of the merged company in general and without any reservation or limitation.

The transaction benefited from the special tax regime for mergers, spin-offs, contributions of assets and securities swaps established in Chapter VII of Title VII of Spanish Law 27/2014 of 27 November, on Corporation Tax.

Similarly, and as a consequence of the takeover described above, an assignment contract has been formalised, involving the assignment to a third company, Medvida Partners de Seguros y Reaseguros, S.A.U. (hereinafter, "Medvida") of a certain portfolio of individual life insurance contracts, including risk business, together with certain asset and liability elements associated with it, underwritten by Sa Nostra Compañía de Seguros de Vida, S.A. (and which, therefore, are part of VidaCaixa) and which is managed by another financial institution (see Note 22). That sale is subject to the meeting of certain conditions precedent within a maximum period of 12 months from the date of signing the contract, which include, among others, obtaining the relevant authorisations. It is estimated that the transfer will be carried out during the 2024 financial year.

<u>Accounting of the business combination</u>

These annual accounts include the final registering of this business combination. For accounting purposes, the reference date for the recording was established as 31 December 2022. The effect on equity and profit and loss from using this reference rate rather than the date on which effective control was taken is insignificant.

The value of the consideration for the 100% agreed between the independent parties on the transaction date amounted to €272 million, compared to a net value of the assets and liabilities at fair value of €203 million.

The Company has assigned fair value in accordance with the applicable standards, working with an independent expert. As a result, customer portfolios (Life Risk) have been identified that meet the identifiability and separability criteria established in IAS 38, for a gross amount of €37 million.

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS
(Percentage)

Relationships with customers	ASSUMPTION 2023
Useful life	
Risk	9 years
Discount rate (*)	EIOPA RFR Curve + VA

(*) Risk free rate curve (RFR) + Volatility Adjustment (VA) adjusted for each of the portfolios in keeping with the composition of the assigned investments.

As a result of that price allocation process, the entity has recorded a gross amount of €20 million under the heading "Intangible assets - Other intangible assets", as well as the corresponding deferred tax liability for the temporary difference between the accounting cost and the tax cost for that asset (€6

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million), recorded in the heading “Tax liabilities – Deferred tax liabilities”.

In addition, as a result of the contract for the assignment of a certain portfolio of individual insurance contracts from the life branch, which includes risk business; a gross figure of €17 million has been classified, identified as customer portfolio in the price allocation process under the heading “Non-current assets held for sale”, as well as the corresponding deferred tax liability for the temporary difference between the accounting cost and the tax cost for that asset (€5 million), recorded in the heading “Liabilities linked to assets held for sale” (see Note 22).

Finally, and as a result of the acquisition, a first consolidation difference of €43 million has been revealed, recorded in “Intangible assets - Goodwill”.

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8. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The purpose of providing information by business segment is to carry out the supervision and internal management of the Group's activity and results. It is constructed based on the different lines of business established according to the Group's structure and organisation. To define and segregate the segments, the inherent risks and management characteristics of each are taken into account, starting from the insurance lines and sub-lines operated by the Group.

In its preparation, the following apply: i) the same presentation principles used in the Group's management information and ii) the same accounting principles and policies used in the preparation of the annual accounts.

Each insurance company that directly or indirectly forms part of the Group may operate in one or more branches, being associated with a single main segment or more than one. At a consolidated level, the Group is structured into the following business segments:

Risk Segment: includes the results of those insurance contracts that guarantee the payment of an insured capital in the event of death or other events covered by them.

Savings Segment: includes the results of those insurance contracts that have an associated benefit in the event of survival, in the form of either capital or income, and that may include the right of redemption.

Unit Linked Segment: includes the results of those contracts with direct participation in which the policyholder assumes the investment risk.

Other Activities Segment: includes the results of all those operating activities that are different, or unrelated, to the insurance activity itself, including the pension fund management activity.

The criteria for allocating assets, liabilities, income and expenses to the Group's different main and secondary segments will mainly focus on follows principles:

- Both the assets and liabilities of the segments and the income and expenses have been determined before the eliminations in the consolidation process, except when these balances or transactions have been carried out between companies in the same segment.
- The assets and liabilities of each segment are those corresponding to the activity that the segment consumes to be to provide its services, including those directly attributable and those that can be distributed using reasonable allocation principles.

The assets of the segment include the holdings consolidated using the equity method, on the basis of their assignment in the 'Investment Book' of each investee over which it has significant influence. The results derived from such investments are included in the ordinary profit and loss of the segment to which the investment is attributed.

- The income and expenses derived from performing insurance operations are allocated to the savings, risk and Unit Linked segments,
- Financial income and expenses are allocated to the Savings, Risk and Unit Linked segments depending on the prior allocation made of the assets and liabilities that generate them, which is reflected in the 'Investment Book' of each insurance company and, alternatively, on a reasonable basis for allocation to the segment in question based on the allocation of expenses by functional activity.
- Income and expenses not directly related to the practice of insurance transactions are allocated to the Other Activities segment, as well as,

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specifically, those derived from operations carried out in the Savings, Risk and Unit Linked segments that should not be included in the previous segments of a technical nature.

The earnings of the Group by business segment are presented below:

VIDACAIXA GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNTS - SEGREGATION BY BUSINESS
(Thousands of euros)

	2023					2022(*)				
	Risk	Savings	Direct Participation	Other	Total	Risk	Savings	Direct Participation	Other	Total
I. Income from insurance contracts measured under the general (BBA) and participation (VFA) method	519,661	1,448,330	241,469	—	2,209,460	474,458	1,219,383	208,560	—	1,902,401
a) Claims expected and other attributable expected insurance expenses	358,869	1,109,507	131,924	—	1,600,300	296,777	902,209	103,567	—	1,302,553
b) Changes in risk adjustment for non-financial risk	30,898	41,210	19,772	—	91,880	32,444	39,960	18,040	—	90,444
c) Contractual service margin (CSM) recognised for services provided	129,894	297,613	89,773	—	517,280	145,237	277,214	86,953	—	509,404
II. Income from insurance contracts measured under the simplified (PAA) method	954,893	—	—	—	954,893	878,243	—	—	—	878,243
A) Income from the insurance service	**1,474,554**	**1,448,330**	**241,469**	**—**	**3,164,353**	**1,352,701**	**1.219.383**	**208,560**	**—**	**2,780,644**
I. Incurred claims and other directly attributable expenses	756,914	1,254,067	106,850	—	2,117,831	759,974	937,856	92,784	—	1,790,614
II. Changes related to past services - Adjustment to liabilities for incurred claims	35,653	(73,437)	11,022	—	(26,762)	14,894	(15,667)	20,020	—	19,247
III. Losses and reversals of losses in onerous contracts	(9,601)	(52,091)	2,457	—	(59,235)	558	47,759	5,468	—	53,785

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(cont)

VIDACAIXA GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNTS - SEGREGATION BY BUSINESS
(Thousands of euros)

	2023					2022(*)				
	Risk	Savings	Direct Participation	Other	Total	Risk	Savings	Direct Participation	Other	Total
IV. Amortisation of insurance acquisition expenses	—	—	—	—	—	—	—	—	—	—
B) Insurance service expenses	**782,966**	**1,128,539**	**120,329**	**—**	**2,031,834**	**775,426**	**969,948**	**118,272**	**—**	**1,863,646**
I. Reinsurance expenses	(135,469)	(1,084)	(44,568)	—	(181,121)	(145,744)	(36,359)	(14,696)	—	(196,799)
II. Income for reinsurance recoverables	130,524	684	24,216	—	155,424	147,078	32,641	21,986	—	201,705
C) Profit or loss for reinsurance contracts held	**(4,945)**	**(400)**	**(20,352)**	**—**	**(25,697)**	**1,334**	**(3,718)**	**7,290**	**—**	**4,906**
(A-B+C) PROFIT OR LOSS OF THE INSURANCE SERVICE	**686,643**	**319,391**	**100,788**	**—**	**1,106,822**	**578,609**	**245,717**	**97,578**	**—**	**921,904**
I. Net income for investments: Unit linked	—	—	1,967,507	—	1,967,507	—	—	(1,677,869)	—	(1,677,869)
II. Net income for investments: Other investments	17,095	1,692,982	—	58,657	1,768,734	24,090	1,350,556	—	41,073	1,415,719
D) Net income for investments	**17,095**	**1,692,982**	**1,967,507**	**58,657**	**3,736,241**	**24,090**	**1,350,556**	**(1,677,869)**	**41,073**	**(262,150)**
I. Credited interest	(7,719)	(1,551,458)	24,659	—	(1,534,518)	(12,905)	(1,329,980)	4,592	—	(1,338,293)
II. Effect of changes to interest rates and financial assumptions	—	(33,258)	(1,992,166)	—	(2.025,424)	—	—	1,673,277	—	1,673,277
E) Net financial profit or loss of insurance	**(7,719)**	**(1,584,716)**	**(1,967,507)**	**—**	**(3,559,942)**	**(12,905)**	**(1,329,980)**	**1,677,869**	**—**	**334,984**
(A-B+C+D+E) NET PROFIT OR LOSS OF INSURANCE AND INVESTMENT	**696,019**	**427,657**	**100,788**	**58,657**	**1,283,121**	**589,794**	**266,293**	**97,578**	**41,073**	**994,738**
I. Other income and other expenses	(36,453)	(142)	—	25,682	(10,913)	(41,059)	207	—	56,161	15,309
II. Share in the gains of associates (equity method)	—	—	—	249,999	249,999	—	—	—	154,870	154,870

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(cont)

VIDACAIXA GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNTS - SEGREGATION BY BUSINESS
(Thousands of euros)

	2023					2022(*)				
	Risk	Savings	Direct Participation	Other	Total	Risk	Savings	Direct Participation	Other	Total
F) PRE-TAX PROFIT OR LOSS	659,566	427,515	100,788	334,338	1,522,207	548,735	266,500	97,578	252,104	1,164,917
G) CORPORATION TAX	—	—	—	(375,150)	(375,150)	—	—	—	(296,546)	(296,546)
H) PROFIT OR LOSS FOR THE FINANCIAL YEAR	659,566	427,515	100,788	(40,812)	1,147,057	548,735	266,500	97,578	(44,442)	868,371

(*) Restated figures

Practically all of the Group's transactions are carried out in Spain, with the contribution made by the business in Portugal not being significant in the terms described in IAS 8, which is why no information is presented by geographic segmentation.

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9. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

9.1. REMUNERATION OF THE BOARD OF DIRECTORS

The composition and breakdown of the remuneration to the Board of Directors of the Parent Company are presented below:

REMUNERATION OF THE BOARD OF DIRECTORS
(Thousands of euros)

	2023	2022
Remuneration for membership of the Board	**2,549**	**2,515**
Fixed remuneration	2,190	2,108
Variable remuneration	359	407
In cash	359	407
Share-based compensation systems	—	—
Other long-term benefits	**—**	**—**
Other items *	**146**	**146**
of which life insurance premiums	139	139
TOTAL	**2,695**	**2,661**
Composition of the Board of Directors		
Women	*4*	*4*
Men	*10*	*10*

(*) No amounts have been recorded for paying civil liability insurance premiums for the Directors since this insurance is taken out by the Group's parent company, CaixaBank S.A.

During the 2023 financial year, nobody has joined or left the Parent Company's Board of Directors, the number of directors therefore remaining at 14. During the 2022 financial year, 1 person joined and 2 people left the aforementioned Board of Directors.

The Group has not taken on obligations in terms of pension commitments with the former and current members of the Board of Directors due to their status as directors.

There are no severance payments agreed upon in the event of termination of the duties as directors.

9.2 RENUMERATION OF THE SENIOR MANAGEMENT

The composition and breakdown of the remuneration to the Senior Management of the Parent Company are presented below:

RENUMERATION OF THE SENIOR MANAGEMENT
(Thousands of euros)

	2023	2022
Salaries (*)	2,402	2,321
Insurance Premiums	275	311
Severance payments	—	1,604
TOTAL	**2,677**	**4,236**
Composition of the Senior Management		
Women	*5*	*5*
Men	*3*	*3*

(*) This amount includes the total fixed and variable remuneration accrued by the Senior Management, with the exception of the CEO-Managing Director whose remuneration is included within that of the Board of Directors. It includes both cash and shares of the Parent Company's Shareholder, as well as the deferred variable remuneration (cash and shares) to be received in three years.

The employment contracts with the members of the Senior Management do not contain, in any case, clauses on severance pay in the event of dismissal or their early termination.

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9.3. OTHER INFORMATION REGARDING THE BOARD OF DIRECTORS

Article 26 of the Regulations of VidaCaixa's Board of Directors governs the situations of conflict of interest applicable to all directors, establishing that the director must avoid situations that may entail a conflict of interest between the Company and the Director or their related persons, adopting the necessary measures for this.

The duty to avoid situations of conflict of interest imposes certain obligations on the director such as refraining from: i) directly or indirectly carrying out transactions with VidaCaixa except for ordinary transactions made under standard conditions for all customers and of little relevance; ii) using the Company's name or invoking their status as Director to unduly influence the carrying out of private transactions; iii) using the Company's assets, including its confidential information, or using their position within the Company to obtain a financial advantage or for any private purposes; iv) taking advantage of the Company's business opportunities; v) obtaining advantages or remuneration from third parties other than the Company and its group that are associated with performing their position, unless it is a matter of mere courtesy, and vi) performing activities independently or for another party that in any way place them in a conflict with the interests of the Company.

The aforementioned obligations may be waived in exceptional cases, requiring the approval of the General Meeting in some cases.

In any case, the directors must notify VidaCaixa's Board of Directors of any conflict of interest, direct or indirect, which they or persons related to them could have with the interests of the Sole Shareholder of the Parent Company or with the interests of the Parent Company itself, which will be reported in the annual accounts, as established in article 229.3 of the Spanish Capital Companies Law.

At the end of the 2023 financial year, the Directors of the Parent Company have not communicated to the other members of the Board of Directors any conflicts of interest, direct or indirect, that they or persons related to them may have with the Group's interests.

During the 2023 financial year, no director has reported any situation that could place them in a conflict of interest with the Sole Shareholder of the Parent Company or with the Parent Company itself, although on the following occasions, Directors refrained from intervening and voting in the discussion of matters at the meetings of the Board of Directors:

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Board Member	Subject
Gual Solé, Jordi (Chairman)	-
Muniesa Arantegui, Tomás (Vice Chairman)	Abstention from discussing and voting on the agreements regarding reelection as a member and Vice Chairman of VidaCaixa's Board of Directors.
Valle T-Figueras, Francisco Javier (CEO - Managing director)	Abstention from discussing and voting on the agreement regarding the concluding of the targets for the CEO-Managing Director corresponding to the 2022 financial year.
	Abstention from discussing and voting on the agreement regarding the targets for the CEO-Managing Director corresponding to the 2023 financial year.
	Abstention from discussing and voting on the agreement regarding the remuneration management of the CEO-Managing Director corresponding to the 2023 financial year.
Allende Fernández, Víctor Manuel (Board Member)	-
Capella Pifarré, Natividad Pilar (Board Member)	-
Del Hoyo López, Esperanza (Board Member)	-
Deulofeu Xicoira, Jordi (Board Member)	Abstention from discussing and voting on the agreement regarding reelection as a member of VidaCaixa's Board of Directors and Audit and Control Committee.
García-Valdecasas Serra, Francisco (Board Member)	Abstention from discussing and voting on the agreements regarding reelection as a member of VidaCaixa's Board of Directors, Audit and Control Committee and Appointments, Remuneration and Sustainability Committee.
Ibarz Alegría, Javier (Board Member)	-
Jiménez Baena, Paloma (Board Member)	-
Leal Villalba, José María (Board Member)	-
Negro Balbás, Juan Manuel (Board Member)	-
Pescador Castrillo, María Dolores (Board Member)	Abstention from discussing and voting on the agreements regarding reelection as a member of VidaCaixa's Board of Directors and as member and Chairwoman of the VidaCaixa Risk Committee.
Villaseca Marco, Rafael (Board Member)	-

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For its part, the Internal Rules of Conduct in the field of the securities market govern situations where there could be a conflict of interest, establishing the obligation to inform the Regulatory Compliance Area about any situations of conflict of interest, involving themselves or their related persons.

There is no family relationship between the members of the Board of Directors of VidaCaixa and the group of key management personnel that makes up the Company's Senior Management.

Prohibition of competition

Specifically, article 229.1.f) of the Capital Companies Law establishes that the members of the Board of Directors must refrain from performing activities on their own behalf or for others that involve effective competition, whether current or potential, with the company or that in any other way put them in a permanent position of having a conflict of interest with the company. Moreover, article 230 of the Capital Companies Law allows directors to be exempt from this prohibition in the event that it is not expected to harm the company or that any harm expected is offset by the profits obtained from the exemption. The exemption must be granted by express and separate agreement of the General Meeting. The provisions contained in such articles are also applicable in the event that the beneficiary of the actions or activities is a person related to the director.

In relation to the foregoing, the director Ms María Dolores Pescador Castrillo was appointed by agreement of the Sole Shareholder on 16 July 2019 with the status of independent director and re-elected on 16 July 2023. Ms Pescador has been an independent director of Admiral Europe Compañía de Seguros ("AECS") since 2018, a company specialising in the non-life insurance branch, mainly in motor insurance. It is an area that does not compete directly with VidaCaixa's main business, which operates in the life insurance branch and, in a secondary and residual manner, in the field of accident and illness. It cannot therefore currently be considered that Ms Pescador's performing of duties and functions within AECS represents an activity that involves effective competition with VidaCaixa. However, to the extent that the non-life insurance activity in Grupo CaixaBank is performed through the holding that VidaCaixa holds in SegurCaixa Adeslas, it has been considered appropriate to regulate this situation.

Ms Pescador joining the Company's Board of Directors is not expected to cause any harm to VidaCaixa, but rather to bring significant advantages derived from her extensive experience and qualifications in the insurance sector, and more specifically in matters of financial and actuarial analysis, among others, for the purposes of the provisions of article 230 of the Capital Companies Law. This is even in the event that the existence of potential competition could be identified. As a result, on 16 July 2019 the Sole Shareholder agreed to exempt Ms María Dolores Pescador Castrillo from the non-competition obligation established in article 229.1.f) of the Capital Companies Law, allowing her, within the framework of the exemption, to perform duties and functions at AECS, as well as at companies directly or indirectly owned by AECS that derive from the participation or from her performance of duties and functions in AECS.

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10. CASH AND EQUIVALENT LIQUID ASSETS

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF CASH AND EQUIVALENT LIQUID ASSETS
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Euro current accounts	765,117	791,055
Foreign currency current accounts	293,646	170,729
Other demand deposits	651,349	—
TOTAL	**1,710,112**	**961,784**
Of which: linked to investments by life policyholders who assume the risk of the investment*:	368,526	363,250

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are aligned with the change in the provision for the remaining coverage of these products.

11. FINANCIAL ASSETS NOT HELD FOR TRADING THAT MUST BE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS NOT HELD FOR TRADING THAT MUST BE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Equity instruments	**13,260,704**	**11,180,425**
Holdings in investment funds	10,503,657	4,861,850
Financial investments in capital	2,757,047	6,318,575
Debt securities	**—**	**—**
Derivatives and guarantees	**—**	**—**
Other	**—**	**—**
TOTAL	**13,260,704**	**11,180,425**
Of which: linked to investments by life policyholders who assume the risk of the investment*:	**7,120,999**	**5,898,636**
Equity instruments	7,120,999	5,898,636

(*) The balance of the "Financial assets not held for trading at fair value through profit or loss" heading includes, in addition to the assets linked to the Renta Vitalicia Inversión Flexible (PVI) product, certain assets corresponding to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are aligned with the change in the provision for the remaining coverage of these products.

During the 2023 financial year, net unrealised capital gains of €677,658,000 (net capital losses of €1,1061,331,000 in 2022) were obtained mainly due to a change in the value of the investments related to the managed portfolio of the Renta Vitalicia Inversión Flexible product, which are recorded in the "Net income for investments" heading of the profit and loss account.

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During the period, net latent capital gains have been obtained from investments related to the Unit Linked product for the amount of €985,440,000 (net capital losses of €595,884,000 in 2022) which are included in the heading "Net income for investments" of the Profit and loss account.

12. FINANCIAL ASSETS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS CLASSIFIED AT FAIR VALUE THROUGH PROFIT OR LOSS
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Equity instruments	—	—
Debt securities	**5,820,494**	**6,322,071**
Spanish public debt	1,143,717	1,796,682
Foreign public debt	3,733,517	3,506,803
Issued by credit institutions	534,421	467,095
Other Spanish issuers	289,932	43,112
Other foreign issuers	118,907	508,379
Loans and advances	**104,616**	**212,398**
TOTAL	**5,925,110**	**6,534,469**
Of which: linked to investments by life policyholders who assume the risk of the investment*:	**1,337,428**	**1,587,127**
Debt securities	1,337,428	1,587,127

(*) The balance of the "Financial assets classified at fair value through profit or loss" heading includes, in addition to the assets linked to the Renta Vitalicia Inversión Flexible (PVI) product, certain assets corresponding to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are aligned with the change in the provision for the remaining coverage of these products.

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During the 2023 financial year, net unrealised capital gains of €1,016,000 (net capital losses of €1,409,000 in 2022) were obtained, mainly due to a change in the value of the investments related to the managed portfolio of the Renta Vitalicia Inversión Flexible product, which are recorded in the "Net income for investments" heading of the profit and loss account.

During the period, net latent capital gains have been obtained from investments relating to the Unit Linked product for the amount of €206,421,000 (net capital losses of €222,682,000 in 2022), which are included in the heading "Net income for investments" of the profit and loss account.

The amount of explicit interest from fixed income accrued and not collected as of 31 December 2023 amounts to €26,149,000 (€37,665,000 at the close of the 2022 financial year) and is recorded in the "Financial assets classified at fair value through profit or loss" heading of the accompanying balance sheet.

During the 2023 financial year, the Parent Company has recorded earnings of (€96,252,000) from the disposal of financial investments classified in the "Financial assets classified at fair value through profit or loss" heading.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Thousands of euros)

	31-12-2023	31-12-2022 Restated
Equity instruments	**2,063**	**10,798**
Shares of listed companies	1,255	9,992
Shares of unlisted companies (*)	808	806
Debt securities	**59,001,909**	**53,590,611**
Spanish public debt	43,207,701	39,787,714
Foreign public debt	6,281,357	5,865,470
Issued by credit institutions	3,678,911	3,451,092
Other Spanish issuers	842,217	915,715
Other foreign issuers	4,991,723	3,570,620
TOTAL	**59,003,972**	**53,601,409**
Equity instruments	**567**	**564**
Of which: unrealised gross capital gains	567	564
Of which: unrealised gross capital losses	—	—
Debt securities	**(269,473)**	**(2,771,812)**
Of which: unrealised gross capital gains	3,398,759	2,616,021
Of which: unrealised gross capital losses	(3,668,232)	(5,387,833)

(*) VidaCaixa owns a holding in the company called "Tecnologías de la información y redes para las entidades aseguradoras, S.A." for an amount of €763,000 and €730,000 in 2023 and 2022, respectively.

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13.1. EQUITY INSTRUMENTS

The breakdown of movements in this heading is as follows:

MOVEMENTS OF EQUITY INSTRUMENTS
(Thousands of euros)

	2023	2022
Balance at the start of the financial year	**1,903**	**1,610**
Additions due to business combinations Bankia Vida	**—**	**131**
Initial balance SA NOSTRA VIDA	8,895	—
Adjusted balance, start of the financial year	**10,798**	**1,741**
Plus:		
Purchases	157	102
Minus:		
Removals	(8,895)	—
Revaluations against other comprehensive income	**3**	**60**
Additions due to business combinations Sa Nostra	**—**	**8,895**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**2,063**	**10,798**

13.2. DEBT SECURITIES

The breakdown of movements in this heading is as follows:

MOVEMENT OF DEBT SECURITIES 2023
(Thousands of euros)

	OF STAGE 1:	OF STAGE 2:	OF STAGE 3:	TOTAL
Balance at the start of the financial year	52,785,126	115,977	—	52,901,103
Initial balance SA NOSTRA VIDA	689,508	—	—	689,508
Adjusted balance, start of the financial year	**53,474,634**	**115,977**	**—**	**53,590,611**
Plus:				
Purchases	12,635,501	—	—	12,635,501
Interest	(273,288)	(5,002)	—	(278,290)
Capital gains/(losses) against equity adjustments	2,531,336	(28,997)	—	2,502,339
Minus:				
Sales	(7,162,576)	—	—	(7,162,576)
Amortisation	(2,378,662)	—	—	(2,378,662)
Implicit interest accrued	236,779	(11,474)	—	225,305
Reclassifications and transfers	70,504	(70,504)	—	—
Amounts transferred to the profit and loss account	195	—	—	195
Losses for impairment of the asset	—	—	—	—
Exchange and other differences	**(132,514)**	**—**	**—**	**(132,514)**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**59,001,909**	**—**	**—**	**59,001,909**

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MOVEMENTS OF DEBT SECURITIES 2022
(Thousands of euros)

	OF STAGE 1:	OF STAGE 2:	OF STAGE 3:	TOTAL
Balance at the start of the financial year	61,470,573	118,002	—	61,588,575
Additions due to business combinations Bankia Vida	6,166,885	—	—	6,166,885
Adjusted balance, start of the financial year	**67,637,458**	**118.002**	**—**	**67,755,460**
Plus:				
Purchases	9,452,583	—	—	9,452,583
Interest	13,561	—	—	13,561
Capital gains/(losses) against equity adjustments	(15,942,441)	(4,183)	—	(15,946,624)
Minus:				
Sales	(6,893,676)	(437)	—	(6,894,113)
Amortisation	(2,348,806)	—	—	(2,348,806)
Implicit interest accrued	887,345	2,595	—	889,940
Reclassifications and transfers	689,508	—	—	689,508
Amounts transferred to the profit and loss account	(20,898)	—	—	(20,898)
Losses for impairment of the asset	—	—	—	—
Exchange and other differences	**—**	**—**	**—**	**—**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**53,474,634**	**115,977**	**—**	**53,590,611**

Fixed income securities are issued by issuers from OECD member countries, 96.71% issued in euros and the remaining 3.29% in dollars, Australian dollars, pounds sterling and yen.

The amount of explicit interest from fixed income accrued and not collected as of 31 December 2023 amounts to €753,408,000 (€804,309,000 at the close of the 2022 financial year) and is recorded in the "Financial assets at fair value through other comprehensive income" heading of the accompanying balance sheet.

During the 2023 financial year, the Parent Company has recorded earnings of (€82,901,000) from the disposal of financial investments classified in the "Financial assets at fair value through other comprehensive income" heading. Some of these earnings have been generated by sales to respond to the redemption operations requested by customers whose amount was (€62,555,000) and some by disposals of financial investments in order to adjust the financial durations of the investments to the durations of its commitments to the insured parties, with this amount being (€4,821,000).

The Parent Company has a framework agreement for financial transactions signed with "CaixaBank" on 20 July 2005 (See Note 31). On 15 March 2016, the Parent Company adopted an additional stipulation to that contract with the counterparty, the Parent Company committing to guarantee a quarterly renewable amount. As of 31 December 2023, the amount for guarantees stands at €7,091,491,000 and it consists of financial assets from negotiable public debt issued by the Spanish Government and the Italian Government.

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14. FINANCIAL ASSETS AT AMORTISED COST

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF FINANCIAL ASSETS AT AMORTISED COST
(Thousands of euros)

	2023	2022 Restated
I. Debt securities	**3,592,209**	**3,202,628**
Spanish public debt	1,848,669	2,124,011
Foreign public debt	224,943	136,279
Issued by credit institutions	435,696	—
Other Spanish issuers	96,640	280,816
Other foreign issuers	986,261	661,522
II. Receivables	**515,087**	**557,301**
Loans	**15,669**	**14,313**
Policy advances	7,217	7,216
Loans to group companies and associates	8,452	7,097
Deposits in credit institutions	**105,451**	**104,379**
Credits from direct insurance transactions	**51,999**	**39,760**
Policyholders	24,903	29,567
Brokers	27,096	10,193
Credits from reinsurance transactions	**10,658**	**14,785**
Credits from coinsurance transactions	**631**	**813**
Other credits	**330,679**	**383,251**
Credits with Public Administrations	39,368	30,948
Remaining credits	291,311	352,303
TOTAL	**4,107,296**	**3,759,929**

14.1. DEBT SECURITIES

The breakdown of movements in this heading is as follows:

MOVEMENTS OF DEBT SECURITIES 2023
(Thousands of euros)

	OF STAGE 1:	OF STAGE 2:	OF STAGE 3:	TOTAL
Balance at the start of the financial year	2,941,374	—	—	2,941,374
Initial balance SA NOSTRA VIDA	261,254	—	—	261,254
Adjusted balance, start of the financial year	**3,202,628**	**—**	**—**	**3,202,628**
Transfers:				
Of stage 1:	—	—	—	—
Of stage 2:	—	—	—	—
Of stage 3:	—	—	—	—
New financial assets	1,264,769	—	—	1,264,769
Derecognition of financial assets (other than bad loans)	(880,735)	—	—	(880,735)
Modification of contractual cash flows	—	—	—	—
Changes in the accrual of interest	5,547	—	—	5,547
Bad loans	—	—	—	—
Exchange and other differences	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**3,592,209**	**—**	**—**	**3,592,209**

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MOVEMENTS OF DEBT SECURITIES 2022
(Thousands of euros)

OF STAGE 1:	OF STAGE 2:	OF STAGE 3:	TOTAL	
Balance at the start of the financial year	3,300,841	—	—	3,300,841
Additions due to business combinations Bankia Vida	—	—	—	—
Adjusted balance, start of the financial year	**3,300,841**	**—**	**—**	**3,300,841**
Transfers:				
Of stage 1:	—	—	—	—
Of stage 2:	—	—	—	—
Of stage 3:	—	—	—	—
New financial assets	**1,045,819**	—	—	1,045,819
Derecognition of financial assets (other than bad loans)	**(1,147,137)**	—	—	(1,147,137)
Modification of contractual cash flows	—	—	—	—
Changes in the accrual of interest	3,105	—	—	3,105
Bad loans	—	—	—	—
Exchange and other differences	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**3,202,628**	**—**	**—**	**3,202,628**

14.2. OTHER CREDITS

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF OTHER CREDITS
(Thousands of euros)

	2023	2022 Restated
Credits with Public Administrations	**39,368**	**30,948**
Public Finance VAT receivables	42	54
Public Finance withholding receivables	39,326	30,894
Remaining credits	**291,311**	**352,303**
Receivables from pension fund fees	27,531	37,950
Other miscellaneous receivables	30,064	17,700
Loans to staff	1,783	33,200
Pay advances	63	—
Securities receivables	63,785	126,529
Other Spanish issuers	—	—
Loans to group companies and associates (Note 31)	168,085	136,924
TOTAL	**330,679**	**383,251**

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15. DERIVATIVES - HEDGE ACCOUNTING (ACTIVE AND PASSIVE)

The breakdown of the balances in these headings is as follows:

BREAKDOWN OF HEDGING DERIVATIVES

	31-12-2023		31-12-2022 Restated	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
TOTAL FAIR VALUE HEDGES (*)	**679,599**	**6,398,511**	**823,888**	**6,398,019**
Interest rates	666,557	4,963,624	818,983	4,648,212
Equity instruments	—	—	—	—
Currencies and gold	—	—	—	—
Other	13,042	1,434,887	4,905	1,749,807
TOTAL CASH FLOW HEDGING	**—**	**—**	**—**	**—**
Interest rates	—	—	—	—
Equity instruments	—	—	—	—
Currencies and gold	—	—	—	—
Other	—	—	—	—
TOTAL	**679,599**	**6,398.511**	**823,888**	**6,398,019**

(*) Corresponds to the position in derivatives arranged by the Group with the objective of neutralising the impact on financial value caused by variations in interest rates on the net position that constitutes the portfolio of bonds and the liabilities associated with the commitments with the insured parties. In this way, the Group ensures that the market value of the investments assigned to insurance operations is equal to or greater than the present value of the flows corresponding to the obligations derived from the contracts and that the sensitivity, to variations in interest rates, of the present values of assets and liabilities is equivalent.

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The maturity schedule of the items hedged for interest rates and their average interest rate is detailed below:

SCHEDULE OF MATURITIES OF THE HEDGED ELEMENTS AND AVERAGE INTEREST RATE - 2023
(Thousands of euros)

	Value of the hedged element						
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total	Average interest rate
Hedges of interest rates for assets	201,155	48,716	2,254,404	5,778,992	5,510,125	13,793,392	2.35 %
Hedges of interest rates for liabilities	—	—	—	—	—	—	—
TOTAL FAIR VALUE HEDGES	**201,155**	**48,716**	**2,254,404**	**5,778,992**	**5,510,125**	**13,793,392**	**—**
Hedges of interest rates for assets	—	—	—	—	—	—	—
TOTAL CASH FLOW HEDGING	**—**	**—**	**—**	**—**	**—**	**—**	**—**

HEDGING ELEMENTS - FAIR VALUE HEDGES
(Thousands of euros)

	Hedged element	Risk hedged	Hedging instrument used	31-12-2023 Hedging instrument value		2023 Change in FV used to calculate the ineffectiveness of the hedging	Ineffectiveness recognised in profit or loss	31-12-2022 Restated Hedging instrument value	
				Assets	Liabilities			Assets	Liabilities
Micro-hedges	Public debt portfolio OCI	Transformation of fixed interest rate to variable interest rate	Interest rate swap	185,797	987,771	(304,049)	1,325	202,132	1,211,143
Micro-hedges	Net position - Insurance activity	Hedging of the impact of changes in the interest rate on the net position of the insurance activity (*)	Interest rate swap	493,802	5,410,740	56,520	—	621,756	5,186,876
	TOTAL			**679.599**	**6.398.511**	**(247.529)**	**1,325**	**823,888**	**6,398,019**

(*) Corresponds to the position in derivatives arranged by the Group with the objective of neutralising the impact on financial value caused by variations in interest rates on the net position that constitutes the portfolio of bonds and the liabilities associated with the commitments with the insured parties.

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HEDGED ELEMENTS - FAIR VALUE HEDGES
(Thousands of euros)

	Hedged element	Risk hedged	Hedging instrument used	Hedged instrument		31-12-2023 Accumulated fair value adjustments on the hedged item		Accumulated amount of fair value hedging adjustments on hedged items	2023 Change in value used to calculate the ineffectiveness of the hedging
				Assets	Liabilities	Assets	Liabilities		
Micro-hedges	Public debt portfolio OCI	Transformation of fixed interest rate to variable interest rate	Interest rate swaps	8,876,455	—	(7,417)	—	—	304,049
Micro-hedges	Financial assets over insurance commitments (**)	Hedging of the impact of changes in the interest rate on the net position of the insurance activity (**)	Interest rate swaps	4,916,937 (***)	—	—	—	—	(56,250)
	TOTAL			**13,793,392**	**—**	**(7,417)**	**—**	**—**	**247,799**

	Hedged element	Hedged element balance sheet line	1-12-2022 Restated Hedged instrument	
			Assets	Liabilities
Micro-hedges	Public debt portfolio OCI	Financial assets at fair value (*)	6,871,738	—
Micro-hedges	Financial assets over insurance commitments (**)	Financial assets at fair value and Liabilities for insurance contracts (*)	4,568,475	3,356
	TOTAL		**11,440,213**	**3,356**

(*) With changes in other comprehensive income.
(**) Corresponds to the position in derivatives arranged by the Group with the objective of neutralising the impact on financial value caused by variations in interest rates on the net position that constitutes the portfolio of bonds and the liabilities associated with the commitments with the insured parties
(***) The micro hedging of the net position covers both the collection commitments of financial investments and the payment commitments to the insured parties, in the account units "Individual Savings Prior to 1999 - Matching Management", "Collective Savings - Matching Management" and "Individual Savings After 1999 (Bankia Vida portfolio) - Matching Management".

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16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The breakdown of the movement of the balance of this heading for the 2022 and 2023 financial years is as follows:

(Thousands of euros)

Company	31-12-2022 Restated	Entries and exits from consolidation perimeter	Increases from earnings for the financial year	Dividends	Other recognised income and expenses through investments in joint ventures and associates	31-12-2023
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	1,286,147	—	249,999	(182,385)	(7,935)	1,345,826
Gross total	1,286,147	—	249,999	**(182,385)**	(7,935)	1,345,826
Impairment losses	—	—	—	—	—	—
Net total	**1,286,147**	**—**	**249,999**	**(182,385)**	**(7,935)**	**1,345,826**

(Thousands of euros)

Company	31-12-2022	First application IFRS 17 (*)	01-01-2022 Restated	Entries and exits from consolidatio	Increases from earnings for the financial year	Dividends	Other recognised income and expenses through investments in joint ventures and associates	31-12-2022
Grupo SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	1,193,321	74,880	1,268,201	—	154,870	(136,924)	—	1,286,147
Gross total	1,193,321	74,880	1,268,201	—	154,870	**(136,924)**	—	1,286,147
Impairment losses	—	—	—	—	—	—	—	—
Net total	**1,193,321**	**74,880**	**1,268,201**	**—**	**154,870**	**(136,924)**	**—**	**1,286,147**

(*) Of which the impact of the first application of IFRS-17 on reserves is €30,451,000 and on other comprehensive income is €44,429,000.

Impairment of the portfolio companies

At the end of the financial year there is no financial support agreement or other type of contractual commitment from the parent company or the subsidiaries to the Group's associates and joint ventures that is not recognised in the financial statements. Similarly, at the end of the financial year there is no contingent liability related to these interests.

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For the purposes of analysing the recoverable value of the interests in associates and joint ventures, the Group periodically monitors the impairment indicators for its investees. In particular, the following elements are considered, among others: i) business performance; and ii) the target prices published by independent analysts of recognised prestige.

The methodology for determining the recoverable value of interests is based on dividend discount models (DDM).

The assumption ranges and testing sensitivity ranges used are summarised below:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS
(Percentage)

	SEGURCAIXA ADESLAS 31-12-2023	31-12-2022
Forecast periods	5 years	5 years
Discount rate (1)	10.30 %	9.48 %
Growth rate (2)	1.50 %	1.50 %
Sensitivity	[8%-12%; 0.5%-2.5%]	[8.5%-11% ; 0.5%-2.5%]

(1) Calculated on the interest rate of the 10-year German bond, plus a risk premium.
(2) Corresponds to the growth rate of the normalised flow, used to calculate the residual value.

Financial information on associates

Selected information on significant interests in companies accounted for using the equity method is presented below, in addition to that presented in Appendix 2:

SELECTED INFORMATION ON ASSOCIATES

	SEGURCAIXA ADESLAS
Description of the nature of the activities	Strategic alliance with Mutua Madrileña for the development, marketing and distribution of general non-life insurance policies.
Country of incorporation and countries where it carries out its activity	Spain
Restriction on the payment of dividends	Restrictions on the distribution of dividends are based on the company's solvency level to ensure compliance with existing regulatory and contractual requirements.

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17. TANGIBLE ASSETS

The breakdown of the movement of the balance of this heading, practically all of which is related to corporate activity in Spain and Portugal, is as follows:

MOVEMENT OF TANGIBLE FIXED ASSET ELEMENTS
(Thousands of euros)

	2023			2022		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL
Cost						
Balance at the start of the financial year	17,839	16,740	34,579	17,839	16,139	33.978
Additions due to business combinations Bankia Vida	—	—	—	—	603	603
Additions	—	4,235	4,235	—	1,622	1.622
Removals	—	(3,121)	(3,121)	—	(1,686)	(1.686)
Transfers	—	—	—	—	(357)	(357)
Additions due to business combinations Sa Nostra	—	—	—	—	419	419
Additions due to business combinations Bankia Mediación	—	65	65	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**17,839**	**17,919**	**35,758**	**17,839**	**16,740**	**34.579**
Cumulative depreciation						
Balance at the start of the financial year	(3,389)	(10,088)	(13,477)	(3,119)	(9,432)	(12.551)
Additions due to business combinations Bankia Vida	—	—	—	—	(553)	(553)
Additions	(271)	(1,688)	(1,959)	(270)	(1,469)	(1,739)
Removals	—	1,272	1,272	—	1,609	1,609
Transfers	—	—	—	—	—	—
Additions due to business combinations Sa Nostra	—	—	—	—	(243)	(243)
Additions due to business combinations Bankia Mediación	—	(38)	(38)	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(3,660)**	**(10,542)**	**(14,202)**	**(3,389)**	**(10,088)**	**(13,477)**

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(Cont.)

	2023			2022		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL
Impairment fund						
Balance at the start of the financial year	—	—	—	—	—	—
Additions due to business combinations Bankia Vida	—	—	—	—	—	—
Additions	—	—	—	—	—	—
Removals	—	—	—	—	—	—
Transfers	—	—	—	—	—	—
Additions due to business combinations Sa Nostra	—	—	—	—	—	—
Additions due to business combinations Bankia Mediación	—	—	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**—**	**—**	**—**	**—**	**—**	**—**
TANGIBLE FIXED ASSETS	**14,179**	**7,377**	**21,556**	**14,450**	**6,652**	**21,102**

MOVEMENT OF PROPERTY INVESTMENTS
(Thousands of euros)

	2023			2022		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL
Cost						
Balance at the start of the financial year	18,563	12	18,575	970	—	970
Additions due to business combinations Bankia Vida	—	—	—	15,722	—	15,722
Additions	—	—	—	—	—	—
Removals	(636)	—	(636)	—	—	—
Transfers	—	—	—	—	—	—
Additions due to business combinations Sa Nostra	—	—	—	1,871	12	1,883
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**17,927**	**12**	**17,939**	**18,563**	**12**	**18,575**

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(Cont.)

	2023			2022		
	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL	LAND AND BUILDINGS	FIXTURES, INSTALLATIONS AND OTHER	TOTAL
Cumulative depreciation						
Balance at the start of the financial year	(3,614)	(9)	(3,623)	(172)	—	(172)
Additions due to business combinations Bankia Vida	—	—	—	(2,956)	—	(2,956)
Additions	(179)	(3)	(182)	(141)	—	(141)
Removals	258	—	258	—	—	—
Transfers	—	—	—	—	—	—
Additions due to business combinations Sa Nostra	—	—	—	(345)	(9)	(354)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(3,535)**	**(12)**	**(3,547)**	**(3,614)**	**(9)**	**(3,623)**
Impairment fund						
Balance at the start of the financial year	(1,206)	—	(1,206)	(13)	—	(13)
Additions due to business combinations Bankia Vida	—	—	—	(1,806)	—	(1,806)
Endowments	(95)	—	(95)	—	—	—
Availabilities	—	—	—	—	—	—
Uses	—	—	—	830	—	830
Transfers	—	—	—	—	—	—
Additions due to business combinations Sa Nostra	—	—	—	(217)	—	(217)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(1,301)**	**—**	**(1,301)**	**(1,206)**	**—**	**(1,206)**
PROPERTY INVESTMENTS	**13,091**	**—**	**13,091**	**13,743**	**3**	**13,746**

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Below is selected information in relation to fixed assets for own use:

OTHER INFORMATION ON TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS
(Thousands of euros)

	31.12.2023	31.12.2022
Fully amortised/depreciated assets in use	3,109	3,121
Commitments to acquire tangible assets	Not significant	Not significant
Assets with ownership restrictions	Not significant	Not significant
Assets covered by insurance policies	100 %	100 %

During the 2023 financial year, the Group has accrued income of €201,000 in the subheading "Net income for Investments: Other investments". During the 2022 financial year, the Group accrued income of €112,000 in that subheading.

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18. INTANGIBLE ASSETS

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF INTANGIBLE ASSETS
(Thousands of euros)

	CGU	REMAINING USEFUL LIFE	31/12/2023	31/12/2022 Restated
Goodwill			**626,756**	**695.782**
Acquisition of la Caixa Gestión de Pensiones, E.G.F.P., S.A.U.	Life and Pensions	Indefinite	3,408	3.408
Acquisition of Fortis (2008)	Life and Pensions	Indefinite	330,929	330.929
Acquisition of Banca Cívica (2013)	Life and Pensions	Indefinite	249,240	249.240
Acquisition of Sa Nostra Vida (2022) (**)	Life and Pensions	Indefinite	43,179	112.205
Other intangible assets			**444,565**	**462.389**
Software (*)		1 a 15 years	117,573	104.102
Other intangible assets			326,992	358.287
Vidacaixa and Sa Nostra (2022) (**)		7 years	17,899	11.250
Vidacaixa and Bankia Vida (2022)		6- 8 years	225,641	256.011
Vidacaixa and Bankia Pensiones (2021)		12 years	79,208	85.669
Banca Cívica Vida y Pensiones			-	-
CajaSol Vida y Pensiones			-	-
CajaCanarias Vida y Pensiones			-	-
Caja Guadalajara			-	-
Banco Valencia Funds			-	-
Barclays Vida y Pensiones – Pension funds		2,5 years	1,979	2.789
Barclays Vida y Pensiones – Risk Portfolio		3 years	-	-
Mediterráneo Vida Funds		6 years	183	215
BPI Vida			1,068	1.341
Other (***)		37 years	1,014	1.012
TOTAL			**1,071,321**	**1.158.171**

(*) Estimated average life of 10 years.

(**) See note 7. The comparative amounts correspond to the provisional accounting of the business combination.

(***) Correspond mainly to the right to use a part of the land, owned by Barcelona City Council, on which Building South Tower is located, purchased in the 2010 financial year.

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As a result of the first application of IFRS 17 on 1 January 2023, the amounts related to intangible assets have been reduced by €183,795,000, as these amounts are considered within the limits of the contracts of the acquired portfolios and, therefore, part of their contractual service margin (See Note 1.4).

Selected information regarding other intangible assets is presented below:

	31-12-2023	31-12-2022
Fully amortised/depreciated assets in use	1.758	218
- Computer software	1.758	218
Commitments to acquire intangible assets	—	—
Assets with ownership restrictions	—	—

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The breakdown of the balance of the "Other intangible fixed assets" heading is as follows:

MOVEMENTS IN OTHER INTANGIBLE ASSETS
(Thousands of euros)

	2023				2022			
	SOFTWARE	OTHER ASSETS	ADMINISTRATIVE CONCESSIONS	TOTAL	SOFTWARE	OTHER ASSETS	ADMINISTRATIVE CONCESSIONS	TOTAL
Cost								
Balance at the start of the financial year	141,544	770,504	1,347	913,395	109,158	510,592	1,220	620,970
First application IFRS 17	—	—	—	—	—	(315,771)	—	(315,771)
Balance at the start of the financial year restated	141,544	770,504	1,347	913,395	109,158	194,821	1,220	305,199
Additions due to business combinations Bankia Vida	—	—	—	—	1,739	491,913	127	493,779
Additions	31,165	—	—	31,165	31,328	72,520	—	103,848
Removals	(57)	—	—	(57)	—	—	—	—
Transfers	—	—	—	—	(1,930)	—	—	(1,930)
Additions due to business combinations Sa Nostra	—	8,638	—	8,638	1,249	11,250	—	12,499
Additions due to business combinations Bankia Mediación	1,677	—	41	1,718	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**174,329**	**779,142**	**1,388**	**954,859**	**141,544**	**770,504**	**1,347**	**913,395**
Cumulative amortisation								
Balance at the start of the financial year	(37,442)	(413,229)	(335)	(451,006)	(24,824)	(395,323)	(280)	(420,427)
First application IFRS 17	—	—	—	—	—	95,117	—	95,117
Balance at the start of the financial year restated	(37,442)	(413,229)	(335)	(451,006)	(24,824)	(300,206)	(280)	(325,310)
Additions due to business combinations Bankia Vida	—	—	—	—	(1,719)	—	(28)	(1,747)
Additions	(14,712)	(39,935)	(27)	(54,674)	(11,552)	(113,023)	(27)	(124,602)
Removals	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	1,902	—	—	1,902
Additions due to business combinations Sa Nostra	—	—	—	—	(1,249)	—	—	(1,249)
Additions due to business combinations Bankia Mediación	(1,222)	—	(12)	(1,234)	—	—	—	—

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(Cont.)

	2023				2022			
	SOFTWARE	OTHER ASSETS	ADMINISTRATIVE CONCESSIONS	TOTAL	SOFTWARE	OTHER ASSETS	ADMINISTRATIVE CONCESSIONS	TOTAL
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(53,376)**	**(453,164)**	**(374)**	**(506,914)**	**(37,442)**	**(413,229)**	**(335)**	**(451,006)**
Impairment fund								
Balance at the start of the financial year	—	—	—	—	—	—	—	—
Endowments	(3,380)	—	—	(3,380)	—	—	—	—
Uses	—	—	—	—	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**(3,380)**	**—**	**—**	**(3,380)**	**—**	**—**	**—**	**—**
TOTAL OTHER INTANGIBLE ASSETS	**117,573**	**325,978**	**1,014**	**444,565**	**104,102**	**357,275**	**1,012**	**462,389**

Impairment test of the Life and Pensions CGU

To analyse the recoverable value of the Life and Pensions CGU, the Group makes an estimate of the recoverable value of the cash-generating unit to determine the possible existence of impairment.

The recoverable value is determined based on the value in use, which has been determined by means of a model discounting the expected dividends in the medium term obtained from the budgetary forecast over a 4-year time horizon and taking into consideration the minimum regulatory capital. Additionally, every six months an exercise is carried out to update the forecasts to include possible deviations in the model.

The forecasts use assumptions based on the macroeconomic data applicable to the activity, tested against external sources of recognised prestige and the internal information from the companies themselves.

The assumption ranges and testing sensitivity ranges used are summarised below:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS FOR INSURANCE CGU
(Percentage)

	31-12-2023	SENSITIVITY	31-12-2022	SENSITIVITY
Discount rate	10.82 %	8.8%-13.8%	10.50 %	8.5%-13.5%
Growth rate	1.50 %	0.5%-2.5%	1.50 %	0.5%-2.5%

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At the close of the financial year, it was confirmed that the forecasts used in the previous test and the real situation had not affected the conclusions of the previous analysis. Similarly, the sensitivity exercises have not revealed the need to make provisions at the end of the year.

In addition, a specific analysis was performed for the asset arising from the business combination with Barclays Vida y Pensiones, Bankia Pensiones, S.A.U., E.G.F.P, Bankia Vida S.A.U. de Seguros y Reaseguros and Sa Nostra Compañía de Seguros de Vida, S.A., with no signs of impairment being found.

19. OTHER PROVISIONS

Non-technical provisions are intended to cover current obligations arising from past events, whose cancellation is likely to cause an outflow of resources, but where these are uncertain as to their amount and/or timing.

Non-technical provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Adjustments due to updating these provisions are recognised as a financial expense as they accrue.

The balance corresponding to the 2023 financial year is justified mainly to deal with tax, legal and employment contingencies arising from the merger of the Parent Company with Bankia Vida, Bankia Pensiones and Sa Nostra Compañía de Seguros de Vida, S.A.

The balance corresponding to the 2022 financial year is justified mainly to deal with legal and employment contingencies arising from the merger of the Parent Company with Bankia Vida and Bankia Pensiones.

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20. FINANCIAL LIABILITIES AT AMORTISED COST

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF FINANCIAL LIABILITIES AT AMORTISED COST
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Deposits	738,970	579,883
Other financial liabilities	390,397	380,946
Deposits received from ceded reinsurance	2,253	2,725
Debts from insurance transactions	36,543	25,459
1. Debts with insured parties	—	—
2. Debts with brokers	36,265	24,710
3. Conditional debts	278	749
Debts from reinsurance transactions	6,374	4,463
Debts from coinsurance transactions	413	4,213
Bonds and other negotiable securities	—	—
Debt with credit institutions	—	2,601
Debts from preparatory operations for insurance contracts	162	1,370
Other debt	344,652	340,115
1. Debt with Public Administrations	23,879	22,690
2. Other debts with Group companies and associates	1,148	1.235
3. Rest of other debt	319,625	316,190
TOTAL	**1,129,367**	**960,829**

20.1. OTHER DEBT

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF OTHER DEBT
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Debt with Public Administrations	**23,879**	**22,690**
Public Finance VAT payable	374	98
Public Finance withholdings payable	19,027	18,756
Social Security Bodies	1,292	1,157
Other Public Administrations	3,186	2,679
Other debts with Group companies and associates	**1,148**	**1,235**
Debts with CaixaBank for CT consolidation	1,148	1,235
Other debt	—	—
Interim dividend	—	—
Rest of other debt	**319,625**	**316,190**
Deposits received	6	13
Other debt	319,619	316,177
TOTAL	**344,652**	**340,115**

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21. ASSETS FOR REINSURANCE CONTRACTS AND LIABILITIES FOR INSURANCE CONTRACTS

21.1. ASSETS AND LIABILITIES FOR INSURANCE AND REINSURANCE CONTRACTS

The breakdown of the assets and liabilities for insurance and reinsurance contracts as of 31 December 2023 and 2022 is shown below:

BREAKDOWN OF LIABILITIES FOR INSURANCE CONTRACTS BY SEGMENT - 31-12-2023 AND 31-12-2022 (Thousands of euros)

		Risk	Savings	Direct participation			Risk	Savings	Direct participation	
	BBA	PAA	BBA	VFA	TOTAL 2023	BBA	PAA	BBA	VFA	TOTAL 2022
Liabilities for insurance contracts (*)	**568.774**	**409.632**	**54.571.650**	**16.676.353**	**72.226.409**	**597.602**	**410.227**	**48.936.973**	**14.862.293**	**64.807.095**
Liabilities for remaining coverage (LRC)	395.394	42.093	53.684.602	16.523.654	**70.645.743**	442.305	60.301	47.976.443	14.720.618	**63.199.667**
Present value of future cash flows (PVFC)	17.183	42.093	51.008.747	15.546.843	**66.614.866**	70.689	60.301	45.515.375	13.844.270	**59.490.635**
Risk adjustment for non-financial risk (RA)	41.190	—	299.387	170.052	**510.629**	48.056	—	299.261	132.022	**479.339**
Contractual service margin (CSM)	337.021	—	2.376.468	806.759	**3.520.248**	323.560	—	2.161.807	744.326	**3.229.693**
Liabilities for incurred claims (LIC)	173.380	367.539	887.048	152.699	**1.580.666**	155.297	349.926	960.530	141.675	**1.607.428**
Assets of insurance acquisition cash flows	—	—	—	—	**—**	—	—	—	—	**—**
Other cash flows prior to recognition	—	—	—	—	**—**	—	—	—	—	**—**

They do not include liabilities classified and measured under the scope of IFRS 9, linked to certain BPI Vida e Pensões products that do not incorporate a significant transfer of insurance risks. These contracts are classified in the headings "Financial liabilities at amortised cost – Deposits" and "Financial liabilities classified at fair value through profit or loss" for an amount of €738,970,000 and €3,280,835,000, respectively.
It does not include the assets under a reinsurance contract whose amount stands at €53,505,000 and €63,095,000 as of 31 December 2023 and 2022, respectively, which are valued using the PAA method.

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BREAKDOWN OF LIABILITIES FOR INSURANCE CONTRACTS BY VALUATION METHOD - 31-12-2023 AND 31-12-2022
(Thousands of euros)

	BBA	VFA	PAA	2023	BBA	VFA	PAA	2022
Liabilities for insurance contracts (*)	**55,140,424**	**16,676,353**	**409,632**	**72,226,409**	**49,534,575**	**14,862,293**	**410,227**	**64,807,095**
Liabilities for remaining coverage (LRC)	54,079,996	16,523,654	42,093	70,645,743	48,418,748	14,720,618	60,301	63,199,667
Present value of future cash flows (PVFC)	51,025,930	15,546,843	42,093	66,614,866	45,586,064	13,844,270	60,301	59,490,635
Risk adjustment for non-financial risk (RA)	340,577	170,052	—	510,629	347,317	132,022	—	479,339
Contractual service margin (CSM)	2,713,489	806,759	—	3,520,248	2,485,367	744,326	—	3,229,693
Liabilities for incurred claims (LIC)	1,060,428	152,699	367,539	1,580,666	1,115,827	141,675	349,926	1,607,428
Assets of insurance acquisition cash flows	—	—	—	—	—	—	—	—
Other cash flows prior to recognition	—	—	—	—	—	—	—	—

They do not include liabilities classified and measured under the scope of IFRS 9, linked to certain BPI Vida e Pensões products that do not incorporate a significant transfer of insurance risks. These contracts are classified in the headings “Financial liabilities at amortised cost – Deposits” and “Financial liabilities classified at fair value through profit or loss” for an amount of €738,970,000 and €3,280,835,000, respectively.

21.2. RECONCILIATION OF INITIAL RECOGNITION OF CONTRACTS

The following table provides an analysis of the insurance contracts issued initially recognised in the period for the 2023 and 2022 financial years:

RECONCILIATION OF INITIAL RECOGNITION OF CONTRACTS - 2023
(Thousands of euros)

	NON-ONEROUS CONTRACTS			ONEROUS CONTRACTS			
	RISK	SAVINGS	DIRECT PARTICIPATION	RISK	SAVINGS	DIRECT PARTICIPATION	TOTAL
Estimate of the present value of future cash flow outflows (PVCF outflows)	(89,981)	6,930,371	950,471	(1,784)	70,878	—	7,859,955
Claims and other directly attributable expenses	(89,981)	6,930,371	950,471	(1,784)	70,878	—	7,859,955

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RECONCILIATION OF INITIAL RECOGNITION OF CONTRACTS - 2023 (Cont.)
(Thousands of euros)

	NON-ONEROUS CONTRACTS			ONEROUS CONTRACTS			
	RISK	SAVINGS	DIRECT PARTICIPATION	RISK	SAVINGS	DIRECT PARTICIPATION	TOTAL
Insurance acquisition expenses	—	—	—	—	—	—	—
Estimate of the present value of future cash flow inflows (PVCF inflows)	(51,086)	(7.377.013)	(1,039,357)	(612)	(61,180)	(24)	(8,529,272)
Risk adjustment for non-financial risk (RA)	25,946	26,394	18,954	4,090	373	24	75,781
Contractual service margin (CSM)	115,121	420,248	70,741	—	—	—	606,110
Increase in liabilities from insurance contracts recognised in the period	**—**	**—**	**809**	**1.694**	**10,071**	**—**	**12,574**

RECONCILIATION OF INITIAL RECOGNITION OF CONTRACTS - 2022
(Thousands of euros)

	NON-ONEROUS CONTRACTS			ONEROUS CONTRACTS			
	RISK	SAVINGS	DIRECT PARTICIPATION	RISK	SAVINGS	DIRECT PARTICIPATION	TOTAL
Estimate of the present value of future cash flow outflows (PVCF outflows)	(135,216)	2,854,419	1,864,251	(2,315)	275,080	—	4,856,219
Claims and other directly attributable expenses	(135,216)	2,854,419	1,864,251	(2,315)	275,080	—	4,856,219
Insurance acquisition expenses	—	—	—	—	—	—	—
Estimate of the present value of future cash flow inflows (PVCF inflows)	1	(3,097,535)	(1,991,371)	—	(260,264)	(70)	(5,349,239)
Risk adjustment for non-financial risk (RA)	31,784	12,522	18,882	5,528	737	70	69,523
Contractual service margin (CSM)	103,431	230,594	108,456	—	—	—	442,481
Increase in liabilities from insurance contracts recognised in the period	**—**	**—**	**218**	**3.213**	**15,553**	**—**	**18,984**

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21.3. RECONCILIATION OF LIABILITIES FOR REMAINING COVERAGE AND LIABILITIES FOR INCURRED CLAIMS

The breakdown of the reconciliation of "Liabilities for remaining coverage" and "Liabilities for incurred claims" is as follows:

RECONCILIATION OF LIABILITIES FOR REMAINING COVERAGE AND LIABILITIES FOR INCURRED CLAIMS - 2023
(Thousands of euros)

	LIC (NOT PAA)	LIC (PAA)		LCR (BBA, VFA, PAA)	
	BBA, VFA	PVCF	RA	Loss component (LC)	Excluding loss component
BALANCE AT THE START OF THE FINANCIAL YEAR	**1,257,502**	**349,926**	**—**	**176,504**	**63,023,163**
Income from the insurance service	**—**	**—**	**—**	**—**	**(3,164,353)**
Amounts related to changes in liabilities for remaining coverage contracts valued under BBA or VFA	—	—	—	—	(2,209,460)
Claims expected and other attributable expected insurance expenses	—	—	—	—	(1,600,300)
Changes in risk adjustment for non-financial risk	—	—	—	—	(91,880)
CSM recognised in the profit and loss account for the services provided	—	—	—	—	(517,280)
Amounts related to changes in liabilities for remaining coverage - contracts valued under PAA	—	—	—	—	(954,893)
Recovery of acquisition expenses assigned to the period	—	—	—	—	—
Insurance service expenses	**1,566,460**	**524,609**	**—**	**(59,235)**	**—**
Incurred claims and other directly attributable expenses	1,611,403	506,428	—	—	—
Amortisation of insurance acquisition cash flows	—	—	—	—	—
Changes related to past services - Adjustment to liabilities for incurred claims	(44,943)	18,181	—	—	—

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RECONCILIATION OF LIABILITIES FOR REMAINING COVERAGE AND LIABILITIES

FOR INCURRED CLAIMS - 2023 (Cont.)

(Thousands of euros)

	LIC (NOT PAA)	LIC (PAA)		LCR (BBA, VFA, PAA)	
	BBA, VFA	PVCF	RA	Loss component (LC)	Excluding loss component
Changes related to future services - losses and loss reversals in onerous contracts	—	—	—	(59,235)	—
PROFIT OR LOSS FOR THE INSURANCE SERVICE	**1,566,460**	**524.609**	**—**	**(59,235)**	**(3,164,353)**
Financial expenses for insurance	—	—	—	6,865	3,542,707
Financial expenses for insurance contracts issued recognised in Other Comprehensive Income	—	—	—	—	2,241,419
FINANCIAL EXPENSES OR INCOME FOR INSURANCE	**—**	**—**	**—**	**6,865**	**5,784,126**
TOTAL AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**1,566,460**	**524.609**	**—**	**(52,370)**	**2,619,773**
Investment component	6,513,623	—	—	—	(6,513,623)
Other changes	568	(568)	—	—	(69,821)
CASH FLOW CHANGES	**(8,125,026)**	**(506.428)**	**—**	**—**	**11,611,195**
Premiums received	—	—	—	—	11,611,195
Insurance acquisition expenses	—	—	—	—	—
Benefits and other directly attributable expenses paid	(8,125,026)	(506.428)	—	—	—
OTHER CHANGES	**—**	**—**	**—**	**—**	**(149,078)**
Transfer to non-current financial liabilities available for sale	**—**	**—**	**—**	**—**	**(149,078)**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**1,213,127**	**367.539**	**—**	**124,134**	**70,521,609**
Of which:	**RISK**	**SAVINGS**	**DIRECT PARTICIPATION**		
Premiums received	1,409,191	8,757,609	1,444,395		
Claims and other directly attributable expenses paid	(757,512)	(6,397,789)	(1,476,153)		
Investment component	598	5,143,723	1,369,302		

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RECONCILIATION OF LIABILITIES FOR REMAINING COVERAGE AND LIABILITIES

FOR INCURRED CLAIMS - 2022
(Thousands of euros)

	LIC (NOT PAA)	LIC (PAA)		LCR (BBA, VFA, PAA)	
	BBA, VFA	PVCF	RA	Loss component (LC)	Excluding loss component
BALANCE AT THE START OF THE FINANCIAL YEAR	**1,230,090**	**334,122**	**—**	**132,742**	**76,594,056**
Income from the insurance service	**—**	**—**	**—**	**—**	**(2,780,644)**
Amounts related to changes in liabilities for remaining coverage contracts valued under BBA or VFA	—	—	—	—	(1,902,401)
Claims expected and other attributable expected insurance expenses	—	—	—	—	(1,302,553)
Changes in risk adjustment for non-financial risk	—	—	—	—	(90,444)
CSM recognised in the profit and loss account for the services provided	—	—	—	—	(509,404)
Amounts related to changes in liabilities for remaining coverage - contracts valued under PAA	—	—	—	—	(878,243)
Recovery of acquisition expenses assigned to the period	—	—	—	—	—
Insurance service expenses	**1,280,590**	**529,271**	**—**	**53,785**	**—**
Incurred claims and other directly attributable expenses	1,272,195	518,419	—	—	—
Amortisation of insurance acquisition cash flows	—	—	—	—	—
Changes related to past services - Adjustment to liabilities for incurred claims	8,395	10,852	—	—	—
Changes related to future services - losses and loss reversals in onerous contracts	—	—	—	53,785	—
PROFIT OR LOSS FOR THE INSURANCE SERVICE	**1,280,590**	**529,271**	**—**	**53,785**	**(2,780,644)**
Financial expenses for insurance	—	—	—	(10,023)	(325,918)

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RECONCILIATION OF LIABILITIES FOR REMAINING COVERAGE AND LIABILITIES

FOR INCURRED CLAIMS - 2022 (Cont.)
(Thousands of euros)

	LIC (NOT PAA)	LIC (PAA)		LCR (BBA, VFA, PAA)	
	BBA, VFA	PVCF	RA	Loss component (LC)	Excluding loss component
Financial expenses for insurance contracts issued recognised in Other Comprehensive Income	—	—	—	—	(12,981,515)
FINANCIAL EXPENSES OR INCOME FOR INSURANCE	**—**	**—**	**—**	**(10,023)**	**(13,307,433)**
TOTAL AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**1,280,590**	**529,271**	**—**	**43,762**	**(16,088,077)**
Investment component	6,277,848	—	—	—	(6,277,848)
Other changes	—	—	—	—	33,912
CASH FLOW CHANGES	**(7,550,042)**	**(518,419)**	**—**	**—**	**7,857,608**
Premiums received	—	—	—	—	7,857,608
Insurance acquisition expenses	—	—	—	—	—
Benefits and other directly attributable expenses paid	(7,550,042)	(518,419)	—	—	—
OTHER CHANGES - ADDITIONS DUE TO BUSINESS COMBINATIONS - SA NOSTRA	**19,016**	**4,952**	**—**	**—**	**903,512**
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**1,257,502**	**349,926**	**—**	**176,504**	**63,023,163**
Of which:	RISK	SAVINGS	DIRECT PARTICIPATION		
Premiums received	1,266,526	4,192,585	2,398,497		
Claims and other directly attributable expenses paid	(761,589)	(5,975,093)	(1,331,779)		
Investment component	1,615	5,037,238	1,238,995		

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21.4. RECONCILIATION OF THE COMPONENTS OF INSURANCE LIABILITIES

The breakdown by component of insurance liabilities, for contracts where the premium allocation approach has not been applied, is as follows:

RECONCILIATION OF THE COMPONENTS OF INSURANCE LIABILITIES (EXCLUDING PAA)
(Thousands of euros)

	2023				2022			
	PVCF	RA	CSM	Total	PVCF	RA	CSM	Total
BALANCE AT THE START OF THE FINANCIAL YEAR	**60,687,836**	**479,339**	**3,229,693**	**64,396,868**	**74,382,253**	**570,643**	**2,961,587**	**77,914,483**
Changes for the future service	**(892,587)**	**95,997**	**737,355**	**(59,235)**	**(744,676)**	**77,271**	**721,190**	**53,785**
Changes in the estimates that adjust the CSM	(151,472)	20,227	131,245	—	(286,457)	7,748	278,709	—
Changes in the estimates that do not adjust the CSM*	11	(11)	—	—	—	—	—	—
Losses and reversals of losses in onerous contracts	(71,809)	—	—	(71,809)	34,801	—	—	34,801
Contracts recognised in the period	(669,317)	75,781	606,110	12,574	(493,020)	69,523	442,481	18,984
Changes for the present service	**11,103**	**(91,880)**	**(517,280)**	**(598,057)**	**(28,803)**	**(90,444)**	**(509,404)**	**(628,651)**
Contractual service margin (CSM) recognised for services provided	—	—	(517,280)	(517,280)	—	—	(509,404)	(509,404)
Changes in risk adjustment for non-financial risk	—	(91,880)	—	(91,880)	—	(90,444)	—	(90,444)
Adjustments from experience	11,103	—	—	11,103	(28.803)	—	—	(28,803)
Changes for the past service	**(44,943)**	**—**	**—**	**(44,943)**	**8,395**	**—**	**—**	**8,395**
Changes for past services – Adjustment to liabilities for incurred claims	(44,943)	—	—	(44,943)	8,395	—	—	8,395
PROFIT OR LOSS FOR THE INSURANCE SERVICE	**(926,427)**	**4,117**	**220,075**	**(702,235)**	**(765,084)**	**(13,173)**	**211,786**	**(566,471)**
Financial expenses or income for insurance (profit and loss account)	3,462,867	16,225	70,480	3,549,572	(404,147)	11,886	56,320	(335,941)

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RECONCILIATION OF THE COMPONENTS OF INSURANCE LIABILITIES (EXCLUDING PAA)
(Thousands of euros) Cont.

	2023				2022			
	PVCF	RA	CSM	Total	PVCF	RA	CSM	Total
Financial expenses for insurance contracts issued recognised in Other Comprehensive Income	2.230.471	10.948	—	2,241,419	(12,891,499)	(90,016)	—	(12,981,515)
FINANCIAL EXPENSES OR INCOME FOR INSURANCE	**5,693,338**	**27,173**	**70,480**	**5,790,991**	**(13,295,646)**	**(78,130)**	**56,320**	**(13,317,456)**
TOTAL AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**4,766,911**	**31,290**	**290,555**	**5,088,756**	**(14,060,730)**	**(91,303)**	**268,106**	**(13,883,927)**
Other changes	(64,076)	—	—	(64,076)	5,368	—	—	5,368
CASH FLOW CHANGES	**2,542,194**	**—**	**—**	**2,542,194**	**(557,403)**	**—**	**—**	**(557,403)**
Premiums received	10,667,220	—	—	10,667,220	6,992,639	—	—	6,992,639
Insurance acquisition expenses	—	—	—	—	—	—	—	—
Claims and other directly attributable expenses paid	(8,125,026)	—	—	(8,125,026)	(7,550,042)	—	—	(7,550,042)
OTHER CHANGES	**(146,965)**	**—**	**—**	**(146,965)**	**918,348**	**—**	**—**	**918,348**
Additions due to business combinations SA NOSTRA VIDA	—	—	—	—	918,348	—	—	918,348
Transfer to non-current financial liabilities available for sale	(146,965)	—	—	(146,965)	—	—	—	—
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	**67,785,900**	**510,629**	**3,520,248**	**71,816,777**	**60,687,836**	**479,340**	**3,229,693**	**64,396,869**
	RISK	**SAVINGS**	**UL**	**TOTAL**	**RISK**	**SAVINGS**	**UL**	**TOTAL**
Of which: expected amortisation CSM of 5 years	284,062	1,000,808	309,831	1,594,701	259,602	905,937	300,386	1,465,925
Of which: expected CSM amortisation of 6 to 10 years	31,425	597,340	202,725	831,490	24,095	540,222	170,301	734,618
Of which: expected CSM amortisation of 11 to 15 years	2,925	344,858	137,075	484,858	1,921	304,068	118,004	423,993
Of which: expected CSM amortisation of 16 to 20 years	720	187,813	88,439	276,972	335	169,270	78,593	248,198
Of which: expected CSM amortisation of >20 years	17,889	245,649	68,689	332,227	37,607	242,309	77,043	356,959

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21.5. RECONCILIATION OF THE FINANCIAL PROFIT OR LOSS OF INSURANCE

Below is the analysis of the financial profit or loss:

RECONCILIATION OF THE FINANCIAL PROFIT OR LOSS OF THE INSURANCE ACTIVITY
(Thousands of euros)

	2023				2022			
	RISK	SAVINGS	OTHER	TOTAL	RISK	SAVINGS	OTHER	TOTAL
Interest from the insurance activity	**9,376**	**104,755**	**50,649**	**164,780**	**11,185**	**21,175**	**18,847**	**51,207**
Income from interest from the insurance activity	17,094	1,689,471	50,649	1,757,214	24,090	1,351,156	18,847	1,394,093
Expenses from interest from the insurance activity	(7,718)	(1,584,716)		(1,592,434)	(12,905)	(1,329,981)		(1,342,886)
OCI from the insurance activity	**8,735**	**149,258**	**(471)**	**157,522**	**(44,798)**	**(609,463)**	**27,278**	**(626,983)**
Debt instruments at fair value through other comprehensive income	18,751	2,380,661	(471)	2,398,941	(104,400)	(13,531,376)	27,278	(13,608,498)
Financial expenses for insurance contracts issued	(10,016)	(2,231,403)	—	(2,241,419)	59,602	12,921,913	—	12,981,515
OCI reclassified to P&L due to the effect of the hedging of the net position	**—**	**4,878**	**1,241**	**6,119**	**—**		**(1,758)**	**(1,758)**
Amount reclassified from OCI to P&L of insurance liabilities	—	4.878	—	4,878	—	—	—	—
Amount reclassified from OCI to P&L of financial instruments (*)	—	—	1,241	1,241	—	—	(1,758)	(1,758)
Gains/losses related to financial instruments	**—**	**(1,232)**	**3,769**	**2,537**	**—**	**(604)**	**18,757**	**18,153**
Other income	**—**	**11**	**6,234**	**6,245**	**—**	**(2)**	**5,693**	**5,691**
Impairment fin. assets not val. at FV through P&L	**—**	**(146)**	**(3,236)**	**(3,382)**	**—**	**7**	**(466)**	**(459)**
TOTAL	**18,111**	**257,524**	**58,186**	**333,821**	**(33,613)**	**(588,887)**	**68,351**	**(554,149)**

(*) Includes the variation in the fair value of the derivatives that form part of the net position hedging.

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21.6. RECONCILIATION OF THE AMOUNTS RECOGNISED IN THE TRANSITION

Below is the breakdown of the amounts recognised in the transition:

RECONCILIATION OF AMOUNTS RECOGNISED IN THE TRANSITION * - DIRECT INSURANCE
(Thousands of euros)

	2023			2022		
	New contracts and contracts measured under the full retrospective approach	Fair value approach	Total	New contracts and contracts measured under the full retrospective approach	Fair value approach	Total
INCOME FROM INSURANCE ACTIVITIES	**(284,666)**	**(607,571)**	**(892,237)**	**(98,210)**	**(433,033)**	**(531,243)**
CSM AT THE START OF THE FINANCIAL YEAR	**107,984**	**442,440**	**550,424**	**—**	**420,454**	**420,454**
Changes for the future service	**211,894**	**(41,172)**	**170,722**	**131,861**	**161,279**	**293,140**
Changes in the estimates that adjust the CSM	41,046	(41,833)	(787)	7,432	161,279	168,711
Contracts recognised in the period	170,849	660.52	171,509	124,429	—	124,429
Changes for the present service	**(57,922)**	**(95,480)**	**(153,402)**	**(24,139)**	**(141,816)**	**(165,955)**
CSM recognised in P&L for services rendered	(57,922)	(95,480)	(153,402)	(24,139)	(141,816)	(165,955)
Other changes	**—**	**(57,396)**	**(57,396)**	**—**	**—**	**—**
Financial expenses or income for insurance	**5,027**	**2,715**	**7,742**	**262**	**2,523**	**2,785**
CSM AT THE END OF THE FINANCIAL YEAR	**266,983**	**251,107**	**518.090**	**107,984**	**442,440**	**550,424**

(*) Given that the Group has availed itself of the exception of article 2 of Commission Regulation (EU) 2021/2036 of 19 November 2021, by which the annual cohort requirement may not be applied to insurance contracts managed using Matching Adjustment techniques and Unit Linked contracts, the Group does not present the transition amounts in a disaggregated manner (see Note 2.15 - Assets and Liabilities for insurance contracts).

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22. NON-CURRENT ASSETS AND LIABILITIES AND DISPOSAL GROUPS OF ITEMS THAT HAVE BEEN CLASSIFIED AS HELD FOR SALE

Pursuant to the portfolio transfer contract signed with Medvida (See Note 7), the breakdown of assets and liabilities that are planned to be transferred is shown below:

BREAKDOWN OF NON-CURRENT ASSETS AND LIABILITIES THAT HAVE BEEN CLASSIFIED AS HELD FOR SALE
(Thousands of euros)

	31-12-2023	31-12-2022
MEDVIDA intangible assets	15.244	—
Invoices pending issue	564	—
Financial assets	148.661	—
Total non-current assets held for sale	**164.469**	**—**
Liabilities for remaining coverage	149.078	—
Fees - invoices pending	148	—
Deferred tax liabilities	4.573	—
Total liabilities linked to assets held for sale	**153.799**	**—**

23. EQUITY

23.1. SHAREHOLDERS' CAPITAL

Share Capital

The following is selected information about the figures and nature of the share capital:

	Percentage Shareholding
CaixaBank, S.A. (direct shareholding)	100 %

SHARE CAPITAL INFORMATION

	31-12-2023	31-12-2022
Number of subscribed and paid-up shares (units) (*)	224,203,300	224,203,300
Par value per share (euros)	6,01	6,01

(*) All the shares are represented by book entries and they are all equal in terms of rights

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Reserves

The breakdown of the balances in this heading is as follows:

BREAKDOWN OF RESERVES
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Reserves attributed to the parent company of the Group		
Legal reserve (*)	269,492	269,492
Voluntary reserve	1,085,359	1,006,573
Other unavailable reserves	—	2
Other Consolidation reserves assigned to the Parent Company	—	—
Reserves in companies consolidated through the full integration method	26,731	13.684
Reserves in companies accounted for using the equity method	485,773	467,826
TOTAL	**1,867,355**	**1,757,577**

(*) At the end of the 2023 and 2022 financial years, the legal reserve reached the minimum required by the Spanish Capital Companies Law.

Reserves in consolidated companies

The breakdown by entity of the balances of this account on the consolidated balance sheet as of 31 December 2023 and 2022, after considering the effect of consolidation adjustments, is indicated below (thousands of euros):

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RESERVES OF FULLY CONSOLIDATED COMPANIES
(Thousands of euros)

Reserves of fully consolidated companies	VidaCaixa Mediación	BPI Vida e Pensoes	Total
Balances as of 31-12-2021	**261**	**10,676**	**10,937**
First application IFRS 17	—	(5,347)	(5,347)
Balances as of 31-12-2021 restated	**261**	**5,329**	**5,590**
Distribution of the profit from the 2021 financial year	219	9,924	10,143
Interim dividends from 2021 earnings	—	—	—
Reclassification to Parent Companye	—	—	—
Consolidation adjustments	—	(2,049)	(2,049)
De-registrations for sales and dissolution	—	—	—
Balances as of 31-12-2022 restated	**480**	**13,204**	**13,684**
Distribution of the profit from the 2022 financial year	202	14,894	15,096
Interim dividends from 2022 earnings	—	—	—
Reclassification to Parent Company	—	—	—
Consolidation adjustments	—	(2,049)	(2,049)
De-registrations for sales and dissolution	—	—	—
Balances as of 31-12-2023	**682**	**26,049**	**26,731**

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RESERVES OF THE COMPANY ACCOUNTED FOR USING THE EQUITY METHOD
(Thousands of euros)

Reserves of companies accounted for using the equity method	SegurCaixa Adeslas
Balance as of 31-12-2021	**227,876**
First application IFRS 17	30,451
Balances as of 31-12-2021 Restated	**258,327**
Distribution of the profit from the 2021 financial year	209,499
Interim dividends from 2021 earnings	—
Supplementary dividend from 2020 earnings	—
Variation of holdings	—
Consolidation reserves accounted for using the equity method	—
Balances as of 31-12-2022 restated	**467,826**
Distribution of the profit from the 2022 financial year	154,871
Interim dividends from 2022 earnings	(136,924)
Supplementary dividend from 2021 earnings	—
Variation of holdings	—
Consolidation reserves accounted for using the equity method	—
Balance as of 31-12-2023	**485,773**

23.2. ACCUMULATED OTHER COMPREHENSIVE INCOME

The movement of the heading is included in the statement of recognised income and expenses.

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24. TAX SITUATION

24.1. TAX CONSOLIDATION

The tax consolidation group for Corporation Tax includes CaixaBank, S.A., as the parent company, and as subsidiaries those Spanish entities in the business group that meet the requirements demanded for this purpose by the regulations, where the parent company and its subsidiaries with registered offices in Spain are included.

The rest of the companies in the business group file their returns in accordance with the applicable tax regulations.

24.2. FINANCIAL YEARS SUBJECT TO TAX INSPECTION

On 3 May 2023, the Spanish Tax Agency notified Caixabank, S.A. (head of the consolidated Corporation Tax group, to which the Parent Company belongs) of the launch of an inspection procedure in relation to the main taxes that apply to it from the years 2016 to 2020, both inclusive. Similarly, the Parent Company was notified of the launch of inspections for the main taxes that apply to it.

As of 31 December 2023, the aforementioned procedure is still ongoing.

In accordance with the above, as of 31 December 2023, the Parent Company has open for tax verification the financial years 2016 and later for the main taxes that apply to it.

In the 2020 financial year, an inspection procedure was completed in relation to the main taxes paid by the Parent Company for the financial years 2013 to 2015, both inclusive, with no relevant impact. The dispute records are duly provisioned.

As a result of the different possible interpretations of the tax regulations applicable to the transactions carried out by insurance companies, there may be certain contingent tax liabilities that are not susceptible to objective quantification. The Directors of the Parent Company estimate that the provisions existing in the "Other provisions" heading of the balance sheet are sufficient to cover the aforementioned contingent liabilities (See Note 1.6).

24.3. RECONCILIATION BETWEEN THE ACCOUNTING AND TAX PROFIT AND LOSS

The reconciliation between the accounting profit and loss and the tax expense for the Group is shown below:

RECONCILIATION BETWEEN THE ACCOUNTING RESULT AND TAX EXPENSE
(Thousands of euros)

	2023	2022 Restated
Pre-tax profit or loss	**1,522.207**	**1,164.917**
Increases/decreases for permanent differences		
Accounting amortisation of goodwill	8,640	23,398
Dividends and capital gains without tax	(173,267)	(130,078)
Sale of shares in Telefónica (Art. 21.6 Corporation Tax Law)	—	13,263
Group eliminations sale of Telefónica shares	—	(13,263)
Non-recoverable foreign retentions	10,607	9,663
Impairment Bankia Mediación	7,883	—
Other increases	711	516
Other decreases	(739)	(845)
Result with taxation		
Tax payable by the CaixaBank Tax Group	(378,474)	(301,481)

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RECONCILIATION BETWEEN THE ACCOUNTING RESULT AND TAX EXPENSE

(Thousands of euros) Cont.

	2023	2022 Restated
Tax payable by BPI Vida	(7,016)	(5,115)
Deductions and allowances	10,679	9,661
Corporation tax payable for the financial year	—	—
Tax adjustments	(339)	389
Tax adjustments expenses recognised in reserve accounts	—	—
Corporation tax CaixaBank Tax Group	**(368,134)**	**(291,431)**
Corporation tax BPI Vida	**(7,016)**	**(5,115)**
PROFIT OR LOSS AFTER TAX	**1,147,057**	**868,371**

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24.4. DEFERRED TAX ASSETS AND LIABILITIES

The following shows the movement of the balance of these headings during the 2023 and 2022 financial years, respectively:

MOVEMENT OF DEFERRED TAX ASSETS - 2023
(Thousands of euros)

	31/12/2022 Restated	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	REMOVALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2023
Deduction for reinvestment earn-out SegurCaixa Adeslas (SCA)	65,839	—	—	—	(9,903)	55,936
Deduction for internal double taxation of capital gains on sale of shares	15,336	—	—	—	—	15,336
Deduction for internal double taxation of dividends (SCA)	80,010	43	—	—	(1,495)	78,558
Business combination with Morgan Stanley Gestión, SGIIC, SA	1,120	—	—	—	(313)	807
Business combination with Bankia a Pensiones	1,217	—	—	423	—	1,640
Business combination with Bankia Vida	2,253	—	—	—	—	2,253
Business combination with Sa Nostra Vida	17,268	—	(17,268)	—	—	—
Business combination with Bankia Mediación	—	—	24,304	—	—	24,304
Amortisation/depreciation of assets (RDL 16/2012)	283	—	—	—	(38)	245
Financial assets	1,108,311	—	11,494	1,081,023	(978,193)	1,222,635
Tax losses pending offsetting	13,949	—	—	—	(1,216)	12,733
SAREB losses	—	—	—	—	—	—
Deduction for R&D (Art. 35 Corporation Tax Law)	1,672	—	—	—	—	1,672
Provision Tables and Rates	46,571	—	5,046	43,358	(46,571)	48,404
Other	27,551	(228)	728	4,364	(9,122)	23,293
Standardisation of technical provisions	8,809	—	—	—	(8,809)	—
TOTAL	**1,390,189**	**(185)**	**24,304**	**1,129,168**	**(1,055,660)**	**1,487,816**

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MOVEMENT OF DEFERRED TAX ASSETS - 2022
(Thousands of euros)

	31/12/2021	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	REMOVALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2022 Restated
Deduction for reinvestment earn-out SegurCaixa Adeslas (SCA)	65,839	—	—	—	—	65,839
Deduction for internal double taxation of capital gains on sale of shares	15,336	—	—	—	—	15,336
Deduction for internal double taxation of dividends (SCA)	71,958	—	—	8,052	—	80,010
Business combination with Morgan Stanley Gestión, SGIIC, SA	1,120	—	—	—	—	1,120
Business combination with Bankia Pensiones	814	—	—	403	—	1,217
Business combination with Bankia Vida	—	—	2,253	—	—	2,253
Business combination with Sa Nostra Vida	—	—	17,268	—	—	17,268
Amortisation/depreciation of assets (RDL 16/2012)	318	—	—	—	(35)	283
Financial assets	3,798,121	—	—	2,354,998	(5,044,808)	1,108,311
Tax losses pending offsetting	13,949	—	—	—	—	13,949
SAREB losses	5,159	—	—	—	(5,159)	—
Deduction for R&D (Art. 35 Corporation Tax Law)	1,672	—	—	—	—	1,672
Provision Tables and Rates	—	—	—	46,571	—	46,571
Other	13,813	—	—	13,751	(13)	27,551
Standardisation of technical provisions	10,029	—	—	—	(1,220)	8,809
TOTAL	**3,998,128**	**—**	**19,521**	**2,423,775**	**(5,051,235)**	**1,390,189**

CaixaBank, as the parent company of the Tax Group, periodically carries out, in collaboration with an independent expert, an exercise to assess the recoverability of the tax assets recognised on the balance sheet. As a result of this exercise, as of 31 December 2023, it is estimated that the deferred tax assets recorded arising from credits for negative tax bases, deductions and non-monetisable temporary differences will have been recovered in a maximum period of 15 years.

The Group does not have any material deferred tax assets not recognised on the balance sheet.

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MOVEMENT OF DEFERRED TAX LIABILITIES - 2023
(Thousands of euros)

	31/12/2022 Restated	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	REMOVALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2023
Amortisation of intangible assets	(154,342)	—	—	(3,866)	2,003	(156,205)
Financial assets	(887,437)	—	(3,508)	(2,782,336)	2,417,306	(1,255,975)
Standardisation of technical provisions	(229,094)	—	(855)	229,094	—	(855)
Other	(19,238)	(113)	—	11,778	—	(7,573)
Business combination with Sa Nostra	(4,363)	—	4,363	—	—	—
TOTAL	**(1,294,474)**	**(113)**	**—**	**(2,545,330)**	**2,419,309**	**(1,420,608)**

MOVEMENT OF DEFERRED TAX LIABILITIES - 2022
(Thousands of euros)

	31/12/2021	REGULARISATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	REMOVALS DUE TO MOVEMENTS IN THE FINANCIAL YEAR	31/12/2022 Restated
Amortisation of intangible assets	(36,797)	—	(155,889)	—	38,344	(154,342)
Financial assets	(3,709,143)	—	—	(2,540,596)	5,362,302	(887,437)
Standardisation of technical provisions	(211,759)	—	—	(17,335)	—	(229,094)
Other	(18,101)	—	—	(7,835)	6,698	(19,238)
Business combination with Sa Nostra	—	—	(4,363)	—	—	(4,363)
TOTAL	**(3,975,800)**	**—**	**(160,252)**	**(2,565,766)**	**5,407,344**	**(1,294,474)**

Almost all deferred tax assets and liabilities have arisen in Spain, with the contribution from the business in Portugal not being significant. That is why no breakdown by origin is provided.

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25. GUARANTEES AND CONTINGENT COMMITMENTS AWARDED AND GRANTED

The Parent Company has no significant guarantees awarded outside the framework agreement for financial transactions entered into with CaixaBank, S.A. (See Note 13).

As of 31 December 2023 and 2022, the Group has no significant contingent commitments awarded or granted.

26. PROFIT OR LOSS OF THE INSURANCE SERVICE

The breakdown of this heading of the accompanying profit and loss accounts for direct insurance is shown below:

RECONCILIATION OF INSURANCE SERVICE INCOME AND EXPENSES (Thousands of euros)

	2023			2022 RESTATED		
	RISK	SAVINGS	DIRECT PARTICIPATION	RISK	SAVINGS	DIRECT PARTICIPATION
Contracts not measured under PAA	**519,661**	**1,448,330**	**241,469**	**474,458**	**1,219,383**	**208,560**
Amounts related to changes in liabilities for remaining coverage	519,661	1,448,330	241,469	474,458	1,219,383	208,560
Claims expected and other attributable expected insurance expenses	358,869	1,109,507	131,924	296,778	902,208	103,567
Changes in risk adjustment for non-financial risk	30,898	41,210	19,772	32,443	39,961	18,040
CSM recognised in P&L for services rendered	129,894	297,613	89,773	145,237	277,214	86,953
Recovery of insurance acquisition cash flows	—	—	—	—	—	—
Contracts measured under PAA - Amounts related to changes in liabilities for remaining coverage	**954,893**	**—**	**—**	**878,243**	**—**	**—**
TOTAL INCOME FROM THE INSURANCE SERVICE	**1,474,554**	**1,448,330**	**241,469**	**1,352,701**	**1,219,383**	**208,560**
Incurred claims and other directly attributable expenses	(756,914)	(1,254,067)	(106,850)	(759,974)	(937,856)	(92,784)
Amortisation of insurance acquisition cash flows	—	—	—	—	—	—
Changes related to past services - Adjustment to liabilities for incurred claims	(35,653)	73,437	(11,022)	(14,894)	15,667	(20,020)
Changes related to future services - losses and loss reversals in onerous contracts	**9,601**	**52,091**	**(2,457)**	**(558)**	**(47,759)**	**(5,468)**
TOTAL EXPENSES FOR THE INSURANCE SERVICE	**(782,966)**	**(1,128,539)**	**(120,329)**	**(775,426)**	**(969,948)**	**(118,272)**
PROFIT OR LOSS FOR THE INSURANCE SERVICE	**691,588**	**319,791**	**121,140**	**577,275**	**249,435**	**90,288**

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Expenses directly attributable to insurance contracts are charged to "Profit or loss for the insurance service". The presentation of these expenses, allocated according to their nature, is as follows:

RECONCILIATION OF EXPENSES OF THE INSURANCE ACTIVITY BY NATURE
(Thousands of euros)

	2023	2022
Commissions	531,428	443,418
Personnel expenses	551,864	46,073
Other administration expenses	64,967	76,871
Amortisation/Depreciation	11,044	8,813
TOTAL	**659,304**	**575,175**

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27. INVESTMENT INCOME AND EXPENSES

The breakdown of net income from investments in the profit and loss account for the 2023 and 2022 financial years is as follows (thousands of euros):

INCOME AND EXPENSES OF THE INVESTMENTS
(Thousands of euros)

INCOME AND EXPENSES OF THE INVESTMENTS	2023				
	RISK	SAVINGS	DIRECT PARTICIPATION	OTHER	TOTAL
Net income for investments: Other investments	**17,095**	**1,692,982**	**—**	**58,657**	**1,768,734**
Assets at fair value through profit or loss	—	4,856	—	5,900	10,756
Assets at fair value through other comprehensive income	17,095	1,584,332	—	50,649	1,652,076
Assets at Amortised Cost	—	103,934	—	—	103,934
Realised profits/losses	—	—	—	(890)	(890)
Other financial income and expenses	—	(146)	—	2,998	2,852
Dividends	—	6	—	—	6
Net income for investments: Unit Linked	**—**	**—**	**1,967,507**	**—**	**1,967,507**
PROFIT OR LOSS FROM INVESTMENTS	**17,095**	**1,692,982**	**1,967,507**	**58,657**	**3,736,241**

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INCOME AND EXPENSES OF THE INVESTMENTS	RISK	SAVINGS	2022 DIRECT PARTICIPATION	OTHER	TOTAL
Net income for investments: Other investments	**24,090**	**1,350,556**	**—**	**41,073**	**1,415,719**
Assets at fair value through profit or loss	—	(626)	—	(4,070)	(4,696)
Assets at fair value through other comprehensive income	24,090	1,320,703	—	18,847	1,363,640
Assets at Amortised Cost	—	30,453	—	—	30,453
Realised profits/losses	—	—	—	21,070	21,070
Other financial income and expenses	—	8	—	5,226	5,234
Dividends	—	18	—	—	18
Net income for investments: Unit Linked	**—**	**—**	**(1,677,869)**	**—**	**(1,677,869)**
PROFIT OR LOSS FROM INVESTMENTS	**24,090**	**1,350,556**	**(1,677,869)**	**41,073**	**(262,150)**

Below is the average effective interest rate for the different categories of financial assets of debt instruments (including, where appropriate, financial swaps):

AVERAGE RETURN ON THE PARENT COMPANY'S ASSETS
(Percentage)

	2023	2022
Cash and equivalent liquid assets	—	—
Financial assets that must be classified at fair value through profit or loss - DS	1.67%	1.31%
Financial assets classified at fair value through profit or loss - DS	2.04%	1.13%
Financial assets at fair value through other comprehensive income - DS	2.82%	2.23%
Assets at amortised cost		
Debt securities	4.19%	3.37%
Deposits in credit institutions	4.24%	5.21%

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28. LEASE EXPENSES. THE GROUP AS LESSOR

28.1. LEASES

At the close of the 2023 and 2022 financial years, the main lease agreements that the Group had entered into in the role of lessor were as follows:

- Leases for various floors and parking spaces in the building located in Paseo del Mar 8 – Av. Blasco Ibañez, no. 8 in Valencia as a result of the merger with Bankia Vida. The amount for rent collected during 2023 stood at €78,000 (€78,000 in 2022).
- Lease of various parking spaces situated in the underground floors of Building South Tower located in calle Juan Gris 2-8 in Barcelona. During the 2023 financial year, income for this item has been recorded for the amount of €17,000, while in the 2022 financial year, income of €6,000 was recorded for this item.
- Leases of various properties and parking places as a result of the Parent Company's takeover of Sa Nostra. The amount for rent collected during 2023 stood at €62,000.

The Group as lessee

At the close of the 2023 and 2022 financial years, the main lease agreements that the Parent Company had entered into in its role as lessee were as follows:

- Lease of the 1st floor and 15 parking places of the office located in Paseo de la Castellana 51 in Madrid. As of mid-September 2022, the Parent Company terminated the lease agreement for that floor. The amounts paid for rent during the 2022 financial year (until the restriction date) for these offices amounted to €401,000.
- Lease of several floors and parking spaces of the office located in Paseo de la Castellana 189 in Madrid. As of January 2022, the Parent Company entered into a new lease agreement for these floors. The amounts for rent paid for these offices during the 2023 financial year and the months of the 2022 financial year amounted to €1,095,000 and €467,000. Similarly, the company Bankia Mediación has entered into a lease contract for a floor and several parking places in the aforementioned property and has paid €126,000 during the 2023 financial year, with the rest of the leases of this Company being immaterial for the purposes of these consolidated annual accounts.
- Lease of the 8th floor of the office located in Calle Juan Gris 10 -18 (Central tower) in Barcelona. As of February 2019, the Parent Company entered into a new lease agreement for that floor, which remains in force. The amounts paid for rent during the 2023 and 2022 financial years for these offices amounted to €174,000 and €138,000, respectively.

Additionally, in BPI Vida, at the close of the 2023 and 2022 financial years, the Group has entered into the following operating lease agreements as lessee:

- BPI Vida has been the main tenant of the office located at Avenida Praia da Vitória, 71-3rd floor in Lisbon since 16 January 2023, and was that at Rua Braamcamp, 11- 6th floor in Lisbon until that date. This lease is perpetual. The amounts paid for rent during the 2023 and 2022 financial years amounted to €372,000 and €291,000, respectively.

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As of 31 December 2023 and 2022, the Parent Company had committed with lessors to the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases through CPI or future increases in rents contractually agreed:

OPERATING LEASES
(Thousands of euros)

Operating Leases Minimum Payments	2023	2022
Less than 1 year	319	45
Between 1 and 5 years	4,279	3,120
More than 5 years	—	—
Total	**4,598**	**3,165**

The amount of the operating lease and sublease payments recognised as expenses and income respectively during the 2023 and 2022 financial years is as follows:

OPERATING LEASE AND SUBLEASE PAYMENTS
(Thousands of euros)

	2023	2022
Lease payments	1,373	890
(Sublease payments)	—	—
Total	**1,373**	**890**

29. OTHER INCOME AND EXPENSES

29.1. OTHER INCOME AND EXPENSES

The breakdown of the other income and other expenses heading included in the accompanying profit and loss account is as follows:

OTHER INCOME AND EXPENSES
(Thousands of euros)

	2023	2022
Income and expenses for asset management services	**173,415**	**180,965**
Income for asset management services	365,114	376,078
Expenses for asset management services	(191,699)	(195,113)
Other income and expenses	**(184,328)**	**(165,656)**
Non-attributable expenses	(192,996)	(167,002)
Other income and expenses	8,668	1,346
TOTAL OTHER INCOME AND OTHER EXPENSES	**(10,913)**	**15,309**

The headings “Income for asset management services” and “Expenses for asset management services” mainly include income and expenses associated with the management of pension funds.

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29.2. PERSONNEL EXPENSES

The breakdown of personnel expenses included in the accompanying profit and loss account, classified according to their attributability, is as follows:

PERSONNEL EXPENSES
(Thousands of euros)

	2023			2022		
	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL	ATTRIBUTABLE EXPENSES	NON-ATTRIBUTABLE EXPENSES	TOTAL
Wages and salaries	40,179	17,543	57,722	36,471	10,705	47,176
Compensation	—	611	611	—	1,504	1,504
Social Security	9,011	3,716	12,727	7,343	2,823	10,166
Contributions to pension plans	1,703	656	2,359	1,442	512	1,954
Life insurance premiums paid	22	56	78	22	40	62
Other personnel expenses	949	1,790	2,739	795	1,213	2,008
TOTAL	**51,864**	**24,372**	**76,236**	**46,073**	**16,797**	**62,870**

The following is the composition of the workforce, on average, by professional category and gender:

AVERAGE WORKFORCE (*)
(Number of employees)

	2023			2022		
	MEN	WOMEN	OF WHICH: WITH DISABILITY ≥ AL 33%	MEN	WOMEN	OF WHICH: WITH DISABILITY ≥ AL 33%
Managers	11	14	—	16	14	—
Middle management	55	41	—	55	44	—
Agents	328	405	6	275	350	2
TOTAL	**394**	**460**	**6**	**346**	**408**	**2**

(*) The distribution by professional category and gender does not at any point differ significantly from the average workforce.

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30. INFORMATION ON FAIR VALUE

30.1. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

All financial instruments are classified into one of the following levels based on the methodology used to obtain their fair value:

- Level 1: the price that would be paid for them in an organised, transparent and deep market ("the listing price" or "market price") is used. This level generally includes debt securities with a liquid market, listed capital instruments and derivatives traded on organised markets, as well as the investment funds.
- Level 2: valuation techniques in which the assumptions considered correspond to directly or indirectly observable market data or prices quoted in active markets are used.

With respect to those instruments classified as Level 2 for which there is no market price, their fair value is estimated using recently quoted prices for similar instruments and sufficiently tested valuation models accepted by the international financial community, considering the specific features of the instrument to be valued and, especially, the different types of risk associated with it.

- Level 3: valuation techniques in which some of the significant assumptions are not supported by data directly observable in the market are used.

To obtain the fair value of the rest of the financial instruments classified in Level 3, for whose valuation there are no directly observable data in the market, alternative techniques are used. These include requesting prices from the promoter or the use of market parameters corresponding to instruments with a risk profile that is easily comparable to the instrument being valued, adjusted with the aim of including the different intrinsic risks.

With regard to unlisted capital instruments, classified in Level 3, their acquisition cost minus any impairment obtained based on available information is considered to be the best estimate of their fair value.

Set out below is the fair value of the financial instruments recorded on the balance sheet together with their breakdown by level and the associated book value:

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FAIR VALUE OF FINANCIAL ASSETS (FA)
(Thousands of euros)

	31-12-2023				31-12-2022			
		FAIR VALUE				FAIR VALUE		
	TOTAL	LEVEL 1	LEVEL 2*	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2*	LEVEL 3
FINANCIAL ASSETS								
Financial assets held to trade	**148**	**148**	**—**	**—**	**223**	**223**	**—**	**—**
Derivatives	—	—	—	—	87	87	—	—
Equity instruments	148	148	—	—	136	136	—	—
Debt securities	—	—	—	—	—	—	—	—
Financial assets not held for trading that must be measured at fair value through profit or loss	**13,260,704**	**13,228,507**	**32,197**	**—**	**11,180,425**	**11,146,300**	**34,125**	**—**
Equity instruments	13,260,704	13,228,507	32,197	—	11,180,425	11,146,300	34,125	—
Debt securities	—	—	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—	—	—
Central banks	—	—	—	—	—	—	—	—
Credit entities	—	—	—	—	—	—	—	—
Clients	—	—	—	—	—	—	—	—
Financial assets classified at fair value through profit or loss	**5,925,110**	**5,799,655**	**38,270**	**87,185**	**6,534,469**	**4,779,153**	**1,511,237**	**244,079**
Debt securities	5,820,494	5,799,655	3,483	17,356	6,322,071	4,779,153	1,511,237	31,681
Loans and advances	104,616	—	34,787	69,829	212,398	—	—	212,398
Financial assets at fair value through other comprehensive income	**59,003,972**	**58,128,606**	**860,218**	**15,148**	**53,601,409**	**46,886,966**	**6,714,367**	**76**
Equity instruments	2,063	1,255	—	808	10,798	9,992	730	76

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FAIR VALUE OF FINANCIAL ASSETS (FA)
(Thousands of euros)

Cont.

	31-12-2023				31-12-2022			
	FAIR VALUE				FAIR VALUE			
	TOTAL	LEVEL 1	LEVEL 2*	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2*	LEVEL 3
Debt securities	59,001,909	58,127,351	860,218	14,340	53,590,611	46,876,974	6,713,637	—
Financial assets at amortised cost	**4,009,414**	**3,462,025**	**179,893**	**367,496**	**3,599,350**	**2,731,504**	**723,017**	**144,829**
Debt securities	3,494,327	3,462,021	2,319	29,987	3,042,049	2,731,496	310,553	—
Receivables	515,087	4	177,574	337,509	557,301	8	412,464	144,829
Derivatives - hedge accounting	**679,599**	**—**	**679,599**	**—**	**823,888**	**—**	**823,888**	**—**
FINANCIAL LIABILITIES								
Financial liabilities classified at fair value through profit or loss	**3,282,502**	**3,282,502**	**—**	**—**	**3,406,711**	**3,406,711**	**—**	**—**
Derivatives - hedge accounting	**6,398,511**	**—**	**6,398,511**	**—**	**6,398,019**	**—**	**6,398,019**	**—**

(*) Corresponds, mainly, to the valuation of financial swaps of certain and/or predetermined flows, associated with fixed income securities that the Group jointly accounts for.

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The main valuation methods, assumptions and inputs used in estimating the fair value for levels 2 and 3 according to the type of financial instrument in question are presented below:

TYPE OF INSTRUMENT		VALUATION TECHNIQUES	OBSERVABLE INPUTS	NON-OBSERVABLE INPUTS
Derivatives	Swaps	• Present Value Method	• Yield curves	
	Exchange rate options	• Black & Scholes model	• Yield curves • Price of quoted options • Implied volatility surface	
	Interest rate options	• Black Normal model	• Yield curves • Price of quoted options • Implied volatility surface	
	Stock and index options	• Black-Scholes model	• Price of quoted options • Correlations • Dividends • Implied volatility surface	
	Inflation rate options	• Black Normal model	• Yield curves • Inflation curves • Implied volatility surface	
Debt securities		• Present Value Method	• Yield curves • Risk premiums • Market comparables • Observable market prices	• Risk premiums
Loans and receivables		• Present Value Method	• Yield curves	
Equity and Investment Funds		• Underlying book value	• Observable market prices	
Private equity		• NA	• Manager Prices	

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Movements between levels

During the 2023 and 2022 financial years there have been no significant transfers between levels for instruments recorded at fair value.

Significant inputs used for financial instruments valued at fair value classified in Level 2

- Dividends: future dividends on equity on stock and index options are derived from estimated future dividends and prices of dividend futures.
- Correlations: these are used as input in the valuation of options on baskets of shares and are extracted from the historical closing prices of the different components of each basket.

Movement and transfers of financial instruments in Level 3

During the years 2023 and 2022 financial years there have been no significant movements or transfers between the instruments recorded at fair value in Level 3.

30.2. FAIR VALUE OF PROPERTY ASSETS

Below is a breakdown of the land and buildings owned by the Group (Note 17):

<table>
<tr><th>LOCATION</th><th>CLASSIFICATION</th><th>GROSS BOOK VALUE</th><th>CUMULATIVE AMORTISATION</th><th>IMPAIRMENT FUND</th><th>LAST VALUATION DATE</th><th>VALUATION COMPANY</th><th>VALUATION (*)</th><th>CAPITAL GAIN</th></tr>
<tr><td>Sainz de Baranda 57 piso 7 28009 Madrid</td><td>Property investment</td><td>489</td><td>(48)</td><td>-</td><td>07/10/2022</td><td>Gesvalt</td><td>501</td><td>60</td></tr>
<tr><td>Parcela 318-03, Teguise (Las Palmas)</td><td>Property investment</td><td rowspan="2">313</td><td>-</td><td>-</td><td>29/09/2022</td><td>Euroval</td><td>977</td><td rowspan="2">1.641</td></tr>
<tr><td>Parcela 318-04, Teguise (Las Palmas)</td><td>Property investment</td><td>-</td><td>-</td><td>29/09/2022</td><td>Euroval</td><td>977</td></tr>
<tr><td>Juan Gris 2-8 CP 08014 Barcelona</td><td>Tangible fixed assets</td><td>17,839</td><td>(3,660)</td><td>-</td><td>27/09/2022</td><td>TINSA</td><td>18,426</td><td>4,247</td></tr>
<tr><td>Ps del mar, 8 -pz legion</td><td>Property investment</td><td>705</td><td>(458)</td><td>-</td><td rowspan="2">10/11/2022</td><td rowspan="2">CBRE Valuation Advisory, S.A.</td><td rowspan="2">1,282</td><td rowspan="2">1,005</td></tr>
<tr><td>(Avda Blasco Ibañez-8) (Valencia)</td><td>Property investment</td><td>168</td><td>(138)</td><td>-</td></tr>
<tr><td>Baldomero Solá, 90 (antes 62) c/v cl torrent d'en valls</td><td>Property investment</td><td>8,143</td><td>(1,606)</td><td>(559)</td><td>03/11/2022</td><td>CBRE Valuation Advisory, S.A.</td><td>5,977</td><td>_</td></tr>
</table>

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LOCATION	CLASSIFICATION	GROSS BOOK VALUE	CUMULATIVE AMORTISATION	IMPAIRMENT FUND	LAST VALUATION DATE	VALUATION COMPANY	VALUATION (*)	CAPITAL GAIN
Ps Santa Maria de la cabeza, 68 c	Property investment	209	(31)	(35)	12/10/2022	CBRE Valuation Advisory, S.A.	143	-
Carreró, 3 (antes Riera, 28) (Caldes d'Estrac)	Property investment	790	(25)	(378)	11/10/2022	CBRE Valuation Advisory, S.A.	387	-
Av Marti Pujol, 174 (Badalona)	Property investment	3,308	(488)	(126)	07/11/2022	CBRE Valuation Advisory, S.A.	2,694	-
Av Can Marcet, 14 (Barcelona)	Property investment	1,931	(368)	(47)	04/11/2022	CBRE Valuation Advisory, S.A.	1,516	-
Avenida Picasso, Nº 45 Planta BAJA, Puerta 2ª y Garaje 5-6 (Palma)	Property investment	563	(99)	(39)	28/12/2022	CBRE Valuation Advisory, S.A.	426 .	1
Calle Berenguer de Tornamira, 5 (Palma)	Property investment	664	(160)	(109)	28/12/2022	Grupo Tasvalor S.A.	395	-
C. Patronato Obrero, 30-B, Planta 1 - 1º-A (Palma)	Property investment	149	(24)	(8)	28/12/2022	Grupo Tasvalor S.A.	117	-
Avda. Son Rigo, 25 6º D. (Palma)	Property investment	187	(33)	-	28/12/2022	Grupo Tasvalor S.A.	183	29
Paseo de Gracia, 120, 4º - Izda. Barcelona	Property investment	308	(57)	-	28/12/2022	Grupo Tasvalor S.A.	1,517	1,266

(*) Valuation provided by the valuation companies authorised for the valuation of properties in the mortgage market in accordance with that established in Order ECC/371/2013, of 4 March, amending Order ECO/ 805/2003, of 27 March, on property valuation rules and certain rights for certain financial purposes.

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31. RELATED PARTY TRANSACTIONS

The Board of Directors of the Parent Company is the body that has the authority and responsibility to plan, direct and control the activities of the Company, directly or indirectly. Due to their positions, each of the people who make up this body is considered a "related party".

The most significant balances between the VidaCaixa Group and its related parties are broken down below. These supplement the rest of the balances in this report.

RELATED-PARTY TRANSACTIONS
(Thousands of euros)

	SIGNIFICANT CAIXABANK SHAREHOLDERS (1)		SOLE SHAREHOLDER AND COMPANIES IN ITS GROUP (2)		DIRECTORS AND SENIOR MANAGEMENT (3)		OTHER RELATED PARTIES (4)	
	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated
ASSETS								
Cash and banks	—	—	220,726	340,259	—	—	—	—
Equity instruments	—	—	—	—	—	—	—	—
Financial investments in capital	—	—	970,827	1,167,387	—	—	—	—
Debt securities	—	—	314,334	391,494	—	—	—	—
Hedge derivatives	—	—	590,570	712,142	—	—	—	—
Deposits and repos in credit institutions	—	—	765,182	234,223	—	—	—	—
Other receivables with group companies and associates	—	—	168,085	136,924	—	—	—	—
TOTAL	**—**	**—**	**3,029,724**	**2,982,429**	**—**	**—**	**—**	**—**
LIABILITIES								
Debt securities	—	—	—	—	—	—	—	—
Insurance policies	58,402	59,429	2,708,654	3,103,583	3,425	2,863	2,981	2,425

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RELATED-PARTY TRANSACTIONS (Cont.)
(Thousands of euros)

	SIGNIFICANT CAIXABANK SHAREHOLDERS (1)		SOLE SHAREHOLDER AND COMPANIES IN ITS GROUP (2)		DIRECTORS AND SENIOR MANAGEMENT (3)		OTHER RELATED PARTIES (4)	
	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated	31-12-2023	31-12-2022 Restated
Hedge derivatives	—	—	6,267,658	6,211,468	—	—	—	—
Insurance operations	—	—	26,096	24,681	—	—	—	—
Group receivables and payables	—	—	100,086	87,545	—	—	—	—
Corporation tax	—	—	365,065	338,805	—	—	—	—
TOTAL	**58,402**	**59,429**	**9,467,559**	**9,766,082**	**3,425**	**2,863**	**2,981**	**2,425**
PROFIT AND LOSS								
Income from sales made	—	—	25,552	298,857	—	—	—	—
Expenses from sales made (*)	—	—	(14,826)	(329,681)	—	—	—	—
Operating expenses	—	—	(3,338)	(4,757)	—	—	—	—
Financial income/expenses	—	—	(129,665)	(1,120,098)	—	—	—	—
Dividends and other profits	—	—	182,386	136,924	—	—	—	—
Reinsurance income	—	—	9,198	12,446	—	—	—	—
Reinsurance expenses	—	—	(12,186)	(11,648)	—	—	—	—
Other Expenses	(4,201)	(4,335)	(1,076,570)	(1,033,843)	(118)	(44)	(65)	(171)
Other Income	1,448	1,246	61,697	174,788	170	2,289	116	127
TOTAL	**(2,753)**	**(3,089)**	**(957,752)**	**(1,877,012)**	**52**	**2,245**	**51**	**(44)**
OTHER								
Guarantees and collateral	-	-	(2,595,989)	(2,788,233)	-	-	-	-
TOTAL	**-**	**-**	**(2,595,989)**	**(2,788,233)**	**-**	**-**	**-**	**-**

(*) corresponds to the brokerage fees.
(1) Corresponds to the amounts with the significant Shareholders: BFA, Frob, FBLC, Criteria.
(2) Corresponds to the amounts with CaixaBank and its subsidiaries and with associates and their subsidiaries.
(3) Corresponds to the amounts with the Senior Management of the CaixaBank Group and directors of Vidacaixa.
(4) Corresponds to the amounts with relatives and companies related to the Senior Management of the Caixabank Group.

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Transactions between group companies form part of the ordinary business and are carried out under market conditions. The previous table does not include in the balances from the 2022 financial year the contribution of the Sole Shareholder (CaixaBank) to reserves as a result of the takeover of Bankia Vida (Note 7).

As of 31 December 2023, the contracts held with the Sole Shareholder are as follows:

- Framework agreement for the provision of services and the respective orders for services.
- Agency contract for the distribution of insurance.
- Marketing contract for benefit plans.
- Marketing contract for pension plans.
- Framework agreement for financial operations in which the agreement for assignments as guarantees is drawn up.
- Securities loan contract.
- Global Repurchase Framework Agreement.
- Asset Management Framework Agreement.
- Framework agreement for technology and its respective orders for services.
- Notification mandate agreement.
- Property leasing agreement.
- Service contract related to the corporate management of human resources.
- Framework contract for the provision of services VDX supplier.

Similarly, within the Parent Company's usual operations, as of 31 December 2023, it holds various insurance policies whose policyholder is CaixaBank, S.A.

In addition, BPI Vida e Pensões has an agency contract with Banco BPI, S.A. for the marketing of its products.

Finally, the Parent Company also has insurance agency contracts linked to CaixaBank Payments & Consumer, E.F.C., E.P., S.A.U. (a subsidiary of the CaixaBank Group), among others with third parties.

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32. OTHER INFORMATION REQUIREMENTS

32.1. ENVIRONMENT

There is no significant environmental risk due to the Group's activity and, therefore, it is not necessary to include any specific breakdown in the environmental information document (Spanish Ministry of Justice Order JUS/616/2022). Additionally, there are no significant amounts in the Group's tangible fixed assets affected by any environmental aspect.

The Group integrates the commitment to respect and protect the environment into the management of the business, its projects, products and services (see the corresponding section in the attached Management Report).

In 2023 and 2022, the Group has not been subject to any material fines or sanctions related to compliance with environmental regulations.

32.2. CUSTOMER SERVICE

The Group is affiliated with the CaixaBank, S.A. customer service, which provides services to the Companies in the CaixaBank Group.

The Customer Service Department is in charge of dealing with and resolving customer complaints and claims. It is a separate service from sales and acts independently in terms of being aware of and following the criteria of the customer protection regulations.

In the event that the claimant does not obtain a satisfactory resolution or a period of two months passes without them obtaining a response, they can contact the Complaints Services of the supervisory bodies, whose decisions are not binding.

The following are also functions of the customer service team: preparing submissions to send to the complaints services of the supervisory bodies; decisions about any raids by these bodies and the way in which the supervisors' reports are complied with (rectifications); the implementation of judgements; the detection of legal and operational risks based on complaints and improvement proposals to mitigate the risks detected; control of the proper functioning of the complaints system and the reporting of information on the management of complaints to the management bodies of the Parent Company and the supervisory authorities.

The customer service team, known internally as the SAC, is complemented by the Customer Contact Center (CCC) team, reporting to CaixaBank's General Business Department. Among its functions are dealing with requests for information, managing complaints received by phone and written complaints related to aspects of quality of service and aspects of a reputational nature from the corporate point of view. They are also in charge of offering support to the regions so that they can prevent and resolve situations that give rise to disputes with customers, share the reasons for complaints with other departments and subsidiaries in order to detect processes to be corrected and help implement improvements that result in a reduction of potential customer complaints.

The information regarding the Customer Service and Ombudsman for Unitholders of the Group for the financial year 2023 is presented below:

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Subject of the claims	Ombudsman for Unitholders and Associates	CS	Total
Passive Operations	—	—	—
Active Operations	—	—	—
Collection and Payment Services	—	—	—
Insurance and Pension Funds	161	5,346	5,507
Pending processing	—	156	156
Admitted	90	3,767	3,857
Not admitted	71	851	922
Total for 2023	**161**	**4,774**	**4,935**

The number of reports and decisions issued by customer services and the supervisors complaints services are as follows:

Type of resolution	Ombudsman for Unitholders and Associates	CS	Total
Inadmissible	71	851	922
Upheld	35	1,461	1,496
Rejected	52	1,826	1,878
Partially in favour of the customer	3	480	483
Agreement/Negotiation	—	—	—
Acceptance by the entity	—	—	—
Withdrawn by the customer	—	—	—
Pending resolution	—	156	156
Total for 2023	**161**	**4,774**	**4,935**

The decision criteria used by the Service are mainly extracted from the decisions in the resolutions issued by the General Directorate of Insurance and Pensions in similar cases, and in cases where this reference does not exist, the response is issued with the advice of the Parent Company's Legal Department on the basis of the specific circumstances provoking the claim.

32.3. FEES FOR THE EXTERNAL AUDITOR

The fees and expenses paid to the auditor, excluding the corresponding VAT, are set out below:

FEES FOR THE EXTERNAL AUDITOR (*)

(Thousands of euros)

	2023	2022
Audit (PwC)	**928**	**1,093**
Statutory Audit	928	1,093
Audit-related services - Review services that must, due to legal or supervisory regulations, be performed by an auditor	**544**	**554**
Limited review	106	102
Information on the financial position and solvency of VidaCaixa	393	442
Other reports on procedures agreed with VidaCaixa and sub-group	45	10
Audit-related services - - Other services	**-**	**20**
TOTAL	**1,472**	**1,667**

(*) The services purchased from our auditors comply with the independence requirements set out in the Audit Law and under no circumstances do they include the performance of tasks incompatible with the audit function.

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32.4. INFORMATION ON THE AVERAGE TIME TAKEN TO PAY SUPPLIERS

Below is a breakdown of the information required from the Group's Spanish Companies in relation to payments made and pending payment on the closing date of the balance sheet:

PAYMENTS MADE AND OUTSTANDING ON THE CLOSING DATE OF THE BALANCE SHEET
(Thousands of euros)

	Amount	%	Number of invoices
Total payments made	226,693		23,655
Of which: paid during the legal term (*)	187,513	85.18	19,513
Total payments pending	139	0.00	42
TOTAL PAYMENTS FOR THE FINANCIAL YEAR	**226,693**		**23,655**

(*) Based on the second transitory provision of Spanish Law 15/2010, of 5 July, establishing measures to fight late payment in trade transactions, the default maximum payment time for payments between companies is 30 calendar days, which may be lengthened up to a maximum of 60 calendar days as long as both parties are in agreement.

AVERAGE PAYMENT TIME AND RATIOS FOR SUPPLIERS
(Days)

	2023
Average term for payment to suppliers	15.83
Proportion of transactions paid	15.82
Proportion of transactions pending payment	15.82

32.5. OPERATIONS ON BEHALF OF THIRD PARTIES

The following is the breakdown of the off-balance sheet resources on behalf of third parties

BREAKDOWN OF OFF-BALANCE SHEET RESOURCES
(Thousands of euros)

	31-12-2023	31-12-2022 Restated
Assets under management	45,970,660	43,257,174
Pension funds	45,970,660	43,257,174
Other *	—	—
TOTAL	**45,970,660**	**43,257,174**

32.6. INTERNAL STRUCTURE AND DISTRIBUTION SYSTEMS

The Parent Company administers and manages its holding in the share capital of other companies through the corresponding organisation of human and material resources. When the holding in the capital of these companies so allows, the Parent Company exercises management and control over them by belonging to their corporate management bodies or by providing management and administration services to these companies.

In relation to the brokerage channels, the Group markets its products mainly through the CaixaBank distribution network, as well as through other companies in the CaixaBank Group (see Note 31). This work is remunerated through a fee system reflecting market conditions. As a result, the Sole Shareholder can focus on the tasks involved in the marketing and retention of insurance policies and does not have to carry out any administrative work on them. In addition,

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the Parent Company has contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its CaixaBank distribution network. The marketing of products is also carried out through the insurance brokerage activity of insurance brokers and other related insurance agents.

The brokerage channels for the products marketed by BPI Vida are through the distribution network of credit institution Banco BPI, S.A.

The Parent Company, through VidaCaixa Mediación and Bankia Mediación, also has contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its distribution network.

APPENDIX

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APPENDIX 1 – HOLDINGS IN SUBSIDIARIES AND ASSETS HELD FOR SALE

List of subsidiaries, associates and assets held for sale as of 31.12.2023 (thousands of euros):

HOLDINGS IN GROUP AND MULTIGROUP COMPANIES AND ASSETS HELD FOR SALE
(Thousands of euros)

			% Holding		Summarised financial information		
Company name	**Address**	**Activity**	**Direct**	**Indirect**	**Equity**	**Profit or loss**	**Book value**
GROUP COMPANIES:							
VIDACAIXA MEDIACION, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADOS	Paseo de la Castellana, 189 Madrid	Private insurance agent as related insurance agency company	100.00%	-	5,424	1,465	3,277
BANKIA MEDIACIÓN	Paseo de la Castellana, 189 Madrid	Private insurance agent as related insurance agency company	100.00%	-	67,317	(12,966)	67,317
BPI VIDA E PENSOES	Avenida Praia da Vitória, 71-3° 1050-183 Lisboa	Insurance company	100.00%	-	182,919	19,775	135,104
GEROCAIXA PYME EPSV DE EMPLEO	Gran Vía López de Haro, 38. Bilbao	Occupational Voluntary Retirement Savings Provider	100.00%	-	44,240	3,650	105
GEROCAIXA EPSV INDIVIDUAL	Gran Vía López de Haro, 38. Bilbao	Individual Voluntary Retirement Savings Provider	100.00%	-	822,114	73,740	1,100
GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA	Gran Vía López de Haro, 38. Bilbao	Association Voluntary Retirement Savings Provider	100.00%	-	1,457	124	50

APPENDIX

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APPENDIX 2 – HOLDINGS IN ASSOCIATES OF VIDACAIXA

HOLDINGS IN ASSOCIATES
(Thousands of euros)

			% Holding		Summarised financial information		
Company name	**Address**	**Activity**	**Direct**	**Indirect**	**Equity**	**Profit or loss**	**Book value**
ASSOCIATED COMPANIES:							
SEGURCAIXA ADESLAS	Paseo de la Castellana 259-C de Madrid	Insurance company	49.92%	—	1,894,850	495,998	1,345,826

APPENDIX

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APPENDIX 3 – AMORTISABLE/DEPRECIABLE ASSETS INCORPORATED INTO THE VIDACAIXA GROUP'S BALANCE SHEET BASED ON THEIR YEAR OF ACQUISITION

AMORTISABLE/DEPRECIABLE ASSETS FROM SA NOSTRA VIDA
(Thousands of euros)

	ACQUISITION COST	CUMULATIVE AMORTISATION/ DEPRECIATION	IMPAIRMENT FUND	ADJUSTMENTS TO FAIR VALUE	NET BOOK VALUE
Avenida Picasso, Nº 45, Planta Baja, Puerta 2ª and Parking places 5 and 6	563	(99)	(39)	—	425
Calle Berenguer de Tornamira, 5	664	(160)	(109)	—	395
Calle Patronato Obrero, 30-B, Planta 1 - 1º-A	149	(24)	(8)	—	117
Avda. Son Rigo, 25, 6º- D	187	(33)	—	—	154
Paseo de Gracia, 120, 4º - Izqd.	308	(57)	—	—	251
TOTAL	**1.871**	**(373)**	**(156)**	**—**	**1.342**

MANAGEMENT REPORT

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VidaCaixa, belonging to the "CaixaBank" Insurance Group, is the company that handles the life insurance business and manages pension funds for private customers, SMEs and the self-employed, and large companies and groups.

As of 31 December 2023, the Group has the following structure:

(*) There is 0.08% held by minority shareholders

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In the 2023 financial year, the VidaCaixa Group earned a consolidated profit of €1,147 million, a figure that is 32.1% higher than in the previous year. This improvement is due to an increase in commercial activity, along with the positive performance of the financial markets.

The premiums and contributions marketed stand at €13,444 million, which represents an increase of 31.2% compared to the previous year. The risk business has registered growth of 6.4%, while in the savings business the change was positive, at 47.3%, mainly due to the annuities products.

In 2023, the Group managed a volume of resources totalling €122,934 million, a figure that has grown by 7.1% compared to the previous year. In addition to the high turnover in 2023, the positive performance of the financial markets has led to managed resources growing faster. Of this figure, €76,966 million corresponds to life insurance and €45,968 million to pension plans and EPSV.

In total, the insurance group has more than 6.4 million customers in Spain and Portugal who are mainly individuals, in addition to a large part of the business sector that includes both large companies and collectives as well as SMEs and self-employed customers. VidaCaixa continues to be a leader in the insurance sector in Spain with a total market share of premiums of 14.88%.

In Portugal, BPI Vida is the second largest company for pension plans, with a market share of 17.2%, and the third largest in terms of life insurance premiums, with a market share of 8.84%.

Moreover, the VidaCaixa Group had a workforce of 882 employees at the end of the financial year.

The Group complies with "Order JUS/616/2022, of 30 June, which approves the new models for the presentation in the Mercantile Registry of the annual accounts of those obliged to publish them" regarding environmental information, the directors making a declaration that there is no item that must be included in the document other than environmental information. In parallel, as part of its Corporate Responsibility strategy, the Parent Company carries out various projects in the field of reducing waste generated and energy consumption.

For more than 20 years, the Group has incorporated environmental, social and governance (ESG) factors into its investment decisions to better manage this type of risk and generate long-term sustainable returns.

In addition to analysing and monitoring all its investments from this perspective, as a pension fund manager and insurer, the Parent Company seeks to positively influence those companies in which it invests, through engagement methods such as dialogue with the companies and voting at General Shareholders' Meetings. The Parent Company participates actively, for example, in the "Climate Action 100+" initiative that seeks, through dialogue with the most greenhouse gas-intensive companies in the world, to contribute to the mitigation of climate change. VidaCaixa has voted in more than 514 General Shareholders' Meetings (GSM) throughout the year, positioning itself in favour of implementing improvements in the management and reporting of ESG aspects in the companies holding those meetings. This increasingly active management of responsible investment by the Parent Company is rounded off by achieving excellent results in obtaining the highest rating from the "Principles for responsible investment" (PRI) in areas such as the ESG Governance and Strategy Policy.

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100% of the assets managed by the Parent Company include sustainability risks in that environmental, social and governance criteria are taken into account when making investment decisions. The objective is to align the investment strategy with the corporate values and those of our customers, improve risk management and contribute over the long term to greater economic and social progress. Going one step beyond the integration of these risks, 71.5% of the assets in pension plans, EPSV and Unit Linked managed by VidaCaixa promote environmental and/or social aspects (art. 8) or have specific sustainability objectives (art. 9), according to the Regulation on Sustainability-related disclosure in the financial services sector (SFDR).

Note 3 of the attached Report details the Group's Risk Management and includes the Catalogue of Risks that affect it, as well as the Internal Control systems implemented.

In relation to non-financial information and diversity, it has taken into account Spanish Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts. Making use of the dispensation included in the regulations mentioned above, the Group presents the non-financial information corresponding to it in the CaixaBank Group's Consolidated Management Report which is available in the CaixaBank Group's Consolidated Annual Accounts for the financial year ended on 31 December 2023, and which will be filed with the Mercantile Registry of Valencia.

During the current financial year, the Parent Company has not held any treasury shares. All of the Parent Company's shares are owned by the Sole Shareholder, CaixaBank, S.A.

During the 2023 financial year, the Parent company has sold all of the shares of CaixaBank, S.A., this being a total of 706 shares, for the sum of €2,000, whose purchase was related to remuneration for the Company's Senior Management.

Regarding research and development, it is worth noting that the Group continues its digital transformation process, which has become one of its main challenges. The aim is for this transformation to cover everything from the first steps in saving money to the definition of retirement targets and their monitoring. Thanks to digitalisation, the Group's customers can have access to channels that facilitate or promote saving.

As indicated in Note 4 of the attached report, the regulations related to Solvency II entered into force on 1 January 2016. This note contains an explanation of all the work carried out by the Group to comply with the aforementioned regulations.

The Group's average time for payment to suppliers in the 2023 financial year was 15.83 days.

The Group's Parent Company has been selected by the Ministry of Inclusion, Social Security and Migration to manage one of the lots of the new Publicly Promoted Employment Pension Funds (FPEPP in Spanish). In addition, it is the manager of the simplified employment pension plan (PPES in Spanish) in the construction sector, the first in Spain at the sector level. It is estimated that this plan will benefit one million employees and around 400,000 self-employed workers.

In the future, the Group plans to retain its current strategy of providing coverage for the benefit and savings needs of families, through life-risk insurance policies, life-saving insurance policies and pension plans, included in Grupo VidaCaixa's product range, as well as continuing to develop the offer in the area of saving for

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retirement. Similarly, the Group is promoting the creation of inclusive products, as well as making those already in its portfolio more inclusive. That is why it has become the first Group to extend its coverage to people with HIV. The Parent Company's new underwriting policy involves offering comprehensive coverage to customers with HIV without existing diseases and receiving treatment, including cases of absolute and permanent disability, cancer, heart attack, serious illnesses and death.

In addition, the Group's Parent Company wanted to go beyond that established in the Spanish Law on the Right to be Forgotten for Oncological Patients, with the aim of being more inclusive for people who have or have had cancer. As a result, it is offering standard insurance conditions for those people who have suffered from breast cancer or certain prostate cancers after one year of starting treatment, without waiting for the 5 years established by law. In addition, long-term hematologic cancers under treatment will be treated in the same way as any other chronic disease.

There are plans to launch new products in 2024 aimed at meeting the needs of groups at risk of exclusion, such as people with disabilities.

Since the end of the financial year on 31 December 2023 until the date of drawing up this consolidated management report, there have been no subsequent events of special relevance that have not been disclosed in the attached report.

During the 2023 financial year, no people joined or left the Parent Company's Board of Directors. The composition on the date of drawing up these consolidated annual accounts is as follows:

President:	Jordi Gual Solé
Vice President:	Tomás Muniesa Arantegui
CEO - Managing director:	Francisco Javier Valle T-Figueras
Members:	Víctor Manuel Allende Fernández
	Natividad Pilar Capella Pifarré
	Esperanza del Hoyo López
	Jordi Deulofeu Xicoira
	Francisco García-Valdecasas Serra
	Javier Ibarz Alegría
	Paloma Jiménez Baena
	José María Leal Villalba
	Juan Manuel Negro Balbás
	María Dolores Pescador Castrillo
	Rafael Villaseca Marco
Secretary (non-director):	Óscar Figueres Fortuna
Vice-secretary (non-director):	Pablo Pernía Martín