Notes to the consolidated financial statements

As required by current legislation governing the content of consolidated financial statements, these notes to the consolidated financial statements complete, extend and discuss the balance sheet, statement of profit or loss, statement of changes in equity and the statement of cash flows, and form an integral part of them to give an accurate and fair view of the equity and financial position of CaixaBank Group at 31 December 2024, and the results of its operations, the changes in equity and the cash flows during the year then ended.

Index of explanatory notes

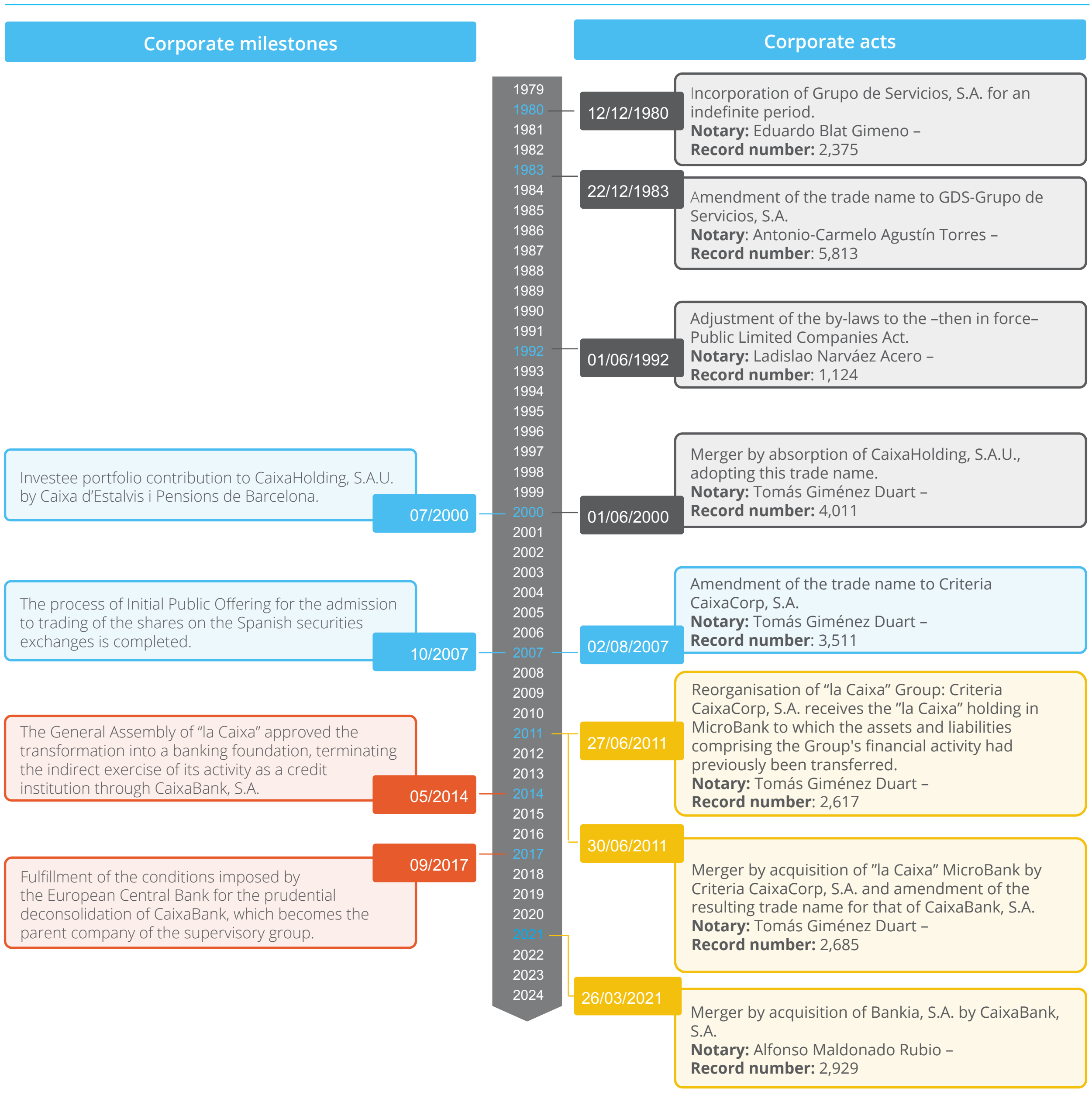
1. Corporate information, basis of presentation and other information

1.1 Corporate information

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

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

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



The corporate purpose of CaixaBank, covered under Article 2 of its By-laws, mainly entails: i) all manner of activities, operations, acts, contracts and services related to the banking sector in general, including the provision of investment services and ancillary services and the performance of the activities of an insurance agency; ii) receiving customer funds in the form of irregular deposits or in other similar formats, for the purposes of application on its own account to active credit and microcredit operations, and other investments, providing customers with services including dispatch, transfer, custody, mediation and others; and iii) the acquisition, holding, use and disposal of all kinds of securities and the formulation of public offerings for the acquisition and sale of securities, as well as all kinds of holdings in any company or enterprise.

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

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

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

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

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

1.2 Basis of presentation

The Group's consolidated financial statements have been prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Group at 31 December 2024, which is set forth in the International Financial Reporting Standards adopted by the European Union (hereinafter, "IFRS-EU"). In preparing these statements, Bank of Spain Circular 4/2017 of 27 November has been taken into account, which constitutes the adaptation of the IFRS-EU to Spanish credit institutions, and subsequent amendments in force at the end of the financial year.

The financial statements, which were prepared from the accounting records of CaixaBank and the Group's companies, are presented in accordance with the regulatory financial reporting framework applicable to them and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Group's equity, financial position, results of operations and cash flows for the financial year. The accompanying financial statements include certain adjustments and reclassifications required to apply the policies and criteria used by the Group companies on a consistent basis with those of CaixaBank.

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

Standards and interpretations issued by the IASB that entered into force in the financial year 2024

At the date of preparing these consolidated financial statements, there are no standards issued by the IASB and effective as of 1 January 2024 that would have a material impact on these financial statements.

Standards and interpretations issued by the IASB but not yet effective

At the date of authorisation for issue of these consolidated financial statements, following are the main standards and interpretations issued by the IASB but not yet effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been endorsed by the European Union:

Standards and interpretations issued by the IASB but not yet effective

Standards and interpretations	Title	Mandatory application for annual periods beginning on or after:
Amendments to IFRS 7 and IFRS 9	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027

- **Amendments to IFRS 7 and IFRS 9 "Amendments to the classification and measurement of financial instruments"**

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments in responding to comments received in the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments and the related requirements of IFRS 7 Financial Instruments: Disclosures.

The IASB amended requirements relating to:

- the assessment of contractual cash flow characteristics of financial assets, including those having characteristics linked to ESG factors;
- disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and for financial instruments with contingent characteristics not directly related to the underlying risks and costs of borrowing; and
- the settlement of financial liabilities through an electronic payment system.

No significant impacts on the Group are expected as a result of these amendments.

- **IFRS 18 "Presentation and Disclosure in Financial Statements"**

On 9 April 2024, the IASB published IFRS 18 "Presentation and Disclosure in Financial Statements", the purpose of which is to lay down requirements for presenting and disclosing information in financial statements to help ensure that they provide relevant information that fairly represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 brings in three sets of new requirements to improve companies' disclosures about their financial performance and provide investors with a better basis for analysing and comparing companies:

- Improved comparability in the statement of profit or loss: introduces 3 defined categories of income and expenses (operating, investing and financing) to improve the structure of the income statement, and requires the provision of new defined subtotals, including operating profit.
- Enhanced transparency of management-defined performance measures: requires companies to disclose explanations of company-specific measures related to the income statement, called management-defined performance measures.
- More useful grouping of information in the financial statements: sets out enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

The Group has begun work on the implementation of this standard with the redefinition of the income statement.

- **IFRS 19 "Non-Publicly Accountable Subsidiaries: Disclosures"**

IFRS 19 enables certain eligible entities to elect to apply the reduced disclosure requirements of IFRS 19 while continuing to apply the recognition, measurement and presentation requirements of other IFRS accounting standards.

The Group has no eligible entities that may fall within the scope of this standard and therefore there will be no significant impacts arising from this standard.

1.3 Responsibility for the information and for the estimates made

The Group's consolidated financial statements for 2024 were authorised for issue by the Board of Directors at a meeting held on 20 February 2025. They have not yet been approved by the Annual General Meeting, while it is expected that they will be approved without any changes. The 2023 financial statements were approved by the Ordinary Annual General Meeting on 22 March 2024.

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

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

- The measurement of goodwill and intangible assets (Note 2.14 and 20).
- The term of the lease agreements used in the assessment of the lease liabilities (Note 2.16).
- The fair value of assets, liabilities and contingent liabilities in the context of the purchase price allocation in business combinations (Note 7).
- Impairment losses on financial assets, and of the fair value of guarantees associated thereto, according to their classification in accounts, which entail the need to make judgments regarding: i) the consideration of "significant increase in credit risk" (SICR); ii) the definition of default; and iii) the incorporation of forward-looking information and other aspects included in the Post Model Adjustment (Notes 2.7 and 3.4.1).
- The measurement of investments in joint ventures and associates (Note 17).
- The methodologies and hypotheses used in the valuation of insurance and reinsurance contracts, including, inter alia, the determination of contract limits, hedge units, risk adjustment for non-financial risks, discount rates and the investment component (Note 2.19 and Note 18).
- The classification, useful life of and impairment losses on tangible assets and intangible assets (Notes 19 and 20).
- Impairment losses on non-current assets and disposal groups classified as held for sale (Note 22).
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 24).
- The measurement of the provisions required to cover labour, legal and tax contingencies (Note 24).
- The income tax expense based on the income tax rate expected for the full year, the capitalisation and recoverability of tax assets, and the bank levy (Note 26).
- The fair value of certain financial assets and liabilities (Note 42).

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

1.4 Comparison of information and changes in consolidation perimeter

The 2023 and 2022 figures presented in the accompanying 2024 Financial Statements are given for comparison purposes only. In some cases, in order to facilitate comparability, the comparative information is presented in a summarised way, and the full information is available in the 2023 and 2022 financial statements.

- **IFRS 17 "Insurance contracts"**

IFRS 17, the new international financial reporting standard that lays down principles for the recognition, measurement, presentation and disclosure of insurance contracts, came into force on 1 January 2023. Also, on the same date, the Group ceased to apply the temporary exemption from the application of IFRS 9 to the financial investments of the Group's insurance companies.

Accordingly, the Group has applied IFRS 17 and IFRS 9 (in the insurance business) since 1 January 2023, although the transition date for IFRS 17 was 1 January 2022, and therefore the comparative period 2022 has been restated. These standards will bring about significant changes in the accounting for insurance and reinsurance contracts and financial instruments linked to the insurance business, respectively (see Note 2.19).

The impact of the adoption of this standard is significant in terms of assets and reporting, which is why the provisions of IAS 8, IAS 34, and the IASB amendment of IFRS 17 on comparative information when applying IFRS 17 and IFRS 9 have been considered (see Appendix 8).

1.5 Seasonality of operations

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

1.6. Ownership interests in credit institutions

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

1.7. Minimum reserve ratio

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

1.8. Significant operations

The Board of Directors, having obtained the relevant regulatory authorisations, approved a series of share buy-back programmes to reduce CaixaBank's share capital by redeeming the shares acquired under the programme (see Note 25). The characteristics of the various programmes are as follows:

Share buy-back programmes

Euros / No. of shares

Programme	Start date	Maximum amount (Millions of euros)	Status	No. of shares purchased	% of share capital	No. of shares after Programme	Share capital after Programme (euros)	Date of entry in the Commercial Register
SBB II	September 2023	500	Completed	129,404,256	1.72 %	7,372,727,363	7,372,727,363	03-05-2024
SBB III	March 2024	500	Completed	104,639,681	1.42 %	7,268,087,682	7,268,087,682	13-06-2024
SBB IV	July 2024	500	Completed	93,149,836	1.28 %	7,174,937,846	7,174,937,846	04-12-2024
SBB V	November 2024	500	In progress (1)					

(1) As at 31 December 2024, operations were carried out for EUR 259 million, buying back a total of 49,501,868 own shares, equivalent to 51.71% of the maximum monetary amount (75,236,440 shares for EUR 406 million, representing 81.18% of the maximum amount, based on the most recent public information before the preparation of this annual Report, as at 20 February 2025).

Additionally, on 29 January 2025, the Board of Directors approved the SBB VI share buyback program for EUR 500 million, following the receipt of necessary regulatory approval. This program will commence sometime after the completion of SBB V.

1.9. Subsequent events

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

Tax on net interest income and commissions

On 21 December 2024, Law 7/2024, dated 20 December, was published in the Official State Gazette. This law introduces a supplementary tax aimed at ensuring a minimum global level of taxation for multinational and large national groups (Pillar Two), imposes a tax on the interest margin and fees of specific financial institutions, and includes other modifications. Following this, Royal Decree-Law 9/2024 modified some elements of the tax on net interest income and fee and commission income established by Law 7/2024. Nonetheless, this Royal Decree-Law was revoked on 22 January 2025.

There has been no impact from this tax reflected in the 2024 Financial Statements.

Debt securities issued

Preference shares

On 24 January 2025, CaixaBank issued EUR 1,000 million in preference shares convertible into newly-issued shares that qualify as Additional Tier 1 (AT1) capital. The remuneration, which is discretionary and subject to certain conditions, was set at 6.250% per annum. The preference shares are perpetual. However, they may be redeemed in certain circumstances at the option of CaixaBank as of 24 January 2033.

The issue has been combined with a partial buyback of the preference shares, which were originally issued on 23 March 2018, for EUR 1.25 billion. The repurchased nominal amount totals EUR 836 million, which has been amortized without significantly affecting the financial results.

Plain vanilla bonds

On 27 January 2025, CaixaBank launched a EUR 1 billion senior non-preferred (SNP) debt issuance with a yield of 3.816%, which is midswap plus 135 basis points, maturing on 27 January 2036. The issuer has an option for early redemption after ten years.

2. Accounting policies

The Group outlines the following accounting principles, policies, and valuation criteria applicable for the 2024 financial year, adhering to the 'Disclosure of Accounting Policies' standard, which requires the reporting of 'material' accounting policies:

2.1 Basis of consolidation

In addition to data relating to the parent company, the consolidated financial statements contain information on subsidiaries, joint ventures and associates. The procedure for integrating the assets and liabilities of these companies depends on the type of control or influence exercised.

Where the Group creates or holds ownership interests in entities to provide customers access to investments or transfer certain risks to third parties, it analyses whether it has control over the investee and, therefore, whether it should or should not be consolidated:

- With regard to securisation funds, the Group is highly exposed to variable returns and has decision-making power over the entity, directly or through an agent. Information on these funds, the financial support given to the vehicles and the reason are detailed in Note 28.2, and they are considered as consolidatable structured entities.
- At year-end, there were no agreements to provide additional financial support to other types of consolidated structured entities than those described, and the Group did not have any significant interests in or provide financial support to unconsolidated structured entities.

Regarding non-monetary contributions to jointly controlled entities, the IASB recognised a conflict in standard between IAS 27, under which on the loss of control, any investment retained is measured at fair value and the full gain or loss on the transaction is recognised in the statement of profit or loss, and paragraph 48 of IAS 31 and the interpretation SIC 13, which, for transactions under their scope, restrict gains and losses to the extent of the interest attributable to the other equity holders of the jointly controlled entity. The Group has elected to apply, in a consistent manner, the provisions of IAS 27 to transactions under the scope of these standards.

When the Group first consolidates an equity-accounted investee, it analyses any differences at the acquisition date between i) the fair value of the consideration transferred and ii) the net amount of the identifiable assets acquired and liabilities assumed measured at fair value. The amortisation of intangible assets with a finite useful life identified as a result of a Purchase Price Allocation (PPA) is recognised with a charge to “Share of profit/(loss) of entities accounted for using the equity method” in the statement of profit or loss.

Appendices 1, 2 and 3 to these notes to the consolidated financial statements provide relevant information on subsidiaries, associates and joint ventures. The above information is based on the most recent actual or estimated data available at the time of preparation of these Notes. The Group has not used the financial statements of companies accounted for using the equity method that refer to a different date than that of the Group's Parent.

2.2. Financial instruments

Classification of the financial assets

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

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

Investments in equity instruments are an exception to the aforementioned general assessment criteria. In general, the Group irrevocably exercises the option in the initial recognition by including – in the portfolio of financial assets at fair value with changes in other comprehensive income – investments in equity instruments that are not classified as held for trading and that, in the event of not exercising this option, would be classified as financial assets compulsorily measured at fair value through profit or loss.

The management of a group of financial assets based on this model does not mean that the Group has to hold all the instruments in a given portfolio until maturity. A group of financial instruments may be deemed to be managed under this business model even if there have been or are expected to be future sales of the instruments in this portfolio, provided that during an observation period equivalent to the average life of the portfolio classified at amortised cost these are infrequent or insignificant.

In particular, the Group considers sales to be insignificant if, during the stated observation period, the ratio calculated as the average of the book value of the instruments sold over the average of the book value of the total instruments in the portfolio is less than 5%. Additionally, the criteria have been coordinated with AML and documented in a template that includes an example of the monitoring frequency. The Structural Market Risks department is tasked with overseeing these metrics on a quarterly basis.

If the sales were completed during the crisis based on the exceptions foreseen in the regulatory framework, we consider that, in any case, these would also be consistent with a business model of maintaining financial assets to obtain contractual cash flows, as the existing conditions arising at the time and the reasons leading to the need to sell classified assets in the amortised cost portfolio would obviously be extraordinary and transitory in nature and could be framed within an identifiable time frame.

In particular, the Group anticipates frequent and significant sales of loans (or similar financial assets) that have deteriorated in credit quality, which does not conflict with classifying these loans under the business model aimed at collecting contractual cash flows. These sales are not counted for the purpose of determining the frequency of sales and their materiality will, therefore, remain separate from the tracking ratios.

As regards the assessment in relation to whether the cash flows of an instrument consist solely of payments of principal and interest, the Group applies several judgments during the SPPI test, with the most significant judgments listed below:

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

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

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

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

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

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

- Contingent event occurrence: A contingent feature could give rise to contractual cash flows that are consistent with a basic borrowing arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in the risks and costs of borrowing (e.g. when the interest rate on a loan is adjusted by a specified amount for the achievement of ESG objectives).

  In such a case, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal outstanding if, and only if, under all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows in a financial instrument with identical contractual terms but without such a contingent feature.

  An entity may, in some circumstances, be able to make that determination by making a qualitative assessment; but, in other circumstances, a quantitative assessment may be necessary. When it is clear, from little or no analysis, that the contractual cash flows are not materially different, an entity does not need to perform a detailed assessment.

  The Group periodically performs an analysis which consists of determining how many basis points of bonus can be applied to the interest rate of a loan when a contingent event occurs (as a rule, meeting ESG objectives), so that the difference between the cash flows before and after the occurrence of the contingent event does not differ by more than 5%.

  The result of this analysis is sent, among others, to the parties involved in the formalisation and pricing of this type of transaction so that under no circumstances may bonuses exceeding the established limit be granted.

In cases in which a characteristic of a financial asset is not consistent with a basic loan agreement, i.e. if there are characteristics of the asset that lead to contractual cash flows other than payments of principal and interests on the outstanding principal, the Group will assess the significance to determine whether such a characteristic should be taken into consideration for the SPPI Test.

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

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

Classification of the financial liabilities

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

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

Initial recognition and measurement

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

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

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

Subsequent measurement of the financial assets

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

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

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

Income and expenses of the financial assets and liabilities

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

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

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

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

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

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

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

Reclassifications between financial instrument portfolios

According to the provisions set out in IFRS 9, only in the event the Group decides to change its financial asset management business model, would all the affected financial assets be reclassified. This reclassification would be carried out prospectively from the date of the reclassification. In accordance with the IFRS 9 approach, in general, changes in the business model occur very infrequently. Financial liabilities cannot be reclassified between portfolios.

2.3 Accounting hedges

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

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

Fair value hedges

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

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

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

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

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

In addition, the Group carries out fair value micro-hedges of a net position to neutralise the impact on economic value caused by changes in interest rates on the net position of the liabilities associated with the commitments with policyholders (specifically the BEL associated with each of the identified risk groups) and the portfolios of financial assets contracted to meet these commitments. Accordingly, in this type of hedging, the hedged item corresponds to the changes in the fair value of the net position caused by the effect of interest rate risk, and the hedging item corresponds to a derivative (which is usually a *swap* that transforms the fixed rate of the investment portfolio into a fixed rate that matches the payment schedule of the liability for insurance commitments). This ensures that the market value of the investments assigned to the insurance operation is equal to or greater than the present value of the flows corresponding to the obligations arising from the insurance contracts and that the sensitivity of the present values of assets and liabilities to changes in interest rates is equivalent. Therefore, by applying hedge accounting, the entry generated by the change in fair value due to the effect of the interest rate risk of the net position, which in this particular case is recognised under OCI, will be recycled to the profit and loss account and will therefore offset the entry generated under ROF for the changes in fair value due to interest rate risk experienced by the hedging derivative.

Cash flow hedges

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

The amount adjusted on the hedging item is recognised in “Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Hedging derivatives. Reserve of cash flow hedges [effective portion]" where they will remain until the forecast transaction occurs, at which point it will be recognised in "Gains/(losses) from hedge accounting, net" of the income statement, in symmetry with the forecast cash flow. However, if it is expected that the transaction will not be carried out, in, it will be recognised immediately in the statement of profit or loss. The hedged items are recognised using the methods described in Note 2.2, without any changes for their consideration as hedged instruments.

2.4 Offsetting financial assets and liabilities

The following is a breakdown of financial assets and liabilities that have been offset in the consolidated balance sheet:

Offsetting of assets and liabilities

(Millions of euros)

	31-12-2024			31-12-2023			31-12-2022		
	Gross amount recorded (A)	Offset amount (B)	Net amount in balance sheet (C=A-B)	Gross amount recorded (A)	Offset amount (B)	Net amount in balance sheet (C=A-B)	Gross amount recorded (A)	Offset amount (B)	Net amount in balance sheet (C=A-B)
ASSETS									
FA held for trading - derivatives	20,934	16,068	4,867	23,237	16,893	6,344	26,877	19,914	6,963
FA at amortised cost - Loans and advances	381,352	14,603	366,749	367,513	11,248	356,265	380,267	15,036	365,231
Of which: Collateral	*4,695*	*4,695*		*5,826*	*5,826*		*6,070*	*6,070*	
*Of which: Reverse repurchase agreement **	*9,599*	*9,599*		*5,236*	*5,236*		*8,940*	*8,940*	
Of which: Tax lease transaction	*309*	*309*		*185*	*185*		*26*	*26*	
Derivatives - Hedge accounting	2,795	2,263	531	3,459	2,253	1,206	3,777	2,315	1,462
LIABILITIES									
FL held for trading	23,414	19,993	3,420	22,969	20,780	2,189	26,642	22,671	3,971
FL at amortised cost	509,194	10,374	498,820	486,299	5,849	480,450	492,495	9,448	483,047
Of which: Other financial liabilities	*466*	*466*		*428*	*428*		*482*	*482*	
Of which: Repurchase agreement	*9,599*	*9,599*		*5,236*	*5,236*		*8,940*	*8,940*	
Of which: Tax lease transaction	*309*	*309*		*185*	*185*		*26*	*26*	
Derivatives - Hedge accounting	7,274	2,566	4,709	11,439	3,762	7,677	12,987	5,218	7,769

FA: Financial assets; FL: Financial liabilities

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

2.5 Derecognition of financial instruments

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

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

- If all the risks and rewards of ownership of the transferred asset are substantially transferred (such as in the case of, among others: unconditional sales, a sale with an option to repurchase the financial asset at its fair value at the time of repurchase, a sale of a financial asset together with a put or call option that is deep out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised.

- If the risks and rewards of ownership of the transferred financial asset are substantially retained (such as in the case of, among others: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar), it is not derecognised and continues to be measured by the same criteria used before the transfer and the following are recognised:
  - A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss; and
  - The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offsetting.
- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of, among others, a sale of a financial asset together with a put or call option that is neither deep-in-the-money nor deep-out-of-the-money, securitisations in which the transferor assumes a subordinated loan or other type of credit enhancement for part of the transferred asset), the following distinction is made:
  - If the transferor does not retain control over the financial asset transferred, it is derecognised and any right or obligation retained or arising from the transfer is recognised; or
  - If the transferor retains control over the financial asset transferred, it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

According to the terms of the transfer agreements in place, virtually the entire portfolio of loans and receivables securitised by the Group does not need to be written off the balance sheet.

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

2.6 Financial guarantees

Financial guarantees given

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

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

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

Financial guarantee and guarantee contract portfolios, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any provision required. The credit risk is determined by applying similar criteria to those established for quantifying impairment losses on debt securities measured at amortised cost as set out in Note 2.7, except in the case of technical guarantees, where the criteria applied is that set out in Note 2.17.

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

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

Financial guarantees received

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

2.7 Impairment of financial assets

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

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

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

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

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

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

  In the case of the loan commitments given, the contractual cash flows that would be owed to the Group in the event the loan commitment were drawn down are compared to the cash flows that it would expect to receive if the commitment were drawn down. In the case of granted financial guarantees, the payments that the Group expects to receive are taken into account, less the cash flows that are expected to be received from the guaranteed holder.

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

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

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

- Expected credit losses: these are the weighted average of the credit losses, using as weighting the respective risks of default events. The following distinction will be taken into account:
  - Expected credit losses during the life of the operation: these are expected credit losses resulting from all the possible default events during the expected life of the operation.
  - Expected credit losses at twelve months: these are the part of the credit losses expected during the life of the operation corresponding to the expected credit losses resulting from any default events during the twelve months following the reference date.

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

	Observed impairment of credit risk since its initial recognition			
Credit risk category	**Standard risk** Stage 1	**Standard risk in special monitoring.** Stage 2	**Doubtful risk** Stage 3	**Write-off risk**
Classification and transfer criteria	Operations whose credit risk has not significantly increased since their initial recognition.	Operations whose credit risk has significantly increased (SICR), but they do not have any default events.	Non-performing due to borrower arrears: default event Non-performing for reasons other than arrears: credit impairment	Operations without reasonable expectations of recovery.
Calculation of the impairment hedge	Expected credit losses at twelve months	Expected credit losses during the life of the operation.		The recognition in results of losses for the carrying amount of the operation and the total derecognition of the asset.
Interest calculation and recognition	It is calculated by applying the effective interest rate to the gross carrying amount of the operation.		It is calculated by applying the effective interest rate at amortised cost (adjusted to reflect any impairment value correction).	They are not recognised in the income statement.
Included operations	Initial recognition of the financial instruments.	Operations included in sustainability agreements that have not completed the trial period. Operations carried out by insolvent borrowers that should not be classified as non-performing or write-off. Refinanced or restructured operations that should not be classified as non-performing and are still in a trial period (unless there is refutable proof to classify them in stage 1) Operations with amounts past due of over 30 days. Operations which can be identified as having registered a significant increase in credit risk on the basis of market indicators/triggers.	Non-performing due to borrower arrears: • Amounts overdue >90 days exceeding materiality thresholds*, assessed at transaction level for individuals and at customer level for legal entities. For individuals, the entire customer is impacted when amounts overdue >90 days exceed 20% of the total exposure Non-performing for reasons other than borrower arrears: • Operations with reasonable doubts regarding full repayment • Operations with legally demanded balances. • Operations in the collateral execution process • Operations and guarantees of the holders in insolvency proceedings with no liquidation petition. • Refinanced operations classifiable as non-performing • Sale of portfolio with financial loss >5%.	Operations with remote recovery possibility. Partial write-offs without the extinction of the rights (partial write-off). Non-performing operations due to arrears of more than 4 years, when the amount not hedged by effective guarantees has been maintained with 100% credit risk hedge for more than 2 years (unless they have effective collateral to hedge at least 10% of the gross amount). Operations with all the holders in insolvency proceedings in the liquidation phase (unless they have effective collaterals that cover at least 10% of the gross amount).

(*)Absolute thresholds of EUR 100 or 500, depending on whether it is retail or non-retail respectively, and a relative threshold of 1%.

The Group classifies as "write-offs" the debt instruments, whether due or not, for which after analysing them individually, it considers the possibility of recovery to be remote and proceeds to derecognise them, without prejudice to any actions that may be initiated to seek collection until their contractual rights are extinguished definitively by expiry of the statute-of-limitations period, forgiveness or any other cause.

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

However, in order to reclassify transactions to this category before these terms expire, the Group must demonstrate the remote likelihood of recovering the corresponding balances.

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

Furthermore, the Group considers assets acquired with a significant discount reflecting credit losses incurred at the time of the transaction to be POCIs (Purchased or Originated Credit Impaired). Given that the discount reflects the losses incurred, no separate provision for credit risk is recorded in the initial recognition of the POCIs. Subsequently, changes in the expected losses in the life of the operation are recognised from their initial recording as a credit risk provision of the POCIs. The interest income of these assets is calculated by applying the effective interest rate adjusted to reflect credit quality at the amortised cost of the financial asset, when this effect is significant at the initial recognition date.

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

2.8 Refinancing or restructuring operations

The identification of the refinanced or restructured operations is specified in Note 3.4.1. Credit risk – Refinancing policy.

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

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

- After reviewing the borrower's asset and financial position, it is concluded that they are unlikely to have financial difficulties and therefore it is highly probable that they will meet their obligations vis-a-vis the entity in both time and form.
- A minimum period of two years has elapsed from the date of authorisation of the restructuring or refinancing operation, or, if later, from the date of its reclassification from the non-performing category.
- The borrower has covered all the principal and interest payments from the date of authorisation of the restructuring or refinancing transaction, or, if later, from the date of its reclassification from the non-

performing category. The following is also necessary: i) the borrower has made regular payments of an amount equivalent to the whole amount (principal and interest) falling due at the date of the restructuring or refinancing operation, or that were derecognised as a result of it; or ii) when it is deemed more appropriate given the nature of the operations, the borrower complies with other objective criteria that demonstrate their payment capacity.

If there are contractual clauses that may delay repayments, such as grace periods for the principal, the operation will remain classified as watch-list performing until all criteria are met.

- The borrower must have no other operations with past due amounts for more than 30 days at the end of the period.

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

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

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

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

On the other hand, regarding the accounting for moratoria implemented due to the DANA support or those outlined in the Codes of Best Practice (CBP), the Group views these as a qualitative change that results in a modification of the contract but does not lead to the derecognition of the affected financial instrument (refer to Note 3.4.1. Credit risk).

2.9. Foreign currency transactions

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

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

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

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

2.10. Recognition of income and expense

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

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

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

	Characteristics	Recognition
Other non-financial income and expenses	Other income from ordinary activities	> As a general criterion, they are recognised inasmuch as the assets and services contractually agreed are provided. The amount of the payment to which the Group expects to have a right in exchange for these goods or services, is recognised as income, during the life of the contract. > If it receives or has a right to receive a payment and the goods or services have not been transferred, the Group recognises a liability, which remains on the balance sheet until it is allocated to the statement of profit or loss. > The Group can transfer the control over time or at a specific time.

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

The Group capitalises all incremental costs of obtaining and/or fulfilling a contract provided that the costs are directly related to a contract or an expected contract that can be specifically identified by the Group. In this regard, it is assessed whether the costs generate or enhance the Entity's resources that will be used to meet (or continue to meet) performance obligations in the future and whether those costs are expected to be recovered.

The Group attributes these capitalised costs to the statement of profit or loss based on the term of the framework agreement or the operations that give rise to the costs and additionally, at least on a half-yearly basis, conducts an impairment test to assess to what degree the future profits generated by these contracts bear the capitalised costs. In the event that the costs exceeded the current value of the future profits, these assets would be impaired by the appropriate proportion.

In relation to fees, levies, and similar charges, the Group determines the event that gives rise to the obligation to pay, taking into consideration the legislation in force. The event leading to tax liability can happen either throughout the current period or at a specific moment, and it is consistently documented in the financial records. Preparing financial statements assuming the business will continue does not mean the entity currently owes taxes that would only become due in future periods due to ongoing operations.

2.11 Employee benefits

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

Short-term employee benefits

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

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

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

Remuneration to employees based on equity instruments

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

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

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

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

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

Post-employment benefits

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

Defined contribution plans

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

Defined benefit plans

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

Plan assets are defined as follows:

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

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

- Held by a fund that is legally separate from the Group and exists solely to pay or finance employee benefits, or
- They are solely available to pay or finance post-employment remuneration, they are not available to cover the debts of Group creditors (not even in the event of bankruptcy), and they cannot be returned to the Group unless i) the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of

the plan or CaixaBank, or ii) are used to reimburse it for post-employment benefits the Group has already paid to employees.

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

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

The assets and liabilities of subsidiaries that include the mathematical provisions of the policies taken out directly by CaixaBank are included on consolidation. Therefore, in this process the amount under “Liabilities under insurance contracts” is deducted and the investments in financial instruments under policies are registered.

Post-employment benefits are recognised as follows:

- Service cost is recognised in the statement of profit or loss and includes the following:
  - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period, recognised under "Administrative expenses – Personnel expenses".
  - Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments, recognised under "Provisions or reversal of provisions".
  - Any gain or loss arising on settlement of a plan is recognised in "Provisions or reversal of provisions".
- The net interest on the net defined benefit post-employment benefit liability/(asset), understood to be the change during the period in the net defined benefit liability/(asset) that arises from the passage of time, is recognised in "Interest expense", or "Interest income" if it results in income, in the statement of profit or loss.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Accumulated other comprehensive income" in the balance sheet. Includes:
  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan assets, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.
  - Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.

Other long-term employee benefits

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

Termination benefits

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

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

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

2.12 Income tax

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

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

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

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

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

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

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

2.13 Tangible assets

Property, plant and equipment for own use

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

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

Investment property

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

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

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

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

Useful life of tangible assets
(Years)

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

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

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

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

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

Upkeep and maintenance expenses are recognised under “Administrative expenses – Other administrative expenses” in the statement of profit or loss, when they are incurred.

2.14 Intangible assets

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

Goodwill

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

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

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

Goodwill is recognised in "Intangible assets – Goodwill" and is not amortised.

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

Other intangible assets

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

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

Other intangible assets have an indefinite useful life when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group, and a finite useful life in all other cases.

Intangible assets with an indefinite life are not amortised. However, at the end of each reporting period, or whenever there is any indication of impairment, the remaining useful lives of the assets are reviewed in order to determine whether they continue to be indefinite and, if this is not the case, to take the appropriate steps.

Intangible assets with a finite useful life are amortised over the useful life, applying policies similar to those followed for the depreciation of tangible assets.

Any impairment losses on assets with either indefinite or finite useful lives are recognised with a balancing entry in "Impairment/(reversal) of impairment on non-financial assets – Intangible assets" in the statement of profit or loss. The policies for recognising impairment losses on these assets and for reversing impairment losses recognised in prior years are similar to those for tangible assets.

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

2.15 Assets and liabilities held for sale

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

The Group has centralised the ownership of the majority of its real estate assets acquired or foreclosed in payment of debts in its subsidiaries BuildingCenter, SAU, and Livingcenter Activos Inmobiliarios, SAU, with a view to optimising management.

Non-current assets classified as held for sale are generally measured initially at the lower of the carrying amount of the financial assets and their fair value less costs to sell the asset to be foreclosed (based on the market value given in complete individual ECO appraisals at the time of award or acceptance).

Internal valuation models are used to calculate the adjustment to be applied to this market value in order to estimate the discount on the reference price and the costs to sell. These in-house models factor in prior sales experience for similar assets in terms of price and volume.

In line with the procedure followed in the initial recognition process, the Group also applies, subsequently, an adjustment, based on the internal models, to the main valuation.

Loan portfolios transferred to a third party that, at the time of contract signing, do not meet the derecognition criteria set by the standard because of certain clauses expected to be resolved soon, will be reclassified as non-current assets held for sale. These portfolios will be reclassified as non-current assets held for sale at their transaction value and will be removed from the balance sheet once the contract is completed.

2.16. Leases

Lease transactions in which the Group acts as lessee involve the recognition of a lease liability (at the present value of future payments) and a right-of-use asset for the same amount at the commencement date, which may also include payments made on or before the commencement date, direct start-up, decommissioning or rehabilitation costs.

As an exception to the above, the Group recognises lease payments for short-term leases (defined as leases with a term of twelve months or less at the commencement date) and leases where the leased asset is of low value (EUR 6,000) as expenses.

The discount rate used is the interest rate that the lessee would have to pay to borrow, with a similar term and collateral, the funds required to obtain an asset of similar value to the right-of-use asset in a similar economic environment, referred to as the "additional financing rate".

This additional financing rate has been calculated by taking as a reference the debt instruments issued (covered bonds and senior debt) weighted according to their respective issuance capacity. The Group uses a specific rate according to the term of the operation and the business (Spain or Portugal) where the agreements are formalised.

The term of these leases is determined according to the type of property (Store branch, rural branch, etc.), the existing contractual clauses, which may include renewal options, early termination, and the commitments made by the Entity (e.g. offices subject to agreements with competitors).

2.17 Provisions and contingent liabilities

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

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

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

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

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

2.18. Treasury shares

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

2.19. Insurance transactions

The chapter "Reinsurance contract assets" and "Insurance contract liabilities" include the rights and obligations, respectively, arising from the insurance business provided by the Group, according to the following characteristics:

Reinsurance contract assets

The heading "Reinsurance contract assets" in the balance sheet includes the combination of rights and obligations arising from a group of reinsurance contracts. Where such a combination for a group of contracts presents a liability position, it shall be presented under the heading "Liabilities under reinsurance contracts".

Insurance contract liabilities

- Definition and classification: The Group assesses whether its contracts fulfil the definition of an insurance contract, i.e. whether it accepts a significant insurance risk from another party by agreeing to compensate the policyholder should an uncertain future event occur that adversely affects the policyholder.

The Group defines contracts with significant insurance risk as those where, under a commercial scenario, losses exceed the premiums paid or the liabilities associated with insurance contracts, based on the contractual definition of additional capital in the event of a covered claim.

The assessment of significant insurance risk is conducted at the individual contract level, considering primarily life-related risks (mortality/survivorship) and, when applicable, supplementary risks like disability, double capital, severe illness, etc.

Once a contract is categorized as an insurance contract, it retains that classification going forward. Consequently, this evaluation is conducted only once if a contract is deemed to carry significant insurance risk.

From this analysis, it is determined that all insurance contracts previously covered by IFRS 4 satisfy the criteria for an insurance contract. Hence, the adoption of IFRS 17 does not necessitate any reclassification, except for specific BPI Vida e Pensões products without significant insurance risk (Unit Linked products without additional death benefits), which are then accounted for under IFRS 9.

- Unit of account: The Group has analysed the criteria for grouping insurance contracts by taking into consideration whether they are contracts subject to similar risks and are managed jointly, onerousness and whether they are contracts that are not more than one year apart in terms of issue (annual cohorts).

  This analysis has concluded that the product groups currently used in Solvency II are adequate.

  The Group uses different valuation methodologies for insurance contracts based on the risk group to which they belong:

Risk Group	Methodology for measuring provisioning
Risk	
Multi-year risk	BBA: Building block approach (general model)
Temporary Annual Rolling Risk	PAA: Premium allocation approach
Savings	
Previous Individual Savings – Matching	BBA: Building block approach (general model)
Subsequent Individual Savings – Matching	BBA: Building block approach (general model)
Subsequent Individual Savings – Volatility	BBA: Building block approach (general model)
Collective Savings – Matching	BBA: Building block approach (general model)
Collective Savings – Volatility	BBA: Building block approach (general model)
Direct participation	
Unit Linked	VFA: Variable fee approach

  Since the Group has chosen the fair value transition approach, for contracts issued prior to the transition date (1 January 2022) it has not been necessary to aggregate the contracts by previous cohorts.

  Contracts issued after the transition date have been grouped by year, except for insurance contracts managed under matching adjustment techniques and unit-linked contracts for which the Group has made use of the derogation in Article 2 of Commission Regulation (EU) 2023/1803.

- Recognition and derecognition of accounts: Groups of insurance contracts are initially recognised when the first of the following events occurs:

  - The start of the hedging period of the group of contracts.
  - The date on which the first payment is due from a policyholder of a group policy.
  - For a group of contracts of an onerous nature, the date on which the group becomes a group of onerous contracts.

  Insurance contracts acquired in a business combination within the scope of IFRS 3 will be accounted for as if they were concluded at the acquisition date.

  In general, the Group uses the general model for recognising and measuring insurance contracts. Only unit-linked and similar contracts meet the criteria for insurance contracts with direct participation features, and they are valued using the variable fee approach. The Group's Unit Linked contracts are allocated to investment baskets which serve as the underlying financial assets for these insurance policies. Consequently, all market movements, minus the management fee, are reflected in the policyholder's returns, fulfilling this specific definition. In contrast, for the Group's other insurance products, it is not anticipated that policyholders will receive a significant portion of market returns, nor is there an expectation that changes in the underlying financial assets will directly and significantly impact the valuation of these insurance contracts.

Furthermore, for contracts with a hedging period of under one year, the Group uses the premium-allocation approach. This is also applied when the Group expects that the use of this simplified approach will yield a measurement that does not significantly differ from that which would be produced by applying the general method or VFA.

An insurance contract will be terminated when: (i) it has expired; or (ii) it is amended and fulfils the requirements of the termination rule.

- Measurement
  - Initial recognition

    For contract groups not measured under the premium-allocation approach, upon initial recognition the Group measures them for the total of:

    - Future cash flows (FCPF), which include:
      - Estimates of future cash flows within the limits of the contract. The Group estimates the present value of future cash outflows less the present value of future cash inflows which fall within the limits of the contract. These estimates are based upon the expected value of a full range of possible outcomes, grounded in the Group's perspective (but consistent with observable market prices for the inputs used) and reflect conditions existing at the measurement date.

        These flows include expenses directly attributable to insurance contracts. At the Group level, these expenses include insurance contract marketing expenses, amounting to approximately the marketing commissions for insurance contracts between Group companies. Expenses that the Group has deemed not to be directly attributable are classified by nature.

        Cash flows fall within the limits of the insurance contract if the Group can require the policyholder to pay the premiums or if 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 services that reflects those risks. In general, the limit of the contract is determined as the end date of the contract, which for renewal contracts is the time at which the Group can re-evaluate risks, and for lifetime products as the date of death of the insured.

        Within cash flows, investment components will be identified, representing amounts payable irrespective of whether the insured event occurs. Where identified, this component will equate to either: i) the accumulated fund, ii) the policy's mathematical provision, or iii) the lesser of the death benefit or the surrender value of the policy's mathematical provision.
      - An adjustment to reflect the time value of money and the financial risks associated with future cash flows. In general, the Group applies a top-down approach for the discount rates, whereby the asset rate is taken as a reference and the credit risk is discounted. The reference asset varies by product type. For savings products employing flow matching immunization, the interpolated Euro-swap curve is used, augmented by a spread derived from the reference asset portfolio, adjusted for default probability. For savings products featuring adjustable interest rates, the valuation employs the 12-month Euribor curve along with the credit spread of the portfolio. For contracts assessed under the variable fee model and for risk products, the discount rate is determined through a bottom-up approach, utilizing the interpolated Euro-swap curve without any credit spread adjustment.
      - A risk adjustment for non-financial risk(RA). This reflects the offsetting the Group requires for bearing the uncertainty about the amount and timing of cash flows arising from non-financial risk. The Group employs the Cost of Capital methodology, which was enhanced in 2024. Previously, in 2023, the methodology utilized a uniform set of cost of capital factors based solely on Solvency II capital requirements (using only current discount rates). The enhancement involves calculating two sets of capital cost parameters: one based on the original locked-in rates and the other on current market rates. This dual strategy effectively captures market changes in evaluating the Risk Adjustment at market value, thereby decreasing volatility in provisions and refining the assessment of liabilities under the IFRS17 framework. It also ensures an appropriate reflection of

the Risk Adjustment update's impact on the CSM by computing capital costs using the original, locked-in rates. Given the actuarial characteristics of both the CSM and Risk Adjustment, they follow the same release methodology. This similarity in recognition between the CSM and the Risk Ajustment means that changes in the Risk Adjustment methodology do not significantly alter the expected future results recorded in the financial statements. For the year 2024, the calculated Risk Adjustment corresponds to a confidence level of approximately 85%.

- The contractual service margin (CSM) represents the future profits of the insurance contracts issued. This amount is not recognised in the income statement at initial recognition, but is recognised when the services under the contract are rendered. When this margin is negative, the insurance contract is onerous and the loss must be immediately recognised in the income statement, without the contractual service margin being recognised in the balance sheet.

The Group applies the premium-allocation approach for contracts which have a hedge period of one year or less, or where this approach is expected to result in a measurement of the remaining hedge liability that does not materially differ from that which would be produced by applying the general model.

At initial recognition the Group measures the remaining hedging liability as the premiums received plus/ minus any amount resulting from derecognising assets/liabilities previously recognised for the cash flows related to the group of contracts. For these contracts, profit is implicit in calculating the insurance liability, therefore, there is no CSM accounted for separately.

For these contracts, the Group has chosen the accounting policy option to recognise the cash flows from the purchase of the insurance as expenses when incurred.

- Subsequent recognition

The carrying amount of a group of insurance contracts at the close of each reporting period will be the sum of:

- The remaining hedging liability, which comprises the cash flows derived from the performance of future services allocated to the group at that date and the group's contractual service margin at that date.
- The liability for incurred claims, which comprises the cash flows arising from the performance of past services assigned to the group at that date.

Changes in cash flows related to present or past services are recorded in the income statement; whereas those related to future services adjust the CSM or loss component.

Concerning changes in cash flows linked to present or past services, those associated with claims settled during the financial year, either occurring in the same period or earlier, are identified accordingly.

On the other hand, changes in cash flows related to future services involve adjustments to the projections of future cash flows for liabilities from remaining coverage. These adjustments are due to differences between expected and actual experience or updates in actuarial and technical assumptions used in projecting expected flows (and financial assumptions for products evaluated under the variable fee approach).

For contracts measured under the variable rate model the amounts related to future service that adjust the CSM include changes in the amount of the Group's interest in the fair value of the underlying items.

Changes resulting from measuring cash flows at current rates are recorded under 'Finance expenses from insurance contracts issued' in Other Comprehensive Income, as the Group has opted for this accounting policy to reduce discrepancies with the financial asset accounting records. For contracts priced under the variable tariff model these amounts adjust the CSM.

The transfer of insurance contract services in the period is recognised as insurance income in profit or loss. This amount is determined by the hedge units, i.e. the amount of insurance contract services provided under the contracts during the expected period of coverage. The Group has determined as measures the change in mathematical provisions for savings products and the change in net payment flows from the effect of mathematical provisions for risk products.

For insurance contracts in which the premium-allocation approach is applied, at the close of each period the carrying amount of a group of contracts is the sum of the liability for the remaining hedge and the liability for incurred claims. The remaining hedge liability is the result of the opening balance plus premiums received for the period less the amount recognised as insurance income for services provided in that period.

The Group does not adjust the remaining hedge liability for the time value of money because insurance premiums expire within the coverage period of the contracts, which is one year or less. The liability for incurred claims is measured in a similar way to the general model.

Income and expenses from insurance contracts

Income and expenses from insurance contracts are recognised using the following criteria:

Heading	Recognition
Income from the insurance service	> Includes income from ordinary insurance activities that show the provision of services associated with the group of insurance contracts for an amount that reflects the compensation the bank expects to receive in exchange for said services. > Includes the expenses of the service, which include the claims paid (excluding investment components) and other expenses of the insurance service, the amortisation of acquisition cash flows, changes in the flows related with past services, and changes related with the current service.
Financial income and expenses from insurance	> The insurance revenue or expenses include the group's book value of insurance contracts that result from the effect of the time value of money and the changes in this value, and from the financial risk effect and changes to this effect. > The Group has opted for the accounting policy of recognising the impact of changes in the discount rates and other financial variables in Other Comprehensive Income to minimise accounting asymmetries with the accounting record of financial assets. > For contracts valued using the premium assignment approach, the discount rate will not be used since the cash flows are expected to be charged and paid in one year. > The Group disaggregates changes in the risk adjustment due to non-financial risk into income from the insurance service, and income or expenses from insurance financing.

Income and expenses from reinsurance contracts held are presented as a single amount and separately from income and expenses from insurance contracts written under the heading "Net result from reinsurance contracts held".

2.20. Statements of cash flows

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

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

2.21. Statement of changes in equity. Part A) Statement of comprehensive income

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

2.22. Statement of changes in equity. Part B) Statement of total changes in equity

This statement presents all changes in the Group's consolidated equity, including those due to accounting policy changes and error corrections. This statement presents a reconciliation between the carrying amount of each component of equity at the start and end of the period.

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

- The shareholder equity heading, 'Retained earnings', includes, at year-end, undistributed gains from the appropriation of the profit/loss of the companies of the consolidated group, and income coming from the sale of investments classified in 'Financial assets at fair value with changes in other comprehensive income – Equity instruments', among others.
- The shareholder equity heading, 'Other reserves', includes, at year-end, the implications of the 1st application of accounting regulations, the application of the profit/(loss) of companies consolidated using the equity accounting method, net of the dividends distributed to companies of the consolidated group, the remuneration of issuances with certain characteristics, and gains/losses deriving from operations with own shares, among others.

3. Risk management

3.1 Environment and risk factors

The following risk factors had a significant influence on the Group's management in 2024, due to their impact during the year and their long-term implications for the Group:

- Macroeconomic environment

  - International economy

In 2024, the international economy showed remarkable resilience, with global GDP growth estimated to be slightly higher than 3%. The year's economic activity was bolstered by strong job markets, a slight rebound in household buying power, and more relaxed financial conditions, all while inflation rates decreased. Furthermore, energy prices held relatively steady despite ongoing geopolitical tensions and uncertainty.

However, the global economy's resilience masked regional disparities in performance. In the U S, activity remained strong and GDP grew by 2.8%, exceeding expectations. China, following a sluggish beginning to the year, exceeded expectations in the final quarter, culminating in a GDP growth of 5.0% for all of 2024. The eurozone's economy did not experience the anticipated lift-off, with activity remaining subdued. The GDP growth for the year stood at 0.7%, with significant underperformance in Germany and, towards the year's end, in France as well. Amid this economic slowdown, inflation displayed a consistent decline across all countries, resulting in the eurozone's average headline inflation dropping to 2.4% in 2024 from 5.4% the previous year.

The ongoing disinflation trend moving towards the targets set by central banks enabled the initiation of monetary policy easing in major global economies. The ECB started reducing rates in June, followed by the Federal Reserve in September. Throughout the latter half of 2024, both central banks pursued a strategy of gradual rate reductions, concluding the year with a total decrease of 100 basis points from the peak. This left rates between 4.25% and 4.50% for the Fed, and the deposit facility rate of the ECB at 3.00%. Additionally, both the Fed and the ECB continued to shrink their balance sheets through a passive approach of not reinvesting in maturing assets, thereby gradually draining excess liquidity which remained plentiful in the euro area by year's end.

The anticipation of returning to activity levels aligned with the potential growth of both the US and European economies, coupled with inflation nearing the central banks' targets, suggests that both institutions will persist with rate cuts into 2025, albeit at different speeds. Market expectations are for the U S Fed to adjust rates to the 3.75%-4.00% range, while in the eurozone, the ECB is expected to reduce rates to 2.00% by the second half of 2025. However, the path to economic normalisation in 2025 is fraught with challenges, primarily due to geopolitical tensions, the threat of increasing protectionism, and the potential fracturing of international trade.

As 2024 concluded, uncertainties intensified with Trump's win in the US, raising questions about the new administration's policies and their effects on both economic stability and global politics. The eurozone, meanwhile, struggled with economic fragility amidst political uncertainties in its two key economies.

  - Spain and Portugal

Nonetheless, Spain's economy in 2024 surpassed initial forecasts, even with high interest rates prevailing through much of the year. In this context, the GDP grew by 3.2%, positioning Spain as a leading growth performer among the major eurozone economies.

Key to the economy's high dynamism were several factors. Primarily, the external sector thrived, driven by strong service exports, including both non-tourist and, notably, tourist services, which significantly propelled economic activity. Additionally, there was a revival in household consumption, fueled by enhanced purchasing power due to declining inflation rates. The labour market's vigor, further amplified by population growth from immigration, also played a crucial role. In this context, the year concluded with an increase of over half a million Social Security contributors, bringing the total above 21.3 million, setting a new record.

Inflation in 2024 exceeded expectations but saw a significant adjustment, averaging 2.8% annually, down from 3.5% the year before. Core inflation, excluding energy and unprocessed foods, experienced an even greater decline (2.9% annual average versus 6.0% in 2023).

For 2025, we anticipate a slight moderation in GDP growth, despite the positive surprises in late 2024's figures. External demand is expected to wane as tourism growth normalises and our key trading partners continue to show economic fragility. Domestic demand will strengthen, driven by household consumption - bolstered by a strong financial standing and further gains in purchasing power - and by investment, facilitated by better financing conditions and the rollout of *Next Generation EU funds*; However, public consumption will contribute less, due to the need to adjust the public deficit with the reintroduction of fiscal rules. The DANA storm, which struck the Valencia province in late October, might exert a minor negative effect in the short term, but the costs associated with reconstruction and rehabilitation could lead to a positive net contribution to GDP growth in 2025.

In 2024, Portugal's economy experienced a slight deceleration, with GDP at 1.9%, down from 2.5% in 2023. Despite this, its growth rate surpassed the eurozone's average. The cumulative impact of various global economic shocks, the effects of inflation, and the significant hike in interest rates, which hit a peak in mid-2023, along with uncertainties surrounding the March parliamentary elections, all played a part in the economic cooling seen in 2024. However, the economy exhibited a consistent growth trend throughout the year, with the annual GDP growth rate increasing from a quarterly rate of 0.6% in Q1 to 1.5% by Q4. Domestic demand was the primary growth engine, particularly driven by vibrant private consumption, supported by a significant rise in household income amidst sustained employment growth, and by investment, spurred by the effective deployment of EU funds.

Looking ahead to 2025, we anticipate the economy will continue its expansionary path with a GDP growth of 2.3%, fuelled by monetary policy easing, inflation nearing the 2% target, and a supportive fiscal policy. This outlook is underpinned by recent years' strong performance, which has resulted in a state budget surplus and a notable decrease in public debt.

Regulatory environment

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

Proposals for legislative and regulatory changes, as well as new legislation and regulation passed in 2024, include:

Pillar 3 regulation:

In terms of prudential regulation, the EBA's oversight of the Tier 2 legislative developments for the implementation of the *Banking Package*, which encompasses the Capital Requirements Directive (CRD VI) and the Capital Requirements Regulation (CRR III), aimed at ensuring capital adequacy and banking stability, has been significant. Furthermore, there has been a follow-up to the negotiations on the European Commission's proposal to revise the Crisis Management and Deposit Insurance (CMDI) framework for banking crisis management. At the national level, the Bank of Spain's (BdE) review of the methodology for determining the countercyclical capital buffer (CCB) was also significant.

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

In 2024, two key directives were adopted concerning corporate governance and sustainability:

i) the Corporate Sustainability Due Diligence Directive (CSDDD), the aim of which is to promote sustainable and responsible business behaviour and to anchor human rights and environmental considerations in the operations and corporate governance of organisations.

ii) the Energy Performance of Buildings Directive (EPBD), which includes unprecedented measures to involve banks in financing retrofitting.

At the national level, there has been progress in implementing the Corporate Sustainability Reporting Directive (CSRD). Also significant is the release of the Green Paper on Sustainable Finance in Spain, along with the draft Ministerial Order establishing and regulating the Sustainable Finance Council.

In terms of sustainability within investment markets and services, key developments include the introduction of the Regulation on Environmental, Social and Governance Rating Activities and the ESMA Guidelines on ESG fund designations.

- Digital regulation and payments:

On the EU front, in the payments sector, the publication in the Official Journal of the European Union (OJEU) of the Regulation on instant euro transfers stands out.

In the area of data, it is worth highlighting the publication in the OJEU of the Regulation establishing a European framework for digital identity, which introduces the European Digital Identity Wallet.

Regarding artificial intelligence, the OJEU also published the Regulation establishing harmonized rules on artificial intelligence.

In cybersecurity, significant attention has been given to the regulatory developments by the European Supervisory Authorities (ESAs) concerning DORA (Digital Operational Resilience Act).

Additionally, in the realm of cryptoassets, technical standards prepared by the ESAs have been adopted to develop the Markets in Cryptoassets Regulation (MiCA).

Concerning implementation, there has been progress in adopting the Instant Payment Regulation and the DORA Regulation, both of which will see the majority of their provisions become applicable starting from January 2025.

- Retail and markets:

From late 2023 through 2024, the Spanish government has advanced various legislative measures in the retail and markets sector, including: i) a bill on the regulation of customer services; and ii) the bill creating the Independent Administrative Authority for the Defence of Financial Customers for the out-of-court resolution of disputes between financial institutions and their customers.

Similarly, on 12 March, the Spanish Council of Ministers approved the Preliminary Draft Bill on measures for the efficiency of the public justice service and collective actions for the protection and defence of the rights and interests of consumers and users. The class action provision was finally removed from the draft during the parliamentary procedure in October 2024.

Also, on 14 May, the Council of Ministers approved the Preliminary Draft Law on Credit Administrators and Credit Purchasers, which regulates, among other matters, the renegotiation of doubtful loans and the purchase and sale of portfolios of non-performing loans by credit institutions. The proposed legislation aims to enhance the protection of financially vulnerable consumers. It includes requirements for institutions to establish debt renegotiation policies and provide debt management solutions. The transposed Directive also aims to make it easier for financial institutions to sell their loan portfolios, enabling them to clean up their balance sheets and improve their solvency.

In the European context, co-legislators have established their respective negotiating positions regarding the Retail Investment Strategy. This strategy encompasses an Omnibus Directive that proposes amendments to the primary rules governing the marketing of financial instruments and insurance (specifically MiFID and IDD), along with other directives. Additionally, the revision of the Packaged Retail and Insurance-Based Investment Products (PRIIPs) is part of this initiative. Another of the relevant milestones is the definite approval of the Listing Package and the Clearing Package.

- Anti-money laundering and countering the financing of terrorism (AML/CFT):

On 19 June, the EU anti-money laundering and terrorist financing regulatory package was published, with the goal of harmonising existing AML/CFT regulations across the EU. The legislative package contains: i) the Regulation setting up the Autority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA); ii) the single Regulation which recasts and unifies the AML/CFT rules and addresses the categories of obliged entities. It does so by introducing some new ones such as crowdfunding platforms and their intermediaries; iii) the Directive on anti-money laundering and combating terrorist financing mechanisms; and iv) the Directive on competent authorities access to centralised records of bank accounts and on technical measures to facilitate the use of trade repositories.

Top risk events

'Top risk events' refer to the critical adverse scenarios that could significantly affect the Group beyond its business model in the medium term, potentially impacting its financial health, reputation, strategy, or other aspects. Consequently, should any of these significant risk events occur, they would manifest through one or more risks outlined in the Catalogue. In this regard, the severity of the impact of these events can be mitigated through risk management.

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

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

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

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

- ### Arrival of new competitors and application of new technologies

There is an expectation that the competition of newcomers will increase, such as fintech companies (e. g. *digital banks*), *big techs* and neobanks with disruptive proposals or technologies. Depending on the degree of intensity of this event, a new entrant could gain a significant market share at the expense of incumbent institutions. This could also lead to intense disaggregation and the disintermediation of part of the value chain, which in turn could affect margins and cross-selling, given that banks would be competing with more agile, flexible companies with generally low-cost proposals for the consumer. All of this could be exacerbated if the regulatory requirements applicable to these new competitors and services were not the same as those in place at present for credit institutions.

However, the shift towards standard interest rates and the reduction of liquidity by central banks has led to decreased investments in fintechs, emphasizing profitability over their ability to pursue aggressive growth strategies. However, the normalisation of interest rates into positive territory also facilitates the emergence of commercial deposit-taking offers by digital banks that have a banking licence, which could help them to broaden their customer base. As for bigtech firms, they continue to expand their positioning in parts of the value chain of financial institutions in other jurisdictions.

Alongside the developments of new entrants, there are also initiatives driven by regulatory authorities that could facilitate the entry of other players into the financial business. One such initiative is the launch of a digital euro, which, pending a specific design, could allow non-bank players to intermediate the management of digital euro portfolios. Additional examples include legislative proposals like the European digital ID, PSD3, and Open Finance, which are expected to simplify the sharing of financial data with third parties and lower the costs associated with switching financial service providers.

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

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

Furthermore, the Group possesses Imagin, which serves as an outstanding value proposition, and it will continue to capitalise on this to counter competition from neobanks. Regarding competition from *big techs*, the Group is committed to improving the customer experience with the added value of the Group's social sensitivity (*bits and trust*), as well as exploring possible collaborative approaches (*open banking*) and entering into agreements in certain cases (e. g. Apple, PayPal).

Regarding the application of generative artificial intelligence, CaixaBank is actively implementing various use cases and intends to enhance its technological infrastructure to integrate this technology extensively into its operations.

◆ Cybercrime and information security

Year after year, cybercrime evolves criminal schemes to try to profit from different types of attacks. However, the Group's introduction of these advanced technologies and services to customers also opens up new vulnerabilities that cybercriminals aim to exploit, increasing the complexity of their illicit activities.

This constant evolution of criminal vectors and techniques puts pressure on the Group to constantly reassess the model for preventing, managing and responding to cyberattacks and fraud in order to be able to respond effectively to current and emerging risks. An example of this is the adoption of generative artificial intelligence by cybercriminals in order to be more efficient and effective when constructing and executing their attacks and fraud attempts, to which the Group is responding with new security capabilities and strategies.

Taking into account the global context, existing threats regarding cybersecurity and recent attacks received by other organisations, these events on the Group's digital environment could pose serious impacts of a different kind, notably including mass data corruption, the unavailability of critical services (e. g. ransomware), attacks on the supply chain, the leaking of confidential information or fraud on digital service channels. Should these impacts directly related to banking operations occur, they could entail significant sanctions by the competent organisations and potential reputational damage for the Group.

Mitigating factors: the Group is also well aware of the importance and extent of the existing threat at this time, and thus it constantly reviews the technological environment and applications relating to the integrity and confidentiality of information, in addition to systems availability and business continuity, through planned reviews and ongoing auditing by monitoring the risk indicators defined.

Furthermore, the Group keeps security protocols and mechanisms up to date in order to adapt them to the threats of the current context (e. g. generative artificial intelligence), continually monitoring the emerging risks to which the Entity is exposed in the course of its business.. The evolution of security protocols and measures are included in the strategic information security plan, in line with the Group's strategic targets to remain at the forefront of information security and in accordance with the best market standards.

◆ Unfavourable changes to the legal, regulatory or supervisory framework

The risk of increased pressure from the legal, regulatory or supervisory environment is one of the risks identified in the risk self-assessment that could entail a higher impact in the short-medium term. Specifically, we have observed a need to continue to uphold constant monitoring of new regulatory proposals and their implementation, given the high activity of legislators and regulators in the financial sector. Currently of particular note, among others, are the increasing expectations regarding cybersecurity and ESG aspects from different stakeholders (supervisory bodies, regulators, governing bodies, etc.).

Legislative initiatives at the European level include the implementation of the final Basel III reforms, the reform of the bank crisis management framework (CMDI) and the review of the securitisation framework. As regards ESG aspects, of particular note are more stringent reporting requirements (e. g. the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD)) and the increased supervisory pressure in managing these risks (e. g. the ECB's supervisory review of institutions' environmental risk management practices and the ECB Guide on risk governance and risk culture). Also noteworthy was the implementation of Law 11/2023 of 8 May on the transposition of the European Union Directives on the accessibility of certain products and services, the DORA Regulation (Digital Operational Resilience Act).

In addition, the follow-up at European level of the legislative proposals on the digital euro, the sharing of financial data with third parties (e. g. PSD3, open finance) and the Retail Investment Strategy (RIS) are of particular note. Nationally, there are developments including the transposition of the Consumer Credit Directive, a proposal for an Independent Administrative Authority for the Defence of Financial Customers, the draft Organic Law on Actions for the Protection of the Rights and Interests of Consumers, and the Preliminary Draft Law on Credit Administrators and Credit Purchasers.

Mitigating factors: Regulatory proposals impacting the Group are managed and tracked by various divisions, coordinated by the Regulatory Committee. Furthermore, given the increase in legislative activity, relations with the authorities has been intensified in order to anticipate possible new legislative initiatives and, in turn, to be able to represent and convey CaixaBank's interests to the authorities in an efficient manner.

Concerning the regulations that have been approved, the Regulatory Implementation Management team is responsible for the centralized oversight and monitoring of those impacting the Group before they become effective. The goal is to ensure timely and effective implementation by adjusting policies, processes, contracts, and internal regulations to comply with the new rules. This process is supported by an external provider to carry out a double control of these regulations. Regulatory implementation processes are submitted to each of the relevant internal committees (e. g. to the Transparency Committee for the adaptation of the new regulation on contracts, rules, policies and internal procedures). In addition, the status and evolution of the implementation is reported to the Global Risk Committee and the Risk Committee on a regular basis.

- Extreme events

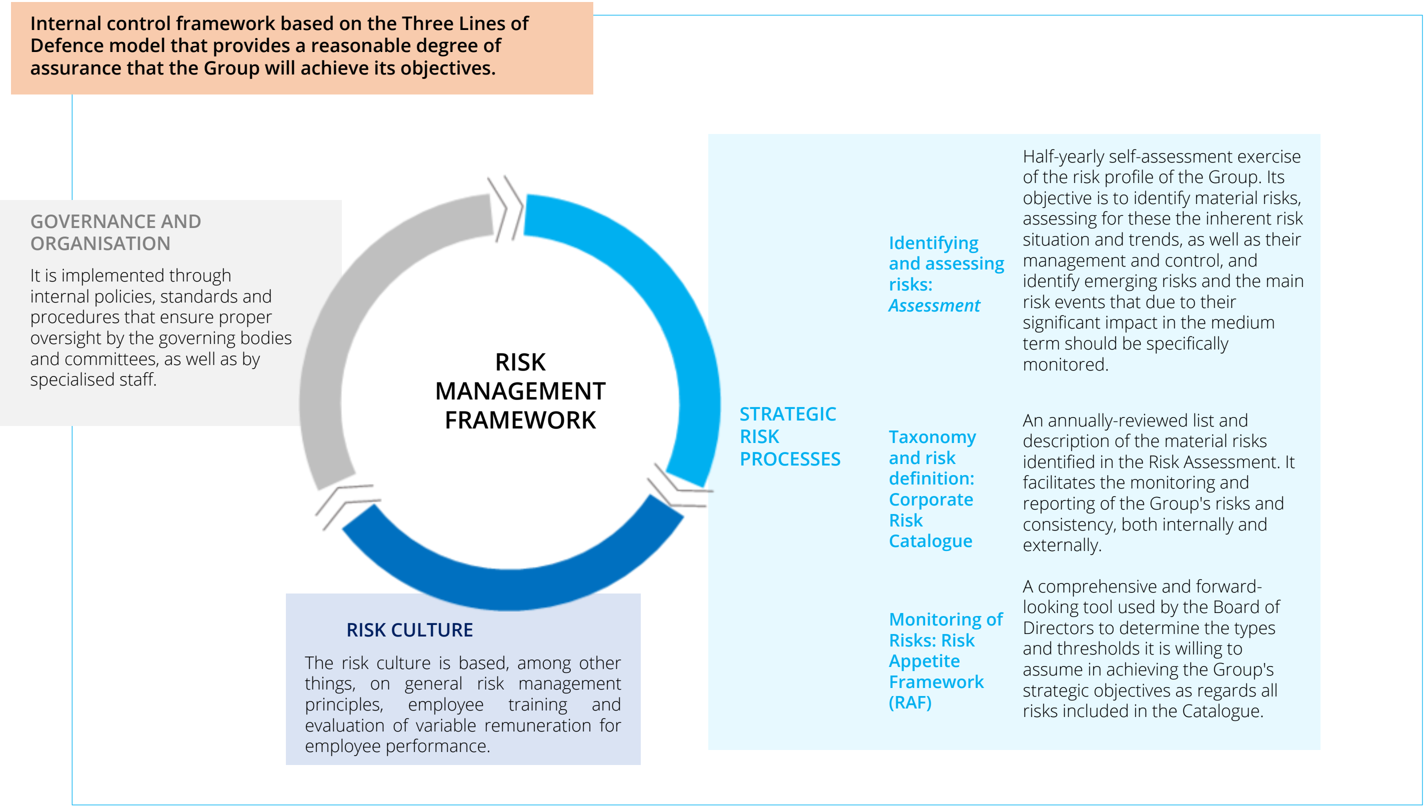
These events, due to their nature, have a low likelihood of happening but carry a high potential for significant impact, like pandemics or environmental incidents. The rarity of such events historically complicates predicting their impact on each risk listed in the Catalogue, as well as determining the specific measures that would need to be implemented to manage or mitigate the event's effects on the economies of the impacted countries. Taking COVID-19 as a reference, there may be high volatility in the financial markets. Furthermore, macroeconomic perspectives may get significantly worse and with notable uncertainty in the prospective scenarios.

Mitigating factors: capacity for effective implementation of management initiatives to mitigate the effect on the risk profile caused by the deterioration of the economic environment in case of an extreme operational event. Furthermore, the business continuity plans intended to mitigate the scenarios identified when analysing risks in certain settings (corporate centres, territorial network and international network) continue to be reinforced, and the need to increase resilience-related capabilities of the Group under extreme situations.

3.2 Risk governance, management and control

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

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



3.2.1 Internal control framework

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

- The appropriate identification, measurement and mitigation of risks to which the Group is or could be exposed.
- The existence of comprehensive, pertinent, reliable and relevant financial and non-financial information.
- The adoption of solid administrative and accounting procedures.
- The compliance with regulations and requirements in terms of supervision, codes of ethics and internal policies, processes and standards.

It is integrated into the Group's internal governance framework, tailored to the business model and complies with: i) regulations for financial institutions, ii) the EBA's Internal Governance Guidelines from July 2, 2021, which elaborate on the governance requirements from Directive 2013/36/EU of the European Parliament, iii) CNMV recommendations on the topic, and iv) other applicable guidelines for control functions in financial institutions.

The principles for the Group's internal control framework are detailed in the Corporate Governance and Internal Control Policy, utilizing the 'three lines of defense model'.

First line of defence

The first line of defence comprises the business lines and units, together with the areas providing support, that give rise to the exposure to risks in the performance of the Group's activities. It assumes risks based on the Group's risk appetite and authorised risk limits and policies and procedures in force and is responsible for managing and controlling these risks. Therefore, they are responsible for designing and implementing processes and establishing control mechanisms to ensure that the main risks arising from their activities are identified, measured, assessed, managed, mitigated, controlled and reported.

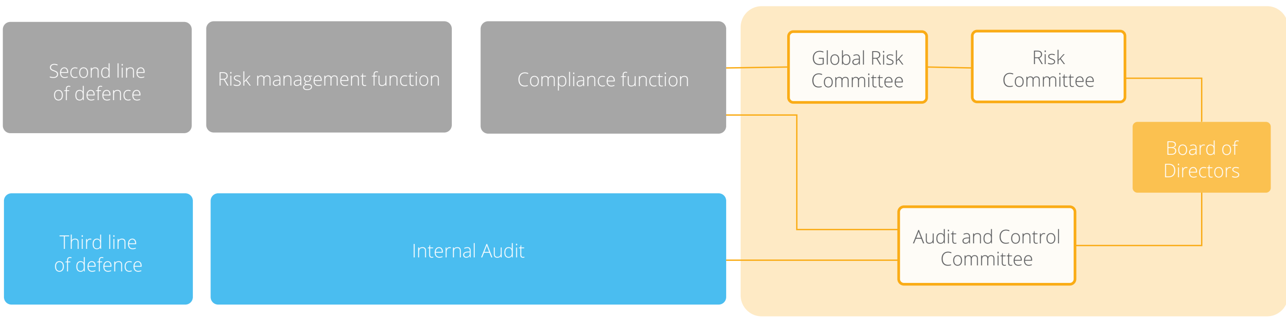
The business lines and support departments integrate control in their daily activities as a basic element that reflects the Group's risk culture.

When required due to the level of complexity or intensity of activities, specific specialist control and analysis units are set up to ensure that the risks are handled in an effective manner. These functions may be embedded in the business units and support areas, as long as they do not belong to the second or third line of defence functions.

Second line of defence

Formed by the risk management and compliance functions. They are in charge, inter alia, of:

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



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

- ### Risk management function

  For risks falling under its jurisdiction, which include all risks except those designated for the compliance function (legal/regulatory and conduct compliance): i) It guarantees that all risks to which the Group is or could be exposed are appropriately identified, assessed, monitored, and controlled. ii) It presents the Governing Bodies with a comprehensive view of all risks the Group faces or might face, including an overview of the operational control environment for risk processes. iii) It oversees activities that generate risk, evaluating their alignment with the approved risk tolerance levels and ensuring the forward planning of capital and liquidity requirements under both normal and adverse conditions. iv) It ensures adherence to the risk appetite limits set by the Board of Directors. v) It validates and oversees the correct operation and governance of risk models, confirming their appropriateness in line with regulatory standards.

  At CaixaBank, the risk management function is carried out by the Corporate Risk Management Function & Planning and Compliance, Control and Public Affairs divisions. The risk management function reports to the Risk Committee and operates across the entire CaixaBank Group, despite the existence of units in some Group companies that are functionally dependent.

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

At the same time, specific units that are hierarchically under the Directorate of Compliance, Control, and Public Affairs directly carry out the second line of defense duties for non-financial risks and model risk; the cross-cutting function of promotion, coordination and governance of the operational internal control activity in all the Entity's risks, the reliability of information and model validation.

Compliance function

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

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

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

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

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

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

In accordance with CaixaBank's Corporate Governance and Internal Control Policy, the compliance function is responsible for supervising conduct and compliance risks and regulatory legal risk from among those included in the Corporate Risk Catalogue.

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

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

CaixaBank has an Internal Information System (IIS) for reporting actions or omissions that may constitute breaches of European Union Law and those that may constitute a serious or very serious criminal or administrative offence.

As a result of CaixaBank's undertaking to foster best practices, in 2024 it renewed its certifications for the ISO 37301 Standard for compliance management systems, ISO 37001 Standard for anti-bribery management systems and UNE 19601 Standard for criminal compliance management systems in particular.

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

Third line of defence

Internal Audit, as an independent and objective assurance and consulting function, serves as a third line of defence, supervising the actions of the first and second lines of defence with the aim of providing reasonable assurance to senior management and the governing bodies. It contributes to the Group achieving its strategic objectives, bringing a systematic and disciplined approach in the assessment and improvement of the risk management and control processes, and corporate governance.

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

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

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

Its main supervisory functions include:

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

Its duties also include:

- Preparing a multi-year Strategic Internal Audit Plan aligned with that of the Entity, and preparing the multi-year Annual Audit Plan based on risk assessments, which includes regulatory requirements and tasks and projects requested by Senior Management and the Audit and Control Committee. The annual plan is submitted to the Audit and Control Committee for review and then to the Board of Directors for approval. In this respect, the highlights of the 2024 annual audit plan were: quality assurance, ESG - compliance with new regulations (non-financial reporting), cloud migration, cybersecurity, artificial intelligence and robotics (specifically governance of generative AI and robots), corporate governance, responses to regulatory observations, and financial risks.
- The periodical report on the conclusions of works carried out and weaknesses detected, passed on to Governing Bodies, Senior Management, external auditors, supervisors and all other relevant control and management environments.
- Adding value by proposing recommendations to address weaknesses detected in reviews and monitoring their implementation by the appropriate centres.

3.2.2 Governance and organisation

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

Directors

Annual General Meeting

Board of Directors (BoD)

The Board of Directors is the highest decision making body, except for matters reserved for the annual general meeting. Determines and monitors the business model and is responsible for introducing a risk governance framework in keeping with the Group's risk appetite. This includes the promotion of a solid and diligent risk culture, establishing the risk appetite within a Risk Appetite Framework (RAF). Monitors the result of the risk assessment process, establishes the taxonomy of the material risks through the Corporate Risk Catalogue, approves the internal governance policies and the management and control of risks.

Executive Committee

Board steering committee meeting with greater frequency than the Board itself. All the competencies of the Board that can be delegated are delegated thereto.

Risk Committee

Advises the Board on the overall risk strategy and risk appetite, reports on the RAF and proposes risk policies to the Board.

Audit and Control Committee (ACC)

Supervises the effectiveness of the internal control systems, of internal audit and of financial and non-financial risk management systems. Supervises the process of preparing and presenting the financial and non-financial information.

Appointments and Sustainability Committee

Assesses and proposes to the Board the evaluation of responsibilities, necessary knowledge and experience of the members of the Board and of the key personnel. Supervises and controls the correct operation of the corporate governance system, as well as the fulfillment of the policies and rules regarding environmental and social matters.

Remuneration Committee

Establishes the general principles and the framework of governance of the retributive policy of the Board and the compensation package of senior management and key positions, and informs of the general remuneration policy.

Innovation, Technology and Digital Transformation Committee

Assists the Board in all matters related to technological innovation and digital transformation, as well as the monitoring and analysis of trends and innovations when they may affect the strategy and business model.

Senior Management*

Management Committee

Responsible for the implementation of the Entity's strategy, day-to-day business development and management, financial activity planning, among other functions delegated by the Board of Directors.

- Information and Data Quality Governance Committee
- Information Security Committee
- Operational Resilience Committee
- Efficiency Committee
- Capital Committee
- Recovery and Resolution Plan Committee
- Privacy Committee
- Product Strategy Committee
- ALCO *"Assets and Liabilities Committee"*
- Regulation Committee
- Internal Code of Conduct Monitoring Body
- Internal Control Body - ICB Group
- Internal Control Body - ICB
- Incidents Committee
- Diversity Committee
- Sustainability Committee

Permanent Lending Committee

Collectively endorses loan, credit, guarantee and investment transactions in general that form part of the bank's corporate purpose, that it is responsible for approving as set out in the internal regulations.

- Large Auctions Committee
- Property Assets Assessment and Acquisition Committee

Global Risk Committee

Responsible for the overall management, control and monitoring of risk management, as well as assessing the implications for liquidity management, solvency and the consumption of economic and regulatory capital.

- Credit Risk Policy Committee
- Impairment Committee
- Models Committee
- Operational Risk Committee
- Reputational Risk Committee
- Corporate Crime Prevention Committee

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

3.2.3 Strategic risk management system

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

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

Identification and risk assessment

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

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

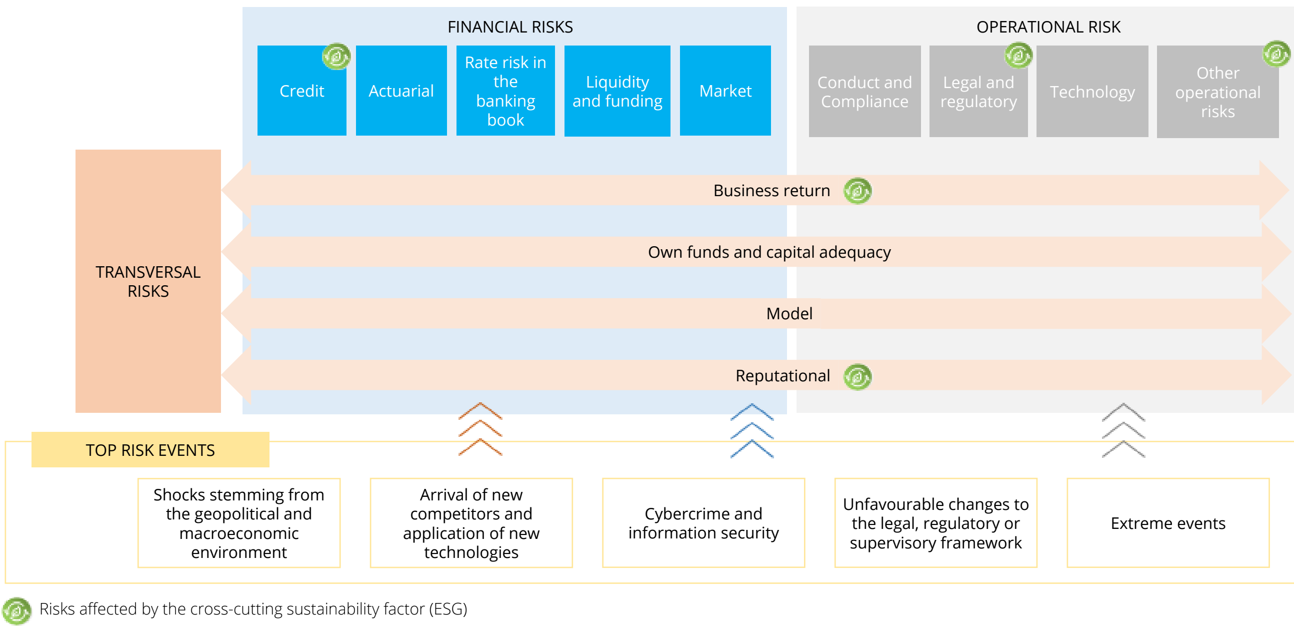
This process makes it possible to determine the status of each of the risks identified in the Corporate Risk Catalogue and, also taking into account the internal governance assessment, to determine the Group's risk profile.

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

- **Emerging risks:** a risk whose materiality or significance is increasing in a way that could lead to its explicit inclusion in the risk catalogue, or which has become so significant as a second level risk in the risk catalogue, has increased in relevance in such a way that it is a candidate to be considered as a first level risk.
- **Top risk events:** critical adverse scenarios that could significantly affect the Group beyond its business model in the medium term, potentially impacting its financial health, reputation, strategy, or other aspects. Consequently, should any of these significant risk events occur, they would manifest through one or more risks outlined in the Catalogue. In this regard, the severity of the impact of these events can be mitigated through risk management.

Corporate Risk Catalogue

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



The definition of each risk is set out below:

Risks		Description
Transversal risks	Business return	Obtaining results below market expectations or Group targets that, ultimately, prevent the company from reaching a level of sustainable returns greater than the cost of capital.
	Own funds and solvency	Risk caused by a restriction of the CaixaBank Group's ability to adapt its level of capital to regulatory requirements or to a change in its risk profile.
	Model	Potential adverse consequences for the Group that could arise as a result of decisions based primarily on the outcome of internal models that are incorrectly built, applied or used.
	Reputational	Potential financial loss or lower income for the Group as a result of events that negatively affect the perception that interest groups have of the CaixaBank Group.
Financial risks	Credit	Loss of value of the assets of CaixaBank Group through a customer due to the impairment of the capacity of this customer to meet their commitments to the Group. Includes the risk generated by operations in the financial markets (counterparty risk).
	Actuarial	Risk of a loss or adverse change to the value of the commitments assumed through insurance or pension contracts with customers or employees due to the differences between the estimate for the actuarial variables used in the tariff model and reserves and the actual performance of these.
	Structural rate	Negative impact on the economic value of balance sheet items or on the net interest margin due to changes in the structure of interest rates over time and the impact thereof on asset and liability instruments and off-balance sheet items not held in the trading portfolio.
	Liquidity and funding	Risk of insufficient liquid assets or limited access to market financing to meet the contractual maturities of liabilities, regulatory requirements, or the investment needs of the Group.
	Market	Loss of value, with impact on results and solvency, of a portfolio (set of assets and liabilities), due to adverse movements in prices or market rates.
Operational risk	Conduct and Compliance	The application of criteria that run contrary to the interests of its customers and stakeholders, or acts or omissions by the Group that are not compliant with the legal or regulatory framework, or with internal policies, regulations or procedures, or with codes of conduct, ethical standards and good practice.
	Legal and regulatory	Potential losses or decreases in the CaixaBank Group's profitability as a result of legislative changes, the incorrect implementation of said legislation in the CaixaBank Group's processes, the misinterpretation of legislation applied to operations, incorrect handling of court or administrative rulings or of claims or complaints received.
	Technology	Risks of losses due to hardware or software inadequacies or failures in technical infrastructure, due to cyberattacks or other circumstances that could compromise the availability, integrity, accessibility and security of the infrastructures and data.
	Other operational risks	Risk of loss or damage caused by errors or shortcomings in processes, due to external events or due to the accidental or intentional actions of third parties outside the Group. This includes risk factors related to outsourcing, business continuity and external fraud.

Risks affected by the cross-cutting sustainability factor (ESG)

No change in the 13 risks that make up the Corporate Catalogue. The only novelty in the 2024 review exercise is the identification of business profitability risk as materially affected by the cross-cutting sustainability risk factor (ESG). Previously, only credit risk, legal and regulatory risk, other operational risks, and reputational risk had been identified.

Risk Appetite Framework

The Risk Appetite Framework (RAF) is a comprehensive and forward-looking tool used by the Board of Directors to determine the types and thresholds of risk (risk appetite) it is willing to assume in achieving the Group's strategic objectives[1]. These objectives are encapsulated in the Risk Appetite Statement, which includes qualitative statements (risk philosophy) that articulate the Board's stance and goals regarding risk appetite, as well as risk preferences, which indicate the Group's specific inclination towards each type of risk listed in the Corporate Catalogue.

[1] It is important to note that the objectives are not only reflected in risk tolerance levels, but the RAF also includes minimum risk appetite statements, such as the monitoring of tax risk as part of the legal risk included in the Corporate Risk Catalogue.

CaixaBank

Responsible body

Equivalence in Risk Catalogue	Board of Directors (advised by the Risk Committee)	Global Risk Committee	Management areas / Risk controllers
	Statements and key metrics LEVEL 1	Metrics that complement and provide a forward-looking vision LEVEL 2	Other relevant metrics for risk management LEVEL 3

Priority dimensions

Qualitative statements

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

Transversal risks

- Business return
- Own funds and capital adequacy
- Model
- Reputational

LEVEL 1:

- Cost-to-income ratios
- Regulatory solvency ratios
- Quantitative metrics on non-financial risks: model and reputational

Financial risks

- Credit
- Actuarial
- Rate risk in the banking book
- Liquidity and funding
- Market

LEVEL 1:

- Calculations based on advanced models and approaches
- Accounting figures (cost of risk and NPL ratio)
- Indicators that encourage diversification (e.g. by borrower, sector)
- Regulatory and internal liquidity metrics that oversee the upholding of comfortable liquidity levels

Operational risk

- Conduct and Compliance
- Legal and regulatory
- Technology
- Other operational risks

LEVEL 1:

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

LEVEL 2:

- Comprehensive metrics that enhance the monitoring of all risks within the Catalogue, offering a more forward-looking perspective

LEVEL 3:

- Management and follow-up metrics
- Limits in risk-taking
- Recovery indicators not included in level 1 or 2
- Other relevant metrics

Alert System Reports

Level 1

Monthly to the Global Risk Committee

Appetite	Tolerance	Non-compliance	Recovery Plan
	The Global Risk Committee promotes an action plan and draws up a schedule. It reports to the Risk Committee.	Monitoring of the action plan by the Global Risk Committee and specific communication to the Risk Committee.	Governance Process of the Recovery Plan to reduce the possibility of bankruptcy.

Monthly to the Risk Committee

- Trend of metrics and projection.
- Status of non-compliance and action plans.

Quarterly to the Board of Directors

- Trend of metrics and projection.
- Status of non-compliance and action plans.

Level 2

Monthly to the Global Risk Committee

Appetite	Tolerance	Non-compliance	Recovery Plan

Quarterly to the Risk Committee

Risk preferences outline the Entity's stance on various risk types in an understandable manner. They are established for all primary risks within the Catalogue and are meant to encapsulate the current understanding, perspectives, and capabilities concerning these risks, thereby directing the company's management strategies.

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

3.2.4. ESG risk factors

Sustainability risks (ESGs) are classified into three categories: Environmental, Social and Governance.

The Corporate ESG/Sustainability Risk Management Policy sets out the guidelines for integrating ESG analysis into customer onboarding, credit financing approvals for legal entities, proprietary investments in fixed-income and equity securities, and the management of the equity investment portfolio.

This policy specifies general and sector-specific exclusions for activities that could significantly affect the environment, including issues related to climate change and biodiversity, as well as social concerns like human rights, where CaixaBank opts not to take on credit risk. The general exclusions apply to all customers, while sector-specific exclusions affect certain activities in the energy, mining, infrastructure, transportation, agriculture, fisheries, livestock, forestry, defence and security sectors. This policy undergoes annual revision to keep it aligned with evolving regulations and expectations of stakeholders.

For effective execution of the policy, CaixaBank has established a centralized team of specialist analysts who conduct customer evaluations according to established procedures and operational guidelines. CaixaBank also has specific controls in systems and dashboards with key risk indicators (KRIs) to monitor the effectiveness of the assessment processes.

ESG risks encompass financial or reputational effects stemming from traditionally non-financial factors. These risks influence credit risk and other risks listed in the Corporate Risk Catalogue (operational, market, liquidity, reputational, and business profitability), thus warranting their consideration as risk factors rather than standalone risks. To better understand how ESG factors affect the risks in the Catalogue, CaixaBank has conducted a materiality analysis that emphasises the qualitative evaluation of significant impacts across different portfolios. Furthermore, the qualitative analyses have been complemented by quantitative analyses that have confirmed the qualitative conclusions. Nevertheless, in light of the current state of advancement of quantification methodologies and existing data, these exercises are expected to continue to evolve in order to provide increasingly refined results.

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

In a scenario of an orderly transition, the main impacts of climate risk relate to the long term in legal persons' credit portfolios, whereas the impact on the other risks from the Catalogue is lower or circumstantial[2].

Following the evaluation of ESG risk materiality in relation to the risks in the Corporate Risk Catalogue, CaixaBank has prioritised the phased implementation of ESG risk management, focusing initially on climate risks due to their significant potential impact among environmental risks.

The ESG risk materiality assessment carried out in 2023 also highlighted the growing importance of risks related to nature (another aspect of environmental risks), which affect credit risk through five key drivers: i) changes in land use, ii) use and exploitation of natural resources, iii) climate change, iv) pollution and v) invasive species. Consequently, in 2024, CaixaBank started managing these risks by conducting a thorough analysis of the nature-related impacts and dependencies within its portfolio. The aim for the upcoming fiscal year is to evaluate more specifically how transitional and physical risks from nature influence credit risk in the sectors most at risk.

[2] See section "06. Sustainability information - E - Environment - E1 - Climate change - Risk management and monitoring" of the Consolidated Management Report for more information on the risks arising from climate change for the Group's financial situation.

On the other hand, the assessment of financial materiality for social and governance risks has shown that these pose a low to medium-low risk to credit risk and other risks in the Catalogue across various portfolios and time frames.

3.2.5. Risk culture

The risk culture within the Group encompasses the conduct and attitudes towards risk and its management by employees, reflecting the values, objectives and practices shared by the Group.

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

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

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

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

Liabilities

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

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

Communication

CaixaBank's management assists the governing bodies in establishing and communicating the risk culture to the rest of the organisation, ensuring that all members of the organisation are aware of the fundamental values and associated expectations in risk management, an essential element for maintaining a robust and coherent framework aligned with the Group's risk profile.

In this regard, the Risk Culture project, aiming to raise awareness of the importance of all employees in risk management (credit, environmental, etc.) in order to be a solid and sustainable bank, has marked a turning point in the dissemination of the risk culture throughout the entity. Various actions intended to raise awareness of the risk culture among all CaixaBank employees within the framework of this project, by publication on the intranet, as well as other places, of news related to risk projects.

Throughout 2024, the risk news channel on the intranet has published items explaining the most important projects and providing generic information on risk management concepts and reporting on the activities organised for the teams or participation in various events. Some 120 news items were published through this channel in 2024, prompting reactions and feedback. Among the initiatives discussed were the implementation of risk limits for company onboarding, the introduction of fully digital loans for micro-enterprises, and the option to notarise transactions via video conference. Additionally, the progress on the Strategic Plan was reviewed. The 'virtual café' initiative persisted, offering thematic discussions on various facets of risk management or other significant organizational topics. Lastly, interviews with managers and pivotal figures within the entity were published, detailing their primary roles and contributions to the organization.

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

Training

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

In the area of Risks, the Entity defines the content of all training for functions supporting the Board/Senior Management covering specific matters that help high-level decision-making, as well as the rest of the organisation's functions, especially as regards branch network personnel. This is carried out to ensure: communication of the RAF throughout the whole organisation; the decentralisation of decision-making; the updating of risk analysis competencies; and optimisation of risk quality.

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

In 2024, the risk team participated in continuous training sessions, concentrating on understanding the new regulatory default definition, the accounting classification of operations into stages, and financial forecasting. Additionally, analysts from regional offices visited the Headquarters to better comprehend the risk policies and procedures implemented by the Bank across all regions.

The weekly newsletter covering risk and business news continued to be distributed, and new sessions of the Risk School were arranged for the entire network.

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

Risk training and culture

Course	Title	Group trained	Number of people (accumulated)
Postgraduate Diploma in Banking Risk Analysis (10th retail edition and 7th business edition)	University diploma	Business network branch deputy managers and managers and other stakeholders who, given their role, may be involved in approving loans or may require in-depth knowledge of risk	733 ongoing for companies (certified employees: 2,285 in retail and 991 business)
Specialist training in risks for AgroBank branches	Speciality	Employees that make up the AgroBank branch network	2,131
Specialist training in risks for Private Banking branches	Speciality	Employees that make up the Private Banking network	756
Training in Property Credit Contract Act 5/2019	Certificate of specialisation from Pompeu Fabra University — BSM	A refresher course on the new act 5/2019 intended for employees that comprise the retail, business and risk network	29,676
Training in document compliance and data quality	Internal training	Aimed at all employees to improve awareness of risk aspects such as document integrity and the quality of data entered into the systems	27,992
Basic course on economic–financial analysis	Internal training	Intended for the *retail* and company centre network collective, including *Welcome Business Bank* (*Welcome Banca Empresas*)	558
Risk Management and Company Banking Circuits training	Internal training	A specific training course on risk policies and circuits continues to be developed for the group of professionals in the risk department arising from the merger with Bankia	750
Risk-Adjusted Return (RAR)	Internal training	This training has been completed by virtually the entire business segment and has been implemented continuously since 2024.	3,436
New management platform for Economic Groups	Internal training	Training during 2024 for directors, analysts and coordinators of the risk acceptance area	346

Risk training and culture

Course	Title	Group trained	Number of people (accumulated)
Higher course in recovery management	Higher course in recovery management - Universidad Camilo José Cela	Default team managers	598
Financial projection training	Internal training	Training on financial projections and sensitivity analysis for risk analysts in the regional branches, analysts at headquarters and managers in the sales area	886

Similarly, from a compliance risk standpoint, the training outlined in the Consolidated Management Report falls under the section "06. Sustainability Information - G - Governance - Corporate Culture and Policies of Corporate Culture and Business Conduct”.

Performance assessment and remuneration

The Group seeks to keep the motivation of its employees in line with the risk culture, and with compliance of the risk levels that the Board is prepared to take on. Thus, responsibility for risk management will be embedded, as appropriate, in the duties performed by employees, including their personal goals, performance appraisal and remuneration structures. Following on from this, both the Risk Management Function and Compliance work to ensure that the training programs for each employee incorporate elements that foster risk management and control relevant to their specific roles.

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

3.3 Transversal risks

3.3.1 Business profitability risk

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

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

The Group has a Corporate Policy on Business Profitability Risk Management. Management of this risk is founded on four visions of management:

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

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

3.3.2 Risk of own funds and capital adequacy

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

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

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

On 27 June 2019, a significant set of reforms was enacted, amending the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV). These reforms include: i) CRR II - Regulation (EU) 2019/876 by the European Parliament and the Council, dated 20 May 2019. ii) CRD V - Directive (EU) 2019/878 by the European Parliament and the Council, also dated 20 May 2019. The CRD V was partially integrated into Spanish law via Royal Decree Law 7/2021, which modified several laws including Law 10/2014. Similarly, Royal Decree 970/2021 amended, among others, RD 84/2015. Lastly, with the approval of Bank of Spain Circular 3/2022, amending Circular 2/2016, CRD V is fully transposed into Spanish law. Similarly, following the transposition to European legislation in 2013, the Basel Committee and other relevant bodies published a series of additional rules and documents containing new specifications for the calculation of capital. In October 2021, the European Commission published the first draft of the proposed amendments to the Capital Requirements Regulation (CRR III) and the Capital Requirements Directive (CRD VI). In the second quarter of 2024 they were approved by the European Parliament and by the Council of the EU until 19 June 2024, when the final versions of the following were published in the Official Journal of the European Union: i) Regulation 2024/1623 amending Regulation 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the risk-weighted assets floor, ii) and Directive 2024/1619 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third country branches and ESG risks. CRR III will apply from 1 January 2025, except for certain articles mostly related to EBA mandates, which will apply from July 2024.

This means that procedures are constantly being updated, and therefore the Group continuously adapts its processes and systems to ensure the calculation of capital consumption and deductions from own funds are fully aligned with the new established requirements.

Meanwhile, the economic capital measures the internal criteria for own funds and capital requirements for all risks derived from its activity. This measure complements the regulatory vision of capital adequacy, allows for it to better offset the risk assumed by the Group and includes risks that have not been factored in at all or only partially by the regulatory measures. In this context, beyond the risks addressed in Pillar 1 (credit, market, and operational risks), we incorporate additional risks listed in the Corporate Risk Catalogue. These additional risks encompass actuarial and structural interest rate risks, along with transversal risks like business profitability risk, reputational risk, and model risk. Moreover, climate risk is integrated into various risk categories, notably credit risk. This holistic approach serves multiple purposes: i) Capital Self-Assessment - It is regularly presented and reviewed by the relevant bodies within the Group. ii) It functions as a tool for oversight and surveillance. iii) It aids in strategic risk management. iv) Calculating Risk-Adjusted Return (RAR) and Pricing. In contrast with regulatory capital, economic capital is an internal estimate which is adjusted according to the level of tolerance to risk, volume, and type of business activity.

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

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

3.3.3 Model risk

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

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

- Methodological risk: shortcomings in model building due to the methodology used (methodological choice, accuracy of assumptions made, stability or sensitivity and performance results) or model obsolescence.
- Risk of integration into management: inadequate use of the model and of the reporting of its results.
- Technology implementation risk: insufficient or defective quality and robustness of information and defects in the implementation of the model in systems.
- Replicability risk defects or deficiencies in the documentation associated with the model that make replication or traceability impossible.

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

- Identification of the model risk, using the Corporate Inventory of Models as a key element to set the scope of the models. In order to manage model risk, it is necessary to identify existing models, their quality and the use made of them in the Group. This is why the CaixaBank Group has such an Inventory, which identifies the models and uses a homogeneous taxonomy that includes, in addition to other attributes, their relevance and the assessment of their quality and the risk assumed by using them.
- Model governance, addressing key aspects including, but not limited to:
  - Identifying the most relevant phases of a model's life cycle, defining the minimum functions and standards to carry out these activities.

  - The concept of tiering-based management, in other words, the way in which the control and reporting framework of models can be modulated according to the relevance of the model, generally speaking. This attribute conditions the model's control environment, such as the type and frequency of validation, the type and frequency of monitoring, the body that must approve its use, as well as the level of internal supervision and the level of involvement of senior management.
  - Managing changes in models from a transversal perspective and proportional to the type of model, offering the different model owners the most appropriate governance in each case.
  - Laying down Internal Validation standards that guarantee the suitable application of controls for an independent unit to assess a model.
- Monitoring, using a control framework with a preemptive approach to Model Risk, which makes it possible to keep the risk within parameters laid down in the Group's RAF, by regularly calculating appetite metrics and other indicators specific to model risk.

The main milestones in 2024 were the effective deployment of the new model risk tool, both in the CaixaBank areas and in the main the Group's companies. Moreover, the project to broaden the corporate model inventory and refine its taxonomy has been finalized, risk monitoring has been enhanced with new KPIs and risk appetite metrics from the Risk Appetite Framework (RAF), and governance has progressed in terms of tier-based management and the establishment of materiality.

3.3.4 Reputational risk

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

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

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

The Group maintains a dedicated policy for managing this risk, known as the Corporate Reputational Risk Management Policy, which leverages the entity's three lines of defense model. This policy outlines and expands on the principles that govern the management and control of reputational risk within the Group. It covers the regulatory framework, action principles and strategy governing reputational risk management, governance framework, control framework and functions, as well as the reporting and disclosure framework for this risk. Its scope covers all Group companies.

Specifically, the Group's reputational risk management and control strategy includes:

- **The regular identification and assessment** of reputational risks, for which there is a specific taxonomy and regular assessment and analysis processes (half-yearly risk assessment, regular analysis of perceptions and social sensitivity, identification of crisis milestones, studies and market benchmarks).
- **Management and Prevention Policies**: Beyond just creating the abovementioned policy, it involves: Fostering a culture of reputational risk awareness throughout all companies in the Group. Ongoing assessments of the control environment, conducted with input from all cross-departmental teams. Crisis Management: Procedures for dealing with reputational crises, featuring: Detection protocols, severity scales and actions aimed at minimizing or eradicating negative reputational impacts.
- **Risk management and fostering of reputation** by managing communication channels and dialogue with stakeholders, analysing business operations from this perspective, and developing communication initiatives that strengthen the visibility and recognition of corporate values among stakeholders.
- **Risk monitoring and control** through both internal and external indicators, such as RAF reputation metrics, control framework review, regulatory compliance, and the development of regular reputation control and measurement systems.

- Lastly, **regular reporting** to the governing bodies, to the Entity's senior management, as well as to the supervisors, for informed decision-making in this area.

3.4 Financial risks

3.4.1 Credit risk

Overview

Credit risk corresponds to a decrease in value of the Group's assets due to uncertainty about a customer's ability to meet its obligations to the Group. Includes the risk generated by operations in the financial markets (counterparty risk). It is the Group's most significant risk financial activity, based on banking and insurance marketing, treasury operations and long-term equity instruments (shareholder portfolio).

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

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

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

Maximum exposure to credit risk
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Max. exposure Credit risk	Impairment allowances	Max. exposure Credit risk	Impairment allowances	Max. exposure Credit risk	Impairment allowances
Cash and cash balances at central banks and other demand deposits (Note 10)	**47,402**		**35,443**		**17,962**	
Cash balances at central banks	45,955		33,704		16,384	
Other demand deposits	1,447		1,739		1,578	
Financial assets held for trading (Note 11)	**821**		**649**		**419**	
Equity instruments	415		303		233	
Debt securities	406		346		186	
Financial assets not designated for trading compulsorily measured at fair value through profit or loss (Note 12)	**17,248**		**13,385**		**11,351**	
Equity instruments	17,248		13,385		11,295	
Debt securities					6	
Loans and advances					50	
Financial assets designated at fair value through profit or loss (Note 13)	6,498		7,240		8,022	
Debt securities	6,498		7,240		7,985	
Loans and advances					37	
Financial assets at fair value with changes in other comprehensive income (Note 14)	**68,767**		**66,590**		**64,532**	
Equity instruments	579		1,340		1,351	
Debt securities	68,188		65,250		63,181	
Financial assets at amortised cost (Note 15)	**453,495**	**(6,705)**	**444,535**	**(7,354)**	**453,585**	**(7,417)**
Debt securities	80,060	(19)	80,940	(24)	80,953	(16)
Loans and advances	373,435	(6,686)	363,595	(7,330)	372,632	(7,401)
Credit institutions	14,958	(8)	11,893	(11)	12,405	(8)
Customers	358,477	(6,678)	351,702	(7,319)	360,227	(7,393)
Trading derivatives and hedge accounting (1)	**3,437**		**2,982**		**2,922**	
Reinsurance contract assets (Note 18)	**53**		**54**			
TOTAL ACTIVE EXPOSURE	**597,721**	**(6,705)**	**570,878**	**(7,354)**	**558,856**	**(7,417)**
TOTAL GUARANTEES GIVEN AND CONTINGENT COMMITMENTS (2)	**167,270**	**(422)**	**159,585**	**(446)**	**162,165**	**(547)**
TOTAL	**764,991**	**(7,127)**	**730,463**	**(7,800)**	**721,021**	**(7,964)**

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

(2) CCFs (Credit Conversion Factors) for guarantees given and credit commitments amount to EUR 107,769, EUR 104,600 million and EUR 110,335 million at 31 December 2024, 2023 and 2022, respectively.

Credit risk cycle linked to banking and other activities

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

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

The core principles and policies that underpin credit risk management in the Group are as follows:

- The credit risk management policy and strategy, as well as the frameworks and limits for controlling and mitigating this risk, are integrated and consistent with the overall risk strategy and appetite.
- Clear definition and allocation of responsibilities to the different areas participating in the cycle of granting, managing, monitoring and controlling credit risk, in order to guarantee effective management of this risk.
- The business lines and units that generate credit risk are primarily responsible for managing the credit risk generated by their activities throughout the credit life cycle. Such business lines and units have adequate internal controls to ensure compliance with internal policies and applicable external requirements. The risk management function is responsible for assessing the adequacy of these controls.

- The Risk Department's areas will remain strictly independent from the business units (commercial areas). Accordingly, the areas that make up the Risk Department act as a counterweight to the business/commercial units, although the latter already include in their proposals some initial considerations and provide an analysis of the credit risk of the transactions. Within the Risk Department, the principle of separation of functions between its areas is observed, particularly in relation to the risk management function.
- The granting is based on the borrower's repayment capability, with an adequate relationship between the income and expenses they assume. In general, guarantees, whether personal or collateral, do not replace a lack of repayment capacity or an uncertain purpose of the transaction.
- An adequate assessment is conducted both on guarantees and assets received in payment of debt.
- The pricing system is adjusted to the risk assumed in the transactions, in such a way as to ensure the appropriate relationship of the risk/profitability duality and in which the guarantees act as a mitigation element, especially in long-term transactions.
- The development of internal models for rating exposures and borrowers, as well as to measure risk parameters for the purposes of consumption of regulatory capital or provisions, ensures the establishment and standardisation of key aspects of these models according to a methodology adapted to suit the characteristics of each portfolio.
- There is an independent system of internal validation and regular review of credit risk models used for both management and regulatory purposes, for which materiality criteria is applied.
- There is a monitoring framework that ensures that information on credit risk exposures, borrowers and collateral are relevant and kept up-to-date throughout the life cycle of credit exposures, and external reports are reliable, complete, up-to-date, and drawn up within the established time limits.
- Accounting classification criteria of operations and for the quantitative assessment of expected losses and capital requirements for credit risk that accurately reflect the credit quality of the assets.
- The recovery process is governed by the principles of anticipation, objectivity, effectiveness, and customer orientation. The recovery circuit has been designed in such a way as to be articulated based on early detection of the possibility of default and appropriate measures have been provided for effectively claiming debts.

The full credit risk management cycle covers the entire life of the transaction, from feasibility studies and the approval of risks as per established criteria, to monitoring solvency and returns and, ultimately, to processing and recovering non-performing assets. The Corporate Credit Risk Management Policy lays down the general framework and core principles that primarily pursue consistency with the Group's overall risk appetite and strategy and effective risk management at each stage of the cycle.

Approval and granting

The approval function is the first step in the credit risk management process. Therefore, the application of methodologies in the application, analysis and approval processes will largely contribute to the successful repayment of transactions. The process for admitting and granting new loans is based on the analysis of the solvency of the parties involved and characteristics of the transaction. The power system assigns an approval level to certain employees holding a position of responsibility established as standard associated with their position.

According to the risk of the transactions

Analysis according to the following characteristics:

1. Borrower: analysis based on internal knowledge of the customer, information requested from the customer and its profitability.

2. Guarantee: group of assets and/or funds pledged to secure fulfilment of a repayment obligation.

3. Term: duration of the operations, which must be aligned with the purpose.

4. Amount: calculation of the accumulated risk for each of the title holders of the transaction and their economic group. Depending on the segment, the following is defined:

- Product-weighted loss: based on the expected loss calculation formula, taking into account the risk appetite of each product. This is used when the principal borrower is a legal person.
- Nominal: This includes the nominal amount and collateral. It applies to individuals.

Other characteristics taken into consideration: aspects such as the rate of effort, monitoring alerts and ratings, and belonging to certain sectors (i.e.: ESG risks, for which the Environmental Risk Report is needed to determine compliance with the Corporate Policy on sustainability/ESG risk management) or concentration limits.

Approval levels of the operations: subject to the following signatures: business-business or business-risks

If the level of risk required exceeds the applicant centre's remit, the request will be passed on to a higher level.

1 **Commercial network**

It shall resolve requests that require approval levels within its powers; in general, with business-to-business signature concurrence

Approval by a business manager and a risk manager.

2 **Specialised centres: Risk Approval Centre**

- Personal Loan Approval Centre (PLAC): For individuals and self-employed workers, centralised in Corporate Services.
- Risk Approval Centres (RAC): For legal entities, located throughout the country, which manage applications within their power levels.

3 **Specialised Corporate Service centres**

- Corporate risks
- Company risk
- Property developer risk
- Commercial real estate risk
- Tourism and agri-food risk
- *Project Finance*
- Institutional banking
- Financial sector and country risk

4 **Permanent Lending Committee**

5 **Executive Committee**

6 **Board of Directors**

According to the pricing of the transactions

Analysis in terms of the costs associated with the operation, which are essentially the following:

- Structural costs
- Financing costs
- Risk costs

The operations must provide a minimum contribution to capital requirements, which will be calculated net of tax. It is analysed using pricing tools and RAR (Risk-Adjusted Return).

Approval levels of the operations:

In the business divisions, subject to a system of powers aimed at obtaining a minimum remuneration and, additionally, at establishing margins according to the different businesses.

In order to ensure an adequate level of protection of the banking service customer, there are policies, methods and procedures for studying and granting loans, or responsible lending, as required in Act 2/2011 on Sustainable Economy and Order EHA/2899/2011 on transparency and protection of customers of banking services, or the more recent Property Credit Contract Regulatory Act 5/2019, of 15 March.

Mitigation of the risk

The Group's credit risk management profile is characterised by a prudent granting policy, at a price in keeping with the conditions of the borrower and suitable hedges/guarantees. In any case, long-term operations must have more robust guarantees due to the uncertainty deriving from the passing of time. These guarantees should never be used to substitute a lack of repayment capacity or an uncertain outcome for the operation.

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

- Personal guarantees or those constituted due to the solvency of holders and guarantors: most of these relate to risk operations with companies in which the collateral provided by the shareholders, irrespective of whether they are individuals or legal entities, is considered relevant. For individuals, collateral is estimated on the basis of asset declarations. Where the backer is a legal entity, it is analysed as the borrower for the purposes of the approval process.
- Collateral, main types:
  - Pledged collateral: they notably include the pledge of operations of liabilities or the intermediated balances. To be admitted as collateral, the financial instruments must, among other requirements:i) be free of liens and charges, ii) their contractual definition must not restrict their pledge, and iii) their credit quality or change in value must not be related to the borrower. The pledge remains in place until the loan matures, it is repaid early, or it is derecognised.
  - Mortgage guarantees on properties. A real right on immovable property given as security for an obligation, on which, according to internal policy, the following is established:
    - The procedure for approval of guarantees and the requirements for drawing up operations, e.g., the documentation that must be supplied by the holders and the mandatory legal certainty of this documentation.
    - The review processes for the appraisals registered, in order to ensure proper monitoring and control of the guarantees. Regular processes are also carried out to check and confirm the appraisal values, in order to detect any anomalies in the procedures used by the valuation companies supplying the Group.
    - The outlay policy, mainly concerning property development and self-development operations.
    - The loan-to-value (LTV) of the operation. The capital to be granted in mortgage operations is limited to percentages of the value of the guarantee, which is defined as the lowest of the appraisal value and the value shown on the official deed or the accredited value of the property. IT systems calculate the level of approval required for each type of operation.
- Credit derivatives: guarantors and counterparty. The Group occasionally uses credit derivatives, contracted with entities with a high credit level and protected by collateral contracts, to hedge against credit risk.

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

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

	31-12-2024			31-12-2023			31-12-2022		
	Gross amount	Allowances for impairment	Value of the collateral ***	Gross amount	Allowances for impairment	Value of the collateral ***	Gross amount	Allowances for impairment	Value of the collateral ***
***Stage* 1:**	**323,235**	**(688)**	**392,348**	**311,016**	**(660)**	**396,629**	**319,367**	**(1,342)**	**419,891**
Unsecured loans	168,555	(556)		159,262	(533)		158,140	(699)	
Real estate collateral	150,893	(124)	385,285	147,868	(121)	389,515	156,897	(638)	412,919
Other collateral	3,787	(8)	7,063	3,886	(6)	7,114	4,330	(5)	6,972
***Stage* 2 + POCI w/o impairment:**	**23,346**	**(938)**	**32,907**	**28,804**	**(1,165)**	**35,403**	**28,565**	**(1,368)**	**37,484**
Unsecured loans	9,733	(495)		13,038	(664)		12,929	(679)	
Real estate collateral	13,341	(432)	32,389	15,487	(492)	34,912	15,245	(675)	36,995
Other collateral	272	(11)	518	279	(9)	491	391	(14)	489
***Stage* 3 + POCI with impairment**	**9,693**	**(5,047)**	**10,720**	**10,035**	**(5,490)**	**10,963**	**10,086**	**(4,681)**	**12,108**
Unsecured loans	4,099	(2,527)		3,990	(2,649)		3,860	(2,301)	
Real estate collateral	5,499	(2,415)	10,674	5,921	(2,748)	10,911	6,106	(2,300)	12,063
Other collateral	95	(105)	46	124	(93)	52	120	(80)	45
TOTAL	**356,274**	**(6,673)**	**435,975**	**349,855**	**(7,315)**	**442,995**	**358,018**	**(7,391)**	**469,483**

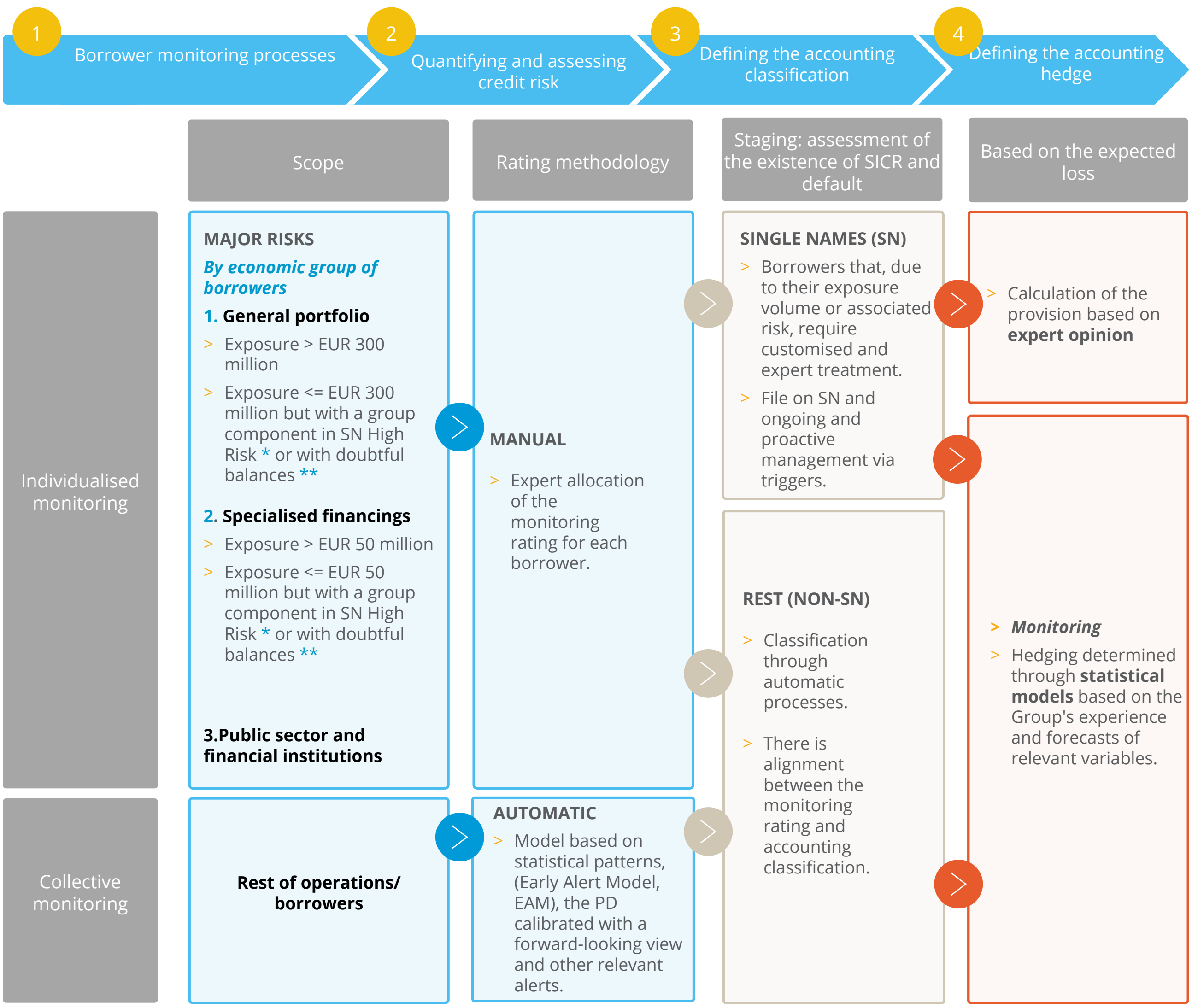
(*) Includes loans and advances to customers under the headings "Financial assets measured at amortised cost" (Note 15) and "Financial assets not designated for trading compulsorily measured at fair value through profit or loss" (Note 12).

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

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

Monitoring and measurement of credit risk

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



* SN High Risk:Borrowers with an exposure greater than EUR 10 million for two consecutive months or greater than EUR 12 million for one month with some weakness: i) non-payments > 45 days, ii) refinancing, i ii) balance impairment, iv) high PD, v) unfavourable rating, vi) non-payments in other entities, etc.

** Borrowers with total exposure > EUR 5 million, of which more than 5% of the total is classified as non-performing.

1 *Borrower monitoring processes*

The aim is to determine the quality of the risk assumed with the borrower ("Monitoring Rating") and actions that need to be taken according to the result, including the estimation of impairment. The targets of risk monitoring are the borrowers that hold the debt instruments and off-balance sheet exposures that bear credit risk, and the profit or loss is a reference for the future granting policy.

The Credit Risk Monitoring Policy is prepared based on the type and specific nature of the exposure, segregated into differentiated areas, in accordance with the various credit risk measurement methods.

The *Monitoring Rating* is an assessment of each customer's situation and risks. Each borrower has an associated monitoring rating that classifies them into five categories[3], which are, from best to worst: insignificant risk, low risk, moderate risk, medium-high risk or doubtful; and they can be generated manually (in the case of the scope of borrowers under individualised monitoring) or automatically (for the rest).

According to the scope of monitoring and rating relating to the borrowers, monitoring can be:

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

  The Group defines individually significant borrowers (Single Names) as those that meet the following thresholds or characteristics[4]:

  - Borrowers with an exposure greater than EUR 10 million for two consecutive months or greater than EUR 12 million for one month, meeting at least one of the following criteria:
    - having been refinanced (refinanced risk greater than 5% of total risk),
    - early non-performing loans (defaults in excess of 45 days),
    - with a restrictive approval preventive plan,
    - with a poor rating,
    - with a high PD (or Slotting equal to or worse than Weak if they belong to Specialised Financing segment),
    - with a current monitoring rating of medium risk or lower,
    - with balance sheet impairment,
    - with defaults in other entities,
    - belonging to the Specialised Financing segment and maintaining a debt service coverage ratio of under 1.05 or with deviations of more than 15% of actual revenues compared to projected revenues or if the project is in the process of being restructured.
  - Exposure of greater than EUR 5 million with doubtful operations (objective or subjective) representing more than 5% of the total risk of the borrower.
  - Borrowers not segmented as Specialised Lending with an exposure greater than EUR 30 million for two consecutive months or greater than EUR 36 million for one month that belong to a group with a risk greater than EUR 300 million or a group with a risk lower than EUR 300 million with a component identified as Single Name in one of the 2 points previously mentioned.
  - Borrowers segmented as a Specialised Lending with a total exposure greater than EUR 50 million.
- **Collective:** The ratings are obtained by combining a statistical model, referred to as the Early Alert Model (EAM), the Probability of Default (PD) calibrated with a forward-looking view (consistent with the PD used to calculate the credit risk hedges) and other relevant alerts. Both the EAM and the PD are obtained at least on a monthly basis, and daily in the case of the alerts.

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

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

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

2 *Quantifying and assessing credit risk*

Credit risk quantifies losses that might derive from failure by borrowers to comply with their financial obligations, based on two concepts: expected loss and unexpected loss.

- **Expected Loss** (EL): This is the average or mathematical expectation of potential anticipated losses calculated by multiplying the three following factors: probability of default (PD), exposure at default (EAD) and loss given default (LGD).
- **Unexpected loss:** potential unforeseen loss caused by variability in losses with respect to the estimated expected loss. It can occur due to sudden changes in cycles or alterations in risk factors, and the dependence between the credit risk for the various debtors. Unexpected losses have a low probability and large amount, and should be absorbed by the Group's own funds. The calculation of unexpected loss is also mainly based on the operation's PD, EAD and LGD.

Credit risk parameters are estimated based on the historical default experience. To do so, the Bank has a set of tools and techniques for the specific needs of each type of risk, described below according to how they affect the three factors for calculating the expected loss:

- **EAD:** an estimate of the outstanding debt in the event of default by the customer. This measurement is significant for financial instruments with a repayment structure that varies according to customer drawdowns (in general, any revolving credit product).

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

- **PD:** the Group uses management tools covering virtually all of its lending business to help predict the probability of default associated with each borrower.

  These tools, implemented in the branch network and the risk monitoring and granting channels, were developed on the basis of NPL experience and include the measurements required to fine-tune the results both to the business cycle, with a view to securing relatively stable measures in the long term and to recent experience and future projections. The models can be classified according to their orientation toward the product or customer:

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

  The customers are scored and rated on a monthly basis in order to keep the credit rating up-to-date, except for the rating of large corporations, which is updated at least annually or if significant events arise that can alter credit quality. For legal persons, the financial statements and qualitative information is updated periodically to achieve the maximum level of coverage of the internal rating.

- **LGD:** quantifies the unrecoverable debt in the event of customer default.

  The historic loss given default is calculated using internal information, taking into account the cash flows associated with contracts from the moment of default. The models allow different loss given defaults to be obtained based on the guarantee, the relationship of the loan amount to the value of the guarantee (LTV or Loan to Value), the product type, the borrower's credit quality and, for uses in which it is required by regulation, the recessional conditions of the economic cycle. An estimate is also made of the indirect expenses (office staff, infrastructure costs and similar) associated with the recovery process. In the case of large corporates, loss given default also includes elements of expert judgement, coherent with the rating model.

It is worth noting that the Group considers, through severity, the income generated in the sale of defaulted contracts as one of the possible future flows generated to measure the expected impairment losses of the value of loans and advances. This income is calculated on the basis of the internal information of the sales carried out in the Group[5]. The sale of these assets is considered to be reasonably predictable as a method of recovery, thus, as part of its strategy for reducing doubtful balances, the Group considers portfolio sales as one of the recurring tools. In this regard, an active market for impaired debt exists, which ensures with a high probability the possibility to make future sales of debt[6].

In addition to regulatory use to determine the Group's minimum capital requirements and the calculation of hedges, the credit risk parameters (PD, LGD and EAD) are used in a number of management tools, such as in the risk-adjusted return calculation tool, the pricing tool, the customer pre-qualification tool, monitoring tools and alert systems.

3 *Defining the accounting classification*

The accounting classification between the different stages of IFRS 9[7] of transactions with credit risk is influenced by events of default, deterioration in the customer's payment capacity, and is guided by the criteria laid out in Circular 4/2017 and the EBA Guidelines GL/2016/07 on the application of the definition of default.

Generally, loan origination transactions will initially be categorized as Stage 1. Their classification will shift to Stage 2 if there are events of default or Significant Increases in Credit Risk (SICR) since the transaction was first recognised.

It will be considered that there has been an SICR from the first recognition, whereby these operations are classified as Stage 2, when there are weaknesses that may involve assuming significantly higher losses than expected at the time the loan is granted. To identify it, the Group has the monitoring and rating processes described in 2 .

Transactions in stage 1 or 2 can also be classified as stage 3 when additional default criteria are met or if, under an individual or collective analysis, there is reasonable doubt as to the ability to pay or there is credit impairment of the transaction or borrower.

The set of classification criteria is described below:

[5] See Note 2.7, in reference to the fact that sales of exposures with a significant increase in credit risk do not compromise the business model of holding assets to receive contractual cash flows.
[6] See Note 28.3, detailing the sales of the non-performing and defaulted loan portfolio.
[7] See Note 2.7.

		Stage 2	Stage 3
Operations with past due amounts		Amounts overdue by more than 30 days	Amounts overdue >90 days exceeding materiality thresholds, assessed at transaction level for individuals and at customer level for legal entities. For individuals, the entire customer is impacted when amounts overdue >90 days exceed 20% of the total exposure
Operations of the holders in insolvency proceedings with no liquidation petition		If he/she has paid at least 25% of the bankruptcy claims or 2 years after the entry of the bankruptcy in the commercial register	Those who fail to meet the conditions of stage 2
Refinanced/ restructured operations		Refinanced or restructured operations that should not be reclassified as non-performing and that are still in the trial period	Refinancing, refinanced or restructured transactions classifiable as non-performing according to fixed criteria set forth in Note 2.8 - Refinancing operations
Rest of operations	Single Names - individual review	Overall alerts: Financial difficulties of the client, breach of contractual clauses, etc.	
		Market alerts (external ratings)	
		Specific alerts (sector)	
	Rest of portfolio – collective and individual review	Deterioration of the rating: the borrower has decreased their rating to a moderate risk or worse since the operation's initial recognition	In the case of borrowers with large exposures that are monitored but do not meet the criteria to be classified as Single Names, if after an individual review there are doubts about their repayment
		Relative increase in PD: > The Master Scale >= 4 and the annualised lifetime PD also exceeds the threshold > The current lifetime PD > 3 times the lifetime PD at origination	Similarly, for other operations, if collective reviews reveal difficulties and uncertainties regarding repayment capacity
			Operations that are in the probationary period: that in the last 3 months have been classified as stage 3 and have defaults of less than 30 days

Incorporation of additional stage 3 accounting criteria according to prudential view of default

One of the major impacts on the accounting classification by credit risk of operations classified as stage 3 in 2024 has been the incorporation of prudential default criteria[8]. The implementation of these criteria, which began at the end of 2023, was completed in the second quarter of 2024, resulting in an increase in stage 3 in the first half of 2024 of EUR 579 million. Following this process, practically the entire portfolio identified as default under the prudential criteria is also recorded as stage 3. This inclusion of criteria is supplementary to those required by the applicable accounting standards.

The key criteria for a prudentially defaulted transaction not to be classified as stage 3 can be summarised in 3 main cases:

[8] As set out in the EBA/GL/2016/07 Guidelines on the definition of default.

- Difference in the consideration of the default date. The default date in the prudential view is determined when the overdue balances exceed certain thresholds[9] and they are maintained while defaults continue to exceed them, even if partial collections have been made. In the accounting view, the date of the oldest receipt in default was updated.
- The existence of a cure period only in the prudential view, which holds the transaction in default for 3 months from the moment the debtor/transaction becomes current.
- In the prudential view, all the debtor's positions are carried over to default in the case of legal persons, whereas the accountant had to be more than 20% in default to produce such a carry-over.

4 *Defining the accounting hedge*

The aim of the IFRS 9 requirements as regards impairment is to ensure recognition of the expected credit losses of operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including *forward-looking* information.

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

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

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

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

In line with applicable rules, the hedging calculation method is set according to whether the borrower is individually significant and its accounting category[10].

- If, in addition to being individually significant, the customer has operations that are non-performing (whether for reasons of delinquency or for other reasons) or in stage 2[11], the specific allowances for the non-performing operations will be estimated through a detailed analysis of the borrower's status and their capacity to generate future flows.
- In all other cases, hedging is estimated collectively using internal methodologies, subject to the credit risk model corporate policy in force, based on past experience of portfolio defaults and recoveries, and factoring in the updated and adjusted value of the effective guarantees. Additionally, future economic condition predictions will be considered under various scenarios.

  To determine hedging for credit losses of portfolios under collective analysis, models are used to estimate the PD; probability of correcting defaulting cycles (specifically its complementary measurement, PNC); Loss Given Default (LGD); recoverable value models for mortgage guarantees (haircuts); as well as adjustments to include *lifetime* or *forward-looking* effects, according to the agreement's accounting classification. We must emphasise that the set of models of haircuts and PNC are models of LGD.

  The models used are re-estimated or re-trained every six months (or at least annually), and they are executed monthly in order to properly reflect the current economic environment at any given time. This makes it possible to reduce the differences between estimated loss and recent observations. The models include an unbiased *forward-looking* view to determine the expected loss, taking into account the most relevant

[9] The thresholds for the retail portfolio are EUR 100 and 1% overdue of total debt, and in the non-retail portfolio they are EUR 500 and 1% overdue of total debt.

[10] The existence of the collateral, particularly for the individual analysis, is not used to assess the credit quality of borrowers, however, for activities that are closely related to the collateral, such as real estate developments, the reduced value of said collateral is analysed to assess the increase or reduction of the borrower's risk level. As indicated in 3 the collective analysis, the automatic rating is generated using a combination of i) a risk-model rating and ii) an alert-based rating. Considering that the Group's policy in relation to granting asset operations follows the criterion of customer repayment, and not recovery via the allocation of guarantees, the collective analysis is focused on assessing the credit quality of borrowers and not the assessment of collateral provided. In this regard, the main guarantees (or collateral) of the Group are mortgage-related, with no significant value fluctuations that could be considered evidence of a significant increase of credit risk in mortgages.

[11] As indicated in 3 the Single Names portfolio analysis is carried out individually in its totality, determining the stage in an expert manner for each of the instruments analysed, on the basis of the knowledge of the borrowers and experience. When required, the coverage calculation also uses this individualised approach.
The credit loss of the instruments of the portfolio that are monitored individually, and which are classified individually in Stage 1, is calculated collectively on the basis of the knowledge of the borrowers and experience. This way of estimating expected losses would not have led to material differences in their totality, compared with an estimate using individual estimates. This is due to the fact that, in general, the information to be considered in performing the collective calculation would have been equivalent to that used for individual estimates.

macroeconomic factors: i) GDP growth, ii) unemployment rate, iii) 12-month Euribor, and iv) growth in housing prices. Following on from this, the Group generates a baseline scenario, as well as a range of potential scenarios that allow the expected loss estimates to be adjusted, weighting them based on their probability of occurring.

The calculation process is structured in two steps:

- Determining the basis for the calculation of allowances, is carried out in two steps:
  - Calculation of the exposure amount, which is the sum of the gross carrying amount at the time of calculation and off-balance sheet amounts (available or exposure) expected to be disbursed when the borrower fulfils the conditions to be considered non-performing.
  - Calculation of the recoverable value of the effective guarantees linked to the exposure. In order to establish the recoverable value of these guarantees, for real estate collateral the models estimate the amount of the future sale of the collateral, which is discounted from the total expenses incurred until the moment of the sale.
- Determining the hedging to be applied on the basis for the calculation of allowances:

  This calculation considers the probability of default of the transaction holder, the likelihood of regularisation or recovery for the secured portfolio, and the Loss Given Default (LGD) for the unsecured portfolio.

  For insignificant portfolios where it is considered that the internal model approach is not suitable due to the processes involved or a lack of past experience, the Group may use the default coverage rates established in the current national regulations.

Operations classified as not bearing appreciable risk and those that due to the type of guarantor are classified as not bearing appreciable risk, could have 0% accounting hedge. In the case of the latter, this percentage will only be applied to the guaranteed part of the risk.

The hedges estimated individually or collectively must be consistent with the way in which the categories into which the operations can be classified are processed. In other words, the hedging level for an operation must be higher than the hedging level that would correspond to it, if it were classified in another category of a lower credit risk.

The necessary improvements detected in the backtesting and benchmarking exercises are also incorporated into the review cycles. Similarly, the models developed are documented so they can be replicated by a third party. The documentation contains key definitions, information regarding the process of acquiring samples and data processing, methodological principles and results obtained, as well as the comparison of said results with those of previous years.

CaixaBank has a total of 64 models with the aim of obtaining the parameters necessary to calculate the hedges using a collective analysis. For each of the risk parameters, different models can be used to adapt to each type of exposure. Specifically, the models include those indicated below:

- 18 scoring and rating parameter models
- 20 PD parameter models
- 7 EAD parameter models
- 7 PNC parameter models
- 8 LGD parameter models
- 3 haircut parameter models
- 1 LT/FL (lifetime/forward-looking) transformation parameter model

Other subsidiaries, such as BPI and CaixaBank *Payments & Consumer*, also have additional internal models.

Inclusion of forward-looking information into the expected loss models

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

The projected variables considered are as follows:

Forward-looking macroeconomic indicators *

(% Percentages)

	31-12-2024						31-12-2023						31-12-2022					
	Spain			Portugal			Spain			Portugal			Spain			Portugal		
	2025	2026	2027	2025	2026	2027	2024	2025	2026	2024	2025	2026	2023	2024	2025	2023	2024	2025
GDP growth																		
Baseline scenario	2.3	2.1	2.0	2.3	2.2	2.1	1.4	2.0	2.0	1.8	2.5	2.4	2.4	2.6	2.1	2.0	2.3	2.1
Upside scenario	3.8	3.1	1.8	3.7	2.9	2.3	3.1	3.6	2.7	4.0	3.2	3.0	5.1	4.1	2.0	3.2	4.6	2.6
Downside scenario	(0.7)	0.6	2.6	0.6	1.4	1.9	(1.3)	0.2	1.8	(0.8)	1.2	1.8	(1.6)	1.8	2.9	(1.2)	1.4	1.7
Unemployment rate																		
Baseline scenario	11.1	10.8	10.5	6.5	6.5	6.5	11.8	11.4	11.0	6.5	6.3	6.1	12.6	12.5	11.8	5.7	5.6	5.6
Upside scenario	10.2	9.4	9.2	6.1	6.0	5.9	10.6	9.5	9.4	6.2	5.9	5.6	11.4	11.0	10.0	5.4	5.2	5.2
Downside scenario	14.0	14.9	13.8	8.4	8.3	8.2	14.1	15.6	14.6	9.1	8.8	8.4	15.8	16.3	14.9	8.5	8.9	8.4
Interest rates																		
Baseline scenario	2.90	2.71	2.68	2.90	2.60	2.60	3.57	3.10	2.95	3.57	3.10	2.95	1.70	1.78	1.78	1.70	1.78	1.78
Upside scenario	3.10	2.91	2.84	3.10	2.90	2.90	3.11	2.56	2.42	3.11	2.56	2.42	2.32	2.54	2.54	2.32	2.54	2.54
Downside scenario	2.10	1.86	1.98	2.10	1.80	1.80	4.31	3.78	3.39	4.31	3.78	3.39	0.84	0.99	1.46	0.84	0.99	1.46
Evolution of property prices																		
Baseline scenario	2.8	2.6	2.4	2.4	2.5	2.8	1.4	2.2	2.4	(0.1)	1.2	2.5	2.2	2.5	2.8	1.5	2.8	2.8
Upside scenario	4.2	5.7	3.8	4.8	4.9	3.0	2.8	5.1	3.3	3.4	3.1	2.6	3.8	4.9	3.9	5.0	4.6	2.9
Downside scenario	(0.9)	(4.4)	0.5	(0.3)	(4.7)	0.5	(1.0)	(3.0)	0.1	(4.5)	(3.7)	1.6	(0.5)	(2.4)	1.5	(3.1)	(2.1)	1.9

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

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

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

Weighting of occurrence of the considered scenarios

(% percentages)

	31-12-2024			31-12-2023			31-12-2022		
	Baseline scenario	Upside scenario	Downside scenario	Baseline scenario	Upside scenario	Downside scenario	Baseline scenario	Upside scenario	Downside scenario
Spain	60	20	20	60	20	20	60	20	20
Portugal	60	20	20	60	20	20	60	20	20

Assumptions and adjustments to models

The macroeconomic table and scenario weighting presented above are used in the latest November 2024 half-yearly model recalibration. Additionally, the the Group retains collective provisions, primarily for Post Model Adjustment (PMA), totalling EUR 339 million as of 31 December 2024 (EUR 303 million less than at 31 December 2023). The evolution of this PMA fund shows two main aspects. Firstly, it includes provisions for ongoing parameter recalibration processes and the anticipated impacts of the November 2024 DANA. Secondly, due to legal claims and settlements that alter customer contract terms, the fund has been decreased by EUR 255 million to address the projected losses from these legal issues.

The collective fund is temporary in nature, underpinned by guidelines issued by supervisors and regulators, supported by well-documented processes and subject to strict governance.

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

Sensitivity analysis

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

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

The estimated sensitivity to a 1% fall in gross domestic product and, additionally, to a 10% fall in real estate asset prices in the expected credit risk losses at the end of 2024, broken down by type of portfolio for the business in Spain, is shown below:

Sensitivity analysis - Spain - 31-12-2024
(Millions of euros)

	Increase in the expected loss	
	1% drop in GDP	10% drop in real estate asset prices
Financial institutions	**1**	
Non-financial corporations and individual entrepreneurs	**48**	**19**
Project finance	**11**	**3**
Financing real estate construction and development	5	2
Financing civil engineering work	3	1
Other project finance	3	
Purposes other than project finance	**37**	**16**
Large corporates	13	1
SMEs	21	13
Individual entrepreneurs	3	2
Households (excluding individual entrepreneurs)	**94**	**97**
Home purchases	**76**	**81**
Home purchase (main residence)	71	77
Purchase of a secondary residence	5	4
Consumer credit	**9**	**3**
Consumer credit	7	3
Credit card debt	2	
Other purposes	**9**	**13**
TOTAL	**143**	**116**

The table below shows the estimated sensitivity to a loss for business in Portugal:

Sensitivity analysis - Portugal - 31-12-2024
(Millions of euros)

	Increase in the expected loss
	1% drop in GDP
TOTAL	6.5

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

NPL management

The recovery and NPL management function is aligned with the Group's risk management guidelines. The default monitoring and recovery activity is especially relevant with the main objective to maximise the recovery of the financing operations granted, always respecting the situation of each customer and minimising the impact on the volume of non-performing positions and provisions.

To this end, CaixaBank maintains a unified default management structure, with an end-to-end view of the recovery management process and the stages through which the customer passes. This structure is highly specialised to provide the most suitable solutions tailored to each customer's profile and circumstances.

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

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

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

- Preventive/anticipatory delinquency management for customers who are current on their payments, handled directly from branch offices to foresee various non-payment scenarios.
- Early delinquency management addresses non-payments from the 1st to the 90th day. For this purpose, there are specialised teams that coordinate in a centralised manner the network of offices and collection agencies in the management of the recovery prior to the entry into accounts receivable. In the current economic outlook, the capillarity of the branch network and its proximity to customers continues to be key to identifying the situation and needs of customers, especially situations of social vulnerability.
- Lastly, once a customer falls into arrears with defaults exceeding 90 days, their case is handled by specialised teams operating through a network of Recovery Centers spread across the country. Management is differentiated into individual customer and business customer segments. The team of specialists is geared towards seeking final solutions in more advanced situations of non-payment.

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

On the other hand, the overall management of recovery and NPLs was adapted to the measures adopted by CaixaBank since 2020 to support the economy in order to combat the consequences of the pandemic, as well as the energy and geopolitical crisis arising from the war in Ukraine. In terms of non-performing assets, it collaborated and continues to work on identifying and providing support with sustainable solutions for customers whose debt is still structurally viable, ensuring that the financing needs of customers arising from a temporary reduction of their income are covered. Similarly, it is worth mentioning the Entity's commitment to the original contracts of the ICO COVID facilities relating to the Code of Good Practice and extensions of the terms of said financing, as well as to the ICO Ukraine facility, in order to continue supporting the business fabric.

In the macroeconomic context, a noteworthy key line of work is the accompaniment throughout the management cycle of the moratoria, the Code of Best Practices and ICO-backed loans granted, especially through active monitoring of the maturity of the measures granted. The approval of Royal Decree Law 19/2022 in force throughout 2023, 2024 and 2025 establishes:

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

In November 2022 the Board of Directors approved its adhesion to the support measures for mortgage borrowers in difficulty. Thus, the entity has complied with both the extension of the Code of Good Practices outlined in Royal Decree-Law 6/2012 and its transitional provisions, as well as the extension enacted by Royal Decree-Law 7/2024, which extends until the end of 2025. For municipalities impacted by the DANA, this extension lasts until 30 June 2026.

Foreclosed assets

BuildingCenter is the Group's company responsible for the management of property assets in Spain, which basically originate from streamlining of the Group's credit activity through any of the following ways: i) acquisition at auctions held after assets have been foreclosed, mainly in relation to mortgage loans; ii) Acquisition of mortgaged real estate assets of individuals, with the subsequent subrogation and cancellation of the debts; iii) acquisition of real estate assets granted to companies, including real estate developers, with the subsequent subrogation to cancel their debts; and iv) foreclosure through insolvency proceedings.

The acquisition process includes conducting full legal and technical reviews of the properties using the committees appointed for such purpose. In all cases, purchase prices are based on appraisals performed by appraisal firms approved by the Bank of Spain and in accordance with the parameters set forth in the approved internal rules.

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

- Individual sale: through a servicing contract for multi-channel marketing activities through its own branches, the external collaboration of the network of real estate agents and an active online presence. This marketing activity comes in addition to a key factor: support in prescribing properties generated by the branch network.
- Institutional sales: the Group takes into account institutional operations of sales of asset portfolios to other specialised companies.
- Completion of housing developments: a number of minor measures to improve some of these developments are made to ensure they can be sold. These measures are performed using the synergies of the Group.
- Rental: it is a means of benefiting from rising demand and generating recurring income, as well as creating added value on the property in the event of its future sale.

The detail of foreclosed assets in Spain is shown in Appendix 6.

Refinancing policies

The general principles published by the EBA for this type of transaction in the Guidelines on managing non-performing and restructured or refinanced exposures and the definitions laid down in Annex IX of Bank of Spain Circular 4/2017 and its subsequent amendments are included in the Corporate Credit Risk Management Policy, and in the Refinancing and Recovery Policy.

According to the provisions of the previous paragraph and the rest of the regulatory framework, these relate to operations in which the customer has, or will foreseeably have, financial difficulty in meeting its payment obligations under the contractually agreed terms and, therefore, has amended the agreement and/or arranged a new operation.

These operations may derive from:

- A new operation (refinancing operation) granted that fully or partially cancels other operations (refinanced operations) previously extended by any Group company to the same borrower or other companies forming part of its economic group that become up-to-date on its payments for previously past-due loans.
- The amendment of the contract terms of an existing operation (restructured operation) that changes its repayment schedule, reducing the payment amounts (grace periods, extension of loan maturities, reduction in interest rates, change in the repayment schedule, extension of all or part of the capital on maturity, etc.).
- The activation of contract clauses agreed at origin that extend the debt repayment terms.
- The partial cancellation of the debt without any contribution of customer funds, primarily through the forgiveness of principal or ordinary interest (on the credit granted to the customer).

It shall be understood that an operation has been restructured or refinanced under the following circumstances:

- The operation was classified as non-performing before the amendment or was classified as non-performing without the amendment.
- The amendment involves the partial cancellation of the debt's balance, for reasons such as the recognition of waivers or written-off amounts.
- At the same time as the additional financing is granted by the Entity, or at a time close to this additional financing being granted, the holder has made payments of the principal and interest of another operation with

the Entity classified as non-performing or that would be classified as non-performing had the additional financing not been granted.

- The Entity approves the use of implicit amendment clauses in relation to operations classified as non-performing, or that would be classified as such if these clauses were not enforced.

The existence of previous defaults is an indication of financial difficulty. Unless otherwise demonstrated, a restructuring or refinancing operation shall be assumed to exist when the amendment to contractual terms affects operations that have been past due for more than 30 days at least once in the three months prior to the amendment.

Restructuring or refinancing shall also be presumed to exist in the following circumstances, unless there is evidence to the contrary:

- At the same time as additional financing is granted by the Entity, or at a time close to such granting, the borrower has made payments of principal or interest on another operation with the Entity that is not classified as non-performing, the payments of which have been past due, in whole or in part, for more than 30 days at least once in the three months prior to the refinancing.
- The Entity approves the use of implicit amendment clauses in relation to operations that are not classified as non-performing with pending amounts past due for 30 days, of that would be past due for 30 days if such clauses were not exercised.

However, previous defaults are not a requirement for an operation to be classified as refinanced or restructured.

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

The cornerstone of management, which sustains all actions undertaken by the Entity, shall be the global analysis of the debtor's positions. To this end, the repayment capacity thereof shall be identified and the best solution shall be reached based on the results of the checks performed.

When the financial circumstances of a customer change, which may be alleviated by adjusting the payment flows of their lending positions with their current repayment capacity, the proposed solution shall be either refinancing or restructuring the debt.

In contrast, debt renewals and renegotiations may be granted when the borrower does not have, or is not expected to have, financial difficulties; i.e. for business reasons, not to facilitate repayments. For an operation to be classified as such, the borrowers must have the capacity to obtain credit from the market, at the date in question, for a similar amount and on similar terms to those offered by the Entity. In turn, these terms must be adjusted to reflect the terms offered to borrowers with a similar risk profile.

The breakdown of refinancing by economic sector is as follows:

Refinancing operations - 31-12-2024 *

(Millions of euros)

	Unsecured loans		Secured loans				
					Maximum amount of the collateral		
	No. of operations	Gross carrying amount	No. of operations	Gross carrying amount	Real estate mortgage secured	Other collateral	Impairment due to credit risk
Public administrations	163	31	632	4	2		(3)
Other financial corporations and individual entrepreneurs (financial business)	46	21	19	80	80		(17)
Other financial corporations and individual entrepreneurs (non-financial business)	18,352	2,540	5,997	1,488	1,027	23	(1,204)
Of which: financing for real estate construction and development	*241*	*8*	*650*	*177*	*111*		*(69)*
Other households	43,213	278	63,432	2,967	2,068	6	(1,088)
TOTAL	**61,774**	**2,870**	**70,080**	**4,539**	**3,176**	**28**	**(2,312)**
Of which: in stage 3							
Public administrations	138	6	533	2			(3)
Other financial corporations and individual entrepreneurs (financial business)	37	20	17	80	80		(17)
Other financial corporations and individual entrepreneurs (non-financial business)	11,959	1,456	4,232	784	382	7	(1,153)
Of which: financing for real estate construction and development	*183*	*6*	*505*	*120*	*63*		*(62)*
Other households	24,761	178	39,386	1,873	1,045	2	(1,032)
TOTAL STAGE 3	**36,895**	**1,660**	**44,168**	**2,739**	**1,507**	**9**	**(2,205)**

(*) There is no financing classified as "Non-current assets and disposal groups classified as held for sale".

Refinancing operations - 31-12-2023 *

(Millions of euros)

	Unsecured loans		Secured loans				
					Maximum amount of the collateral		
	No. of operations	Gross carrying amount	No. of operations	Gross carrying amount	Real estate mortgage secured	Other collateral	Impairment due to credit risk
Public administrations	174	136	741	4	2		(3)
Other financial corporations and individual entrepreneurs (financial business)	49	21	21	85	82		(11)
Other financial corporations and individual entrepreneurs (non-financial business)	19,510	3,243	8,579	1,737	1,187	23	(1,304)
Other households	49,054	327	91,508	3,955	2,796	5	(1,233)
TOTAL	**68,787**	**3,727**	**100,849**	**5,781**	**4,067**	**28**	**(2,551)**
Of which: in Stage 3	*37,427*	*1,698*	*53,230*	*3,079*	*1,604*	*15*	*(2,338)*

(*) There is no financing classified as "Non-current assets and disposal groups classified as held for sale".

Refinancing - 31-12-2022 *

(Millions of euros)

	Unsecured loans		Secured loans				
					Maximum amount of the collateral		
	No. of operations	Gross carrying amount	No. of operations	Gross carrying amount	Real estate mortgage secured	Other collateral	Impairment due to credit risk
Public administrations	155	142	783	18	16		(2)
Other financial corporations and individual entrepreneurs (financial business)	44	38	28	90	89		(12)
Other financial corporations and individual entrepreneurs (non-financial business)	25,913	4,029	10,669	2,196	1,530	26	(1,392)
Other households	56,432	363	101,391	3,971	2,962	7	(1,160)
TOTAL	**82,544**	**4,573**	**112,871**	**6,275**	**4,597**	**33**	**(2,566)**
Of which: in Stage 3	*41,422*	*1,758*	*69,667*	*3,651*	*2,346*	*16*	*(2,240)*

(*) There is no financing classified as "Non-current assets and disposal groups classified as held for sale".

Credit risk cycle linked to the insurance business

The management principles of the instruments related to the insurance business are covered by the Investment Risk Management Policy. This policy stipulates that decision-making principles will ensure prudent investment management practices and the establishment of quantitative limits on assets and exposures to ensure that managed assets perform in a balanced and stable manner in the long term, even under adverse market conditions.

As regards the credit risk associated with financial instruments, *rating* scales are defined and minimum levels of credit quality and diversification are established, seeking a high degree of diversification in sectors and issuers, with maximum risk limits per issuer. In addition, socially responsible investment criteria are applied in the management of investments.

In general, cash and cash equivalents are held in financial institutions with a high credit quality. Regarding balances that remain receivable from policyholders, there is no significant concentration of credit risk with third parties.

Credit risk management is governed by the internal compliance procedures approved by the VidaCaixa Board of Directors. In this context, a universe of securities is established in line with the corporate guidelines defined by the CaixaBank Group, aligned with the structure and focus of the investment management of the insurance business in relation to the long-term nature of the investment and the criticality of liquidity.

Concentration risk

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

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

Concentration in customers or in "major risks"

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

The Group imposes stricter internal limits compared to both regulatory and RAF limits for corporate customers, adjusting these limits on an individual basis according to their credit quality and other factors.

Concentration in countries

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

Concentration by geographical area and counterparty type

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

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

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

	Total	Spain	Portugal	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	77,360	47,724	3,911	11,953	4,670	9,102
Public administrations	146,361	112,030	4,113	24,898	3,458	1,862
Central government	127,493	96,676	964	24,533	3,458	1,862
Other public administrations	18,868	15,354	3,149	365		
Other financial corporations and individual entrepreneurs (financial business)	35,162	9,002	1,070	19,748	2,357	2,985
Non-financial corporations and individual entrepreneurs (non-financial business)	197,430	128,978	15,001	29,722	12,381	11,348
Real estate construction and development	4,298	3,925	98	1	266	8
Civil engineering	8,004	5,704	1,020	131	1,095	54
Other	185,128	119,349	13,883	29,590	11,020	11,286
Large corporates	131,144	75,408	6,939	28,187	10,437	10,173
SMEs and individual entrepreneurs	53,984	43,941	6,944	1,403	583	1,113
Other households	169,980	151,169	16,529	894	308	1,080
Homes	138,056	120,777	15,146	825	294	1,014
Consumer lending	21,820	20,374	1,370	34	9	33
Other purposes	10,104	10,018	13	35	5	33
TOTAL 31-12-2024	626,293	448,903	40,624	87,215	23,174	26,377
TOTAL 31-12-2023	**599,852**	**443,237**	**37,932**	**77,045**	**18,193**	**23,445**
TOTAL 31-12-2022	**588,761**	**447,782**	**37,655**	**64,902**	**16,482**	**21,940**

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

Concentration by Autonomous Community
(Millions of euros)

	Total	Andalusia	Balearic Islands	Canary Islands	Castile and León	Catalonia	Galicia	Madrid	Murcia	Valencia	Basque Country	Other *
Central banks and credit institutions	47,724	135				281	52	46,175		367	446	268
Public administrations	112,030	1,403	359	782	1,552	1,860	628	4,838	322	2,042	516	1,052
Central government	96,676											
Other public administrations	15,354	1,403	359	782	1,552	1,860	628	4,838	322	2,042	516	1,052
Other financial corporations and individual entrepreneurs (financial business)	9,002	81	18	16	7	2,220	9	5,591	17	61	802	180
Non-financial corporations and individual entrepreneurs (non-financial business)	128,978	9,748	4,641	3,981	2,671	19,273	3,021	59,955	2,603	10,033	3,818	9,234
Real estate construction and development	3,925	383	258	163	127	954	10	1,245	64	225	275	221
Civil engineering	5,704	445	164	99	116	628	167	3,158	100	303	153	371
Other	119,349	8,920	4,219	3,719	2,428	17,691	2,844	55,552	2,439	9,505	3,390	8,642
Large corporates	75,408	2,755	2,282	1,852	738	7,460	1,551	47,952	860	4,696	1,829	3,433
SMEs and individual entrepreneurs	43,941	6,165	1,937	1,867	1,690	10,231	1,293	7,600	1,579	4,809	1,561	5,209
Other households	151,169	22,703	6,888	7,439	4,564	36,839	3,154	30,453	5,354	16,036	4,154	13,585
Homes	120,777	17,652	5,704	5,724	3,678	28,645	2,433	25,355	4,398	12,803	3,485	10,900
Consumer lending	20,374	3,303	832	1,323	585	5,376	532	3,215	665	2,226	458	1,859
Other purposes	10,018	1,748	352	392	301	2,818	189	1,883	291	1,007	211	826
TOTAL 31-12-2024	448,903	34,070	11,906	12,218	8,794	60,473	6,864	147,012	8,296	28,539	9,736	24,319
TOTAL 31-12-2023	**443,237**	**33,348**	**12,495**	**12,028**	**8,489**	**57,985**	**6,629**	**141,096**	**8,430**	**28,963**	**9,746**	**24,525**
TOTAL 31-12-2022	**447,782**	**35,424**	**13,442**	**12,927**	**8,906**	**60,222**	**6,703**	**129,777**	**9,448**	**31,109**	**10,240**	**26,816**

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

Concentration in economic sectors

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

The Group also operates a model that assigns maximum exposures to sectors based on their economic outlook and contribution to the portfolio's profitability and credit rating objectives.

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

Concentration by activity of loans to customers - 31-12-2024

(Millions of euros)

				Secured loans. Carrying amount based on latest available appraisal (loan to value)				
	Total	Of which real estate collateral	Of which other collateral	≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	16,216	314	227	162	211	49	85	34
Other financial corporations and individual entrepreneurs (financial business)	13,457	880	24	162	479	180	30	53
Non-financial corporations and individual entrepreneurs (non-financial business)	150,447	24,848	3,010	10,332	8,322	4,850	1,322	3,032
Real estate construction and development	4,114	3,363	31	1,128	1,129	626	210	301
Civil engineering	6,753	863	128	448	234	99	61	149
Other	139,580	20,622	2,851	8,756	6,959	4,125	1,051	2,582
Large corporates	90,840	7,816	1,876	2,997	2,639	2,147	432	1,477
SMEs and individual entrepreneurs	48,740	12,806	975	5,759	4,320	1,978	619	1,105
Other households	169,481	140,719	771	45,483	42,974	37,854	10,375	4,804
Homes	138,055	135,322	253	42,376	41,406	37,197	10,077	4,519
Consumer lending	21,813	1,760	330	1,180	505	225	107	73
Other purposes	9,613	3,637	188	1,927	1,063	432	191	212
TOTAL	349,601	166,761	4,032	56,139	51,986	42,933	11,812	7,923
Memorandum items: Refinancing, refinanced and restructured operations	*5,097*	*3,257*	*31*	*1,038*	*1,171*	*601*	*249*	*229*

Concentration by activity of loans to customers - 31-12-2023

(Millions of euros)

				Collateralised loans carrying amount based on latest available appraisal (loan to value)				
	Total	Of which real estate collateral	Of which other collateral	≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	17,536	353	223	157	267	58	49	45
Other financial corporations and individual entrepreneurs (financial business)	11,527	788	428	192	280	495	91	158
Non-financial corporations and individual entrepreneurs (non-financial business)	145,252	23,749	2,731	9,834	8,218	3,808	1,341	3,279
Other households	168,225	141,024	799	47,503	44,266	35,524	8,827	5,703
TOTAL	**342,540**	**165,914**	**4,181**	**57,686**	**53,031**	**39,885**	**10,308**	**9,185**
Memorandum items: Refinancing, refinanced and restructured operations	*6,957*	*4,201*	*41*	*1,200*	*1,275*	*805*	*515*	*447*

Concentration by activity of loans to customers - 31-12-2022

(Millions of euros)

				Collateralised loans carrying amount based on latest available appraisal (loan to value)				
	Total	Of which real estate collateral	Of which other collateral	≤ 40%	> 40% ≤ 60%	> 60% ≤ 80%	> 80% ≤100%	>100%
Public administrations	20,212	411	210	147	265	84	64	61
Other financial corporations and individual entrepreneurs (financial business)	7,759	643	594	295	210	168	497	67
Non-financial corporations and individual entrepreneurs (non-financial business)	147,035	24,385	3,031	10,724	8,291	4,010	1,620	2,771
Other households	175,621	149,196	907	48,710	48,202	37,016	9,712	6,463
TOTAL	**350,627**	**174,635**	**4,742**	**59,876**	**56,968**	**41,278**	**11,893**	**9,362**
Memorandum items: Refinancing, refinanced and restructured operations	*8,282*	*4,749*	*89*	*1,314*	*1,362*	*959*	*579*	*624*

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

Breakdown of loans and advances to customers by type

(Millions of euros)

	31-12-2024			31-12-2023			31-12-2022		
	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment
Public administrations	16,074	128	20	17,034	497	12	19,871	318	29
Other financial corporations	13,163	215	106	11,212	242	106	7,593	172	24
Loans and advances to companies and individual entrepreneurs	138,608	10,586	4,570	130,813	13,281	4,675	131,810	14,098	4,821
Real estate construction and development	9,641	949	721	9,116	1,317	722	9,502	1,613	656
Other companies and individual entrepreneurs	128,967	9,637	3,849	121,697	11,964	3,953	122,308	12,485	4,165
Other households	155,390	12,417	4,997	151,957	14,784	5,242	160,093	13,977	5,212
Homes	126,952	9,429	3,736	124,813	11,330	3,780	133,027	10,647	3,634
Other	28,438	2,988	1,261	27,144	3,454	1,462	27,066	3,330	1,578
TOTAL	**323,235**	**23,346**	**9,693**	**311,016**	**28,804**	**10,035**	**319,367**	**28,565**	**10,086**

Breakdown of hedges of loans and advances to customers by type

(Millions of euros)

	31-12-2024			31-12-2023			31-12-2022		
	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment	Stage 1	Stage 2 + POCI without impairment	Stage 3 + POCI with impairment
Public administrations	(1)		(5)	(2)		(5)	(1)		(5)
Other financial corporations	(7)	(1)	(19)	(15)	(6)	(12)	(7)	(3)	(20)
Loans and advances to companies and individual entrepreneurs	(404)	(346)	(2,567)	(339)	(479)	(2,699)	(666)	(586)	(2,442)
Real estate construction and development	(29)	(42)	(373)	(42)	(59)	(395)	(61)	(114)	(345)
Other companies and individual entrepreneurs	(375)	(304)	(2,194)	(297)	(420)	(2,304)	(605)	(472)	(2,097)
Other households	(276)	(591)	(2,456)	(304)	(680)	(2,774)	(668)	(779)	(2,214)
Homes	(95)	(335)	(1,632)	(93)	(378)	(1,796)	(342)	(433)	(1,369)
Other	(181)	(256)	(824)	(211)	(302)	(978)	(326)	(346)	(845)
TOTAL	**(688)**	**(938)**	**(5,047)**	**(660)**	**(1,165)**	**(5,490)**	**(1,342)**	**(1,368)**	**(4,681)**
Of which: Identified individually		(91)	(1,286)		(209)	(1,204)		(210)	(1,214)
Of which: Identified collectively	(688)	(847)	(3,761)	(660)	(956)	(4,286)	(1,342)	(1,158)	(3,467)

Breakdown of loans and advances to customers according to arrears status and rates

(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
By arrears status			
Of which: default on payment of less than 30 days or up to date on payments	349,278	342,270	350,837
Of which: default on payment between 30 and 60 days	1,011	1,235	1,034
Of which: default on payment between 60 and 90 days	594	725	781
Of which: default on payment between 90 days and 6 months	999	1,250	869
Of which: default on payment between 6 months and 1 year	1,363	1,480	1,311
Of which: default on payment of more than 1 year	3,029	2,895	3,186
By interest rate type			
Fixed	142,198	130,873	126,720
Floating	214,076	218,982	231,298

Concentration by economic activity

The breakdown of loans and advances by economic activity, mainly related to banking and other activities, is shown below:

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

(Millions of euros)

	31-12-2024			31-12-2023			31-12-2022		
	Gross carrying	*Of which: Stage 3*	Hedge	Gross carrying	*Of which: Stage 3*	Hedge	Gross carrying	*Of which: Stage 3*	Hedge
Agriculture, livestock, forestry and fishing	2,945	*165*	(105)	2,962	*170*	(130)	2,892	*168*	(128)
Mining and quarrying	592	*11*	(9)	544	*14*	(11)	553	*16*	(10)
Manufacturing industry	29,886	*839*	(567)	28,616	*737*	(533)	29,329	*656*	(550)
Electricity, gas, steam and air conditioning supply	17,129	*262*	(185)	17,499	*180*	(116)	18,520	*155*	(125)
Water supply	2,014	*15*	(19)	2,015	*8*	(13)	1,977	*6*	(15)
Buildings	10,355	*593*	(400)	9,936	*595*	(444)	10,556	*524*	(458)
Wholesale and retail trade	21,182	*803*	(642)	20,735	*766*	(604)	21,467	*728*	(562)
Transport and storage	16,132	*344*	(256)	14,781	*335*	(351)	14,552	*291*	(393)
Accommodation and food service activities	9,532	*333*	(200)	9,749	*377*	(222)	9,942	*533*	(256)
Information and communication	6,230	*100*	(91)	5,035	*96*	(72)	4,831	*102*	(85)
Financial and insurance activities	2,467		(23)	1,969	*22*	(34)	1,060	*7*	(45)
Real estate	15,031	*251*	(175)	13,578	*293*	(210)	14,223	*286*	(267)
Professional, scientific and technical activities	3,650	*222*	(140)	3,503	*348*	(195)	3,841	*310*	(201)
Administrative and support service activities	5,774	*87*	(75)	4,883	*102*	(69)	3,537	*110*	(83)
Public administration and defence; compulsory social security	155		(4)	1,679		(5)	1,594		(13)
Education	665	*70*	(47)	624	*43*	(42)	662	*31*	(26)
Human health services and social work activities	2,039	*28*	(32)	1,870	*27*	(35)	1,959	*28*	(36)
Arts, entertainment and recreation	1,081	*43*	(38)	1,149	*154*	(67)	1,218	*207*	(92)
Other services	1,837	*73*	(144)	2,774	*35*	(199)	2,993	*157*	(170)
TOTAL	**148,697**	***4,251***	**(3,149)**	**143,899**	***4,300***	**(3,352)**	**145,706**	***4,315***	**(3,515)**

Concentration according to credit quality

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

Concentration according to credit quality - 31-12-2024

(Millions of euros)

	Banking and other business											Insurance business **		
	FA at amortised cost					FA held for training - Debt sec.	FA not designated for trading * - Debt sec.	FA at FV w/ changes in other comprehensive income	Financial guarantees, loan commitments and other commitments given			FA held for training - Debt sec.	FA at FV w/changes in other comprehen-sive income	FA at amortised cost - Debt sec.
	Loans and advances to customers				Debt sec.									
	Stage 1	Stage 2	Stage 3	POCI					Stage 1	Stage 2	Stage 3			
AAA/AA+/AA/AA-	238				13,036			3,988	2,179				4,619	491
A+/A/A-	61,935	32	1		52,883	270		3,111	34,568	28	1		46,551	3,141
BBB+/BBB/BBB-	52,744	239	1		6,006	97		1,206	18,142	98	1		7,966	752
INVESTMENT GRADE	**114,917**	**271**	**2**		**71,925**	**367**		**8,305**	**54,889**	**126**	**2**		**59,136**	**4,384**
Allowances for impairment	(140)	(3)			(3)				(14)					
BB+/BB/BB-	94,371	6,335	3		13			2	49,578	2,483	4			
B+/B/B-	18,484	7,833	45		102				7,923	1,811	8			
CCC+/CCC/CCC-	947	4,108	127		128				231	395	11			
No rating	96,719	4,793	9,323	199	3,504	39		745	48,781	156	872			3
NON-INVESTMENT GRADE	**210,521**	**23,069**	**9,498**	**199**	**3,747**	**39**		**747**	**106,513**	**4,845**	**895**			**3**
Allowances for impairment	(553)	(935)	(4,869)	(178)	(15)				(74)	(55)	(279)			
TOTAL	**324,745**	**22,402**	**4,631**	**21**	**75,654**	**406**		**9,052**	**161,402**	**4,971**	**897**		**59,136**	**4,387**

Concentration according to credit quality - 31-12-2023

(Millions of euros)

	Banking and other business											Insurance business **		
	FA at amortised cost					FA held for training - Debt sec.	FA not designated for trading * - Debt sec.	FA at FV w/ changes in other comprehensive income	Financial guarantees, loan commitments and other commitments given			FA held for training - Debt sec.	FA at FV w/changes in other comprehen-sive income	FA at amortised cost - Debt sec.
	Loans and advances to customers				Debt sec.									
	Stage 1	Stage 2	Stage 3	POCI					Stage 1	Stage 2	Stage 3			
AAA/AA+/AA/AA-	17,897	3			13,266			2,799	13,593	3			2,445	
A+/A/A-	45,372	92			54,922	142		3,357	14,475	17			46,641	
BBB+/BBB/BBB-	62,488	556			5,859	181		1,863	24,959	255			8,065	765
INVESTMENT GRADE	**125,757**	**651**		**15**	**74,047**	**326**		**8,019**	**53,027**	**275**			**57,151**	**3,564**
Allowances for impairment	(194)	(7)			(5)			(1)	(16)					
BB+/BB/BB-	77,581	7,461	2		559			19	47,235	3,601			46	
B+/B/B-	14,307	9,812	29						7,811	1,994	2			
CCC+/CCC/CCC-	965	4,694	181		5				246	452	13			
No rating	94,253	6,179	9,550	265	2,749	18		1	43,945	122	834		15	16
NON-INVESTMENT GRADE	**187,106**	**28,146**	**9,762**	**265**	**3,313**	**20**		**20**	**99,237**	**6,169**	**877**		**61**	**16**
Allowances for impairment	(470)	(1,158)	(5,256)	(234)	(19)				(86)	(79)	(265)			
TOTAL	**312,199**	**27,632**	**4,506**	**46**	**77,336**	**346**		**8,038**	**152,264**	**6,444**	**877**		**57,212**	**3,580**

DEBT SEC.: Debt securities; FA: Financial assets

(*) Compulsorily measured at fair value through profit or loss

(**) Financial assets allocated at fair value through profit or loss are not included, as they primarily cover investments related to life insurance product operations when the investment risk is taken on by the holder (Unit Linked).

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

	Banking and other business											Insurance business **		
	FA at amortised cost					FA held for training - Debt sec.	FA not designated for trading * - Debt sec.	FA at FV w/ changes in other comprehensive income	Financial guarantees, loan commitments and other commitments given			FA held for training - Debt sec.	FA at FV w/changes in other comprehen-sive income	FA at amortised cost - Debt sec.
	Loans and advances to customers				Debt sec.									
	Stage 1	Stage 2	Stage 3	POCI					Stage 1	Stage 2	Stage 3			
AAA/AA+/AA/AA-	17,060	9			9,575			2,689	13,297	9			1,597	192
A+/A/A-	43,744	96			55,648	24		6,656	11,899	19			39,537	2,108
BBB+/BBB/BBB-	79,277	747			6,827	43		2,162	41,934	218	1		10,288	901
INVESTMENT GRADE	**140,081**	**852**			**72,050**	**67**		**11,507**	**67,130**	**246**	**1**		**51,422**	**3,201**
Allowances for impairment	(545)	(13)							(12)					
BB+/BB/BB-	68,996	6,692	1		488			74	33,018	2,627	16		142	
B+/B/B-	17,700	10,980	28						6,497	2,091	4			
CCC+/CCC/CCC-	842	4,319	106		18			1	309	474	4			
No rating	93,957	5,719	9,486	468	5,192	119	6	9	48,345	483	920		26	3
NON-INVESTMENT GRADE	**181,495**	**27,710**	**9,621**	**468**	**5,698**	**119**	**6**	**84**	**88,169**	**5,675**	**944**		**168**	**3**
Allowances for impairment	(799)	(1,355)	(4,459)	(222)	(15)				(83)	(70)	(382)			
TOTAL	**320,232**	**27,194**	**5,162**	**246**	**77,733**	**186**	**6**	**11,591**	**155,299**	**5,921**	**945**		**51,590**	**3,204**

DEBT SEC.: Debt securities; FA: Financial assets

(*) Compulsorily measured at fair value through profit or loss

(**) Financial assets allocated at fair value through profit or loss are not included, as they primarily cover investments related to life insurance product operations, when the investment risk is taken on by the holder (Unit Linked).

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

- Fixed-income instruments: the regulatory banking criteria defined in the CRD IV regulation and the CRR on capital requirements, and therefore, the second best *rating* of all those available is used, if more than two ratings are available. In this context, for example, as at 31 December 2024, 2023 and 2022, Spain's sovereign debt rating stands at A-.
- Loan portfolio: certification of the internal classifications to *Standard & Poor's* methodology.

Concentration in sovereign risk

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

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

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

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

The carrying value of the relevant information relating to the exposure to sovereign risk for the Group is presented below:

Sovereign risk exposure - 31-12-2024
(Millions of euros)

		Banking and other business					Insurance business **		
Country / Supranational body	Residual maturity ***	FA at amortised cost	FA held for trading	FA at FV w/ changes in other comprehensive income	FA not designated for trading *	FL held for trading - Short positions	FA held for trading	FA at FV w/ changes in other comprehensive income	FA at amortised cost
Spain	< 3 months	9,478	8	193				364	16
	Between 3 months and 1 year	5,441	43	1,204		(13)		1,760	192
	Between 1 and 2 years	13,271		423				2,681	231
	Between 2 and 3 years	10,167		997				2,806	181
	Between 3 and 5 years	12,567	7	70				5,162	483
	Between 5 and 10 years	13,072	138	19		(141)		6,616	270
	Over 10 years	1,912						22,204	827
	TOTAL	**65,908**	**196**	**2,906**		**(154)**		**41,593**	**2,200**
Italy	< 3 months							46	
	Between 3 months and 1 year	408						10	
	Between 1 and 2 years	246						367	8
	Between 2 and 3 years		6					142	
	Between 3 and 5 years	1,137	23	154				1,081	8
	Between 5 and 10 years	2,388	2	434				906	12
	Over 10 years							3,107	150
	TOTAL	**4,179**	**31**	**588**				**5,659**	**178**
Portugal	< 3 months	81	17					5	
	Between 3 months and 1 year	341	15	223				36	3
	Between 1 and 2 years	272						15	7
	Between 2 and 3 years	95						44	
	Between 3 and 5 years	838						46	6
	Between 5 and 10 years	463						105	
	Over 10 years	809							
	TOTAL	**2,899**	**32**	**223**				**251**	**16**
USA	< 3 months								
	Between 3 months and 1 year	144							
	Between 1 and 2 years	192							
	Between 2 and 3 years	141							
	Between 3 and 5 years	143		2,359					
	TOTAL	**620**		**2,359**					

Sovereign risk exposure - 31-12-2024
(Millions of euros)

		Banking and other business					Insurance business **		
Country / Supranational body	Residual maturity ***	FA at amortised cost	FA held for trading	FA at FV w/ changes in other comprehensive income	FA not designated for trading *	FL held for trading - Short positions	FA held for trading	FA at FV w/ changes in other comprehensive income	FA at amortised cost
France	< 3 months							4	
	Between 3 months and 1 year	51		343				1	
	Between 1 and 2 years							1	7
	Between 2 and 3 years	30							
	Between 3 and 5 years	1,586						8	
	Between 5 and 10 years	1,185						3	
	Over 10 years							9	
	TOTAL	**2,852**		**343**				**26**	**7**
Japan	< 3 months								
	Between 2 and 3 years	308							
	Between 3 and 5 years	216							
	TOTAL	**524**							
European Union	< 3 months							26	
	Between 3 months and 1 year			397				26	
	Between 1 and 2 years	715							10
	Between 2 and 3 years	1,473		274					
	Between 3 and 5 years	1,352							10
	Between 5 and 10 years	218		413					
	Over 10 years			760					
	TOTAL	**3,758**		**1,844**				**52**	**20**
Other ****	< 3 months	155		1					
	Between 3 months and 1 year	63							
	Between 1 and 2 years	139				(6)			
	Between 2 and 3 years	77							10
	Between 3 and 5 years	1,135						2	10
	Between 5 and 10 years	833		103				10	
	Over 10 years	463		79					
	TOTAL	**2,865**		**183**		**(6)**		**12**	**20**
TOTAL		**83,605**	**259**	**8,446**		**(160)**		**47,593**	**2,441**
Of which: Debt securities		*66,935*	*259*	*8,446*		*(160)*		*47,593*	*2,441*

FA: Financial assets; FL: Financial liabilities; FV: Fair values

(*) Compulsorily measured at fair value through profit or loss

(**) Financial assets allocated at fair value through profit or loss are not included, as they primarily cover investments related to life insurance product operations, when the investment risk is taken on by the holder (Unit Linked).

(***) The segregation by the maturity of the sovereign debt securities corresponding to the insurance activity exclusively reflects the maturity of these securities, without factoring in swaps (see Note 10) contracted to align flows with the management of obligations to policyholders.

(****) Includes positions in Austria, Germany, Holland and Luxembourg.

Exposure to sovereign risk - 31-12-2023
Amounts in millions of euros

	Banking and other business					Insurance business **		
Country/ Supranational body	FA at amortised cost	FA held for trading	FA at FV w/ changes in other comprehensive income	FA not designated for trading *	FL held for trading - Short positions	FA held for training	FA at FV w/ changes in other comprehensive income	FA at amortised cost
Spain	69,243	131	3,275		(22)		41,788	1,848
Italy	3,910	21	857		(16)		5,592	154
Portugal	2,904		76				268	25
USA	452		2,218				210	
France	2,076						30	7
Japan	547							
European Union	5,373		412				159	20
Others	2,349		157		(15)		22	19
TOTAL	**86,854**	**152**	**6,995**		**(53)**		**48,069**	**2,073**
Of which: Debt securities	69,000	152	6,995		(53)		*48,069*	*2,073*

FA: Financial assets; FL: Financial liabilities; FV: Fair values

(*) Compulsorily measured at fair value through profit or loss.

(**) Financial assets allocated at fair value through profit or loss are not included, as they primarily cover investments related to life insurance product operations, when the investment risk is taken on by the holder (Unit Linked).

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

	Banking and other business					Insurance business **		
Country / Supranational body	FA at amortised cost	FA held for trading	FA at FV w/ changes in other comprehensive income	FA not designated for trading *	FL held for trading - Short positions	FA held for training	FA at FV w/ changes in other comprehensive income	FA at amortised cost
Spain	77,430	23	6,644	50	(28)		37,986	1,863
Italy	3,854	4	810				5,435	76
Portugal	3,361		276				305	14
USA	466		2,242				212	
France	2,073						22	7
Japan	730							
European Union	2,900		391				2	20
Others	403		2		(10)		16	19
TOTAL	**91,217**	**27**	**10,365**	**50**	**(38)**		**43,978**	**1,999**
Of which: debt securities	*70,922*	*27*	*10,365*	*50*	*(38)*		*43,978*	*1,999*

FA: Financial assets; FL: Financial liabilities; FV: Fair values

(*) Compulsorily measured at fair value through profit or loss

(**) Financial assets allocated at fair value through profit or loss are not included, as they primarily cover investments related to life insurance product operations, when the investment risk is taken on by the holder (unit-links).

Counterparty risk generated by transactions with derivatives and security financing transactions

Monitoring and measurement of counterparty risk

Counterparty risk is credit risk generated by derivatives and security financing transactions. It quantifies the losses derived from the counterparty's potential default before the cash flows are settled.

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

In the case of operations with financial institutions, the Group has a specific internal framework that reflects the methodology used for the granting of facilities. The maximum authorised credit risk exposure with an entity is primarily determined on the basis of its external *rating* and an analysis of its financial statements. The abovementioned framework also includes the model for determining limits and calculating consumer risk for central counterparties (CCPs).

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

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

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

In **securities financing transactions**, exposure to counterparty risk is calculated in the Group as the difference between the market value of the securities/cash granted to the counterparty and the market value of the securities/cash received from the counterparty as collateral, considering the volatility adjustments in each case.

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

In general, the methodology for calculating counterparty risk exposure described above is applied during the acceptance of new operations and in recurrent calculations on subsequent days.

Counterparty risk in the Group for **financial counterparties** is monitored through an integrated system that provides real-time data on the available exposure limit for any counterparty, product and maturity. For the **remaining counterparties**, counterparty risk is monitored through corporate applications, which contain both the limits of the lines of derivatives risk (if any) and credit exposure of operations.

Measures to mitigate counterparty risk

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

- **ISDA/CMOF contracts:** standardised contracts for global derivative operations with a counterparty, which explicitly provide for the possibility of offsetting the flows of outstanding collections and payments between the parties for all derivatives trading hedged by the contracts. Therefore, in the event of default of the counterparty, a single payment or collection obligation is established in relation to all derivatives closed out with the counterparty.
- **CSA Appendix (ISDA) / Appendix III (CMOF):** agreements whereby each of the parties undertake to provide collateral (usually a cash deposit) as security for the net counterparty risk position arising from the derivatives traded between them. The calculation of the collateral to be exchanged takes into account the compensation clauses included in the ISDA or CMOF contracts.
- **GMRA/CME/GMSLA contracts:** agreements whereby the parties undertake to deliver collateral for the net counterparty risk position arising from repo or securities lending transactions, calculated as the deviation that may occur between the value of the amount accrued for the simultaneous purchase and sale of securities and the current market value of these securities.
- **CTA contracts:** agreements in which the parties undertake to deliver collateral to mitigate the potential future exposure (initial margin) of the derivatives contracted upon the entry into force of the initial margin swap obligation.
- **Break-up *clauses*:** provisions in derivative contracts that enable, at a certain point in the contract, the early termination by free decision of one of the parties. This mitigates counterparty risk by reducing the effective duration of the operations subject to the clause.
- **Delivery-versus-payment in securities settlement systems:** systems that eliminate settlement risk with a counterparty, since clearing and settlement occur simultaneously and in an inseparable fashion. CaixaBank uses, whenever viable, the Continuous Linked Settlement (CLS) system, which enables it to ensure delivery against payment in the case of simultaneous collection and payment flows in different currencies.
- **Central Counterparties (CCP)**: the use of CCPs in derivatives and securities lending transactions can mitigate the associated counterparty risk, as these entities perform interposition functions on their own account between the two bilateral counterparties involved in the transaction, assuming the role of counterparty to each of them and, consequently, the corresponding counterparty risk.

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

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

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

Specifically, the management of financial derivatives in the insurance business involves using counterparties, which, from the standpoint of the subsidiaries in the insurance business, are financial institutions subject to supervision by the supervisory authorities of the EU Member States and are sufficiently solvent. Most of these subsidiaries contract derivatives with CaixaBank. As such, the counterparty risk of the subsidiaries is not significant. However, there are specific contractual guarantees providing for the possibility of terminating the transaction at any time, either through settlement or transfer to third parties. This settlement is guaranteed by a commitment by CaixaBank (or other minority counterparties) to publish daily strike prices together with a clear explanation of the valuation method used.

Since these derivatives are intragroup positions, they are not included in the consolidated financial statements. The overall management of the associated risk that the business transfers to CaixaBank through these derivatives is integrated into CaixaBank's overall risk management. In particular, the risk positions accepted in the insurance business are entirely closed to the market, with CaixaBank using the third-party counterparties external to the Group mentioned in the preceding paragraphs, managed in the same way as all other derivative positions.

Risk associated with the investee portfolio

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

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

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

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

In general, with the most significant shareholdings, both the estimates of and actual data on investees' contributions to income and equity (where applicable) are updated regularly by these analysts. In these processes, the outlook for securities markets and analysts' views (e.g. recommendations, target prices, ratings, etc.) are shared with Senior Management for regular comparison with the market.

3.4.2 Actuarial risk

Overview

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

In line with the European Solvency II Directive, actuarial risk is defined in the Corporate Risk Catalogue as the risk of loss or adverse modification of the value of commitments taken on via insurance contracts or pensions with customers or employees, derived from the divergence between the estimate for actuarial variables employed in pricing and reserves and their real evolution. In this scope, the processes used in the course of business are categorised according to the following risks that comprise the actuarial risk:

- Mortality risk: the risk of loss or adverse change in the value of commitments under life insurance or pension contracts due to variations in the level, trend or volatility of mortality rates, where an increase in the mortality rate leads to an increase in the value of the commitments undertaken.
- Longevity risk: risk of loss or adverse change in the value of commitments under life insurance or pension contracts due to variations in the level, trend or volatility of mortality rates, where a decrease in the mortality rate leads to an increase in the value of the commitments undertaken.
- Disability or morbidity risk: risk of loss or adverse change in the value of commitments under life insurance or pension contracts resulting from changes in the level, trend or volatility of disability, sickness and morbidity rates.
- Lapse risk: risk of loss or adverse change in the value of expected future profits or increase in expected future losses resulting from changes in the level, trend or volatility of actual cancellation, renewal and surrender rates exercised by policyholders under insurance contracts, compared to the applied lapse assumptions.
- Expense risk: risk of loss or adverse change in the value of commitments under insurance contracts due to changes in the level, trend or volatility of the costs of executing insurance or reinsurance contracts with respect to the surcharges set out in the pricing and provisioning assumptions for the products.
- Catastrophe risk: risk of loss or adverse change in the value of commitments under life insurance or pension contracts resulting from significant uncertainty in pricing and provisioning assumptions relating to extreme or extraordinary events.

Actuarial risk is inherent to the activity relating to the subscription of insurance products which, within CaixaBank Group, is centralised in the subgroup of companies headed by VidaCaixa. Besides the subscription activity, actuarial risk also derives from the defined benefit pension commitments of Group companies with their employees. At CaixaBank, the risks inherent to these agreements are transferred for management by the VidaCaixa Group, whereas in the defined benefit commitments for Banco BPI employees they are implemented through a Pension Fund managed by BPI Vida e Pensões, a VidaCaixa Group company (see Note 24).

This risk management seeks to uphold the payment capacity of commitments to borrowers, optimise the technical margin and preserve the economic value of the balance sheet, within the limits laid down in the RAF.

Actuarial risk cycle

Actuarial risk monitoring and measurement

Actuarial risk assumed as a result of the life insurance contract subscription activity are managed in conjunction with the inherent risks arising from the financial assets acquired for hedging.

In order to ensure an adequate risk management, the Group has a Corporate Financial-Actuarial Risk Management Policy in place, which sets out the general principles, governance framework, control framework and information *reporting* framework applicable to all the Group companies exposed to these risks. Furthermore, the VidaCaixa Group companies have management policies and frameworks for proprietary financial-actuarial risks that serve to implement that Corporate Policy.

Actuarial risk management established in these policies seeks the long-term stability of the actuarial factors that affect the technical evolution of subscribed insurance products. Among the actuarial risk factors, mortality and longevity risks are particularly significant in the life insurance sector. VidaCaixa addresses these by integrating a partial internal model into its management practices. This model adheres to the standards set by the Solvency II Directive and is submitted annually to the regulatory authority. The model is based on data from historical experience that provides a more adapted vision of the risk profile of the insured group.

On this note, and for each line of business, the VidaCaixa policy of underwriting and provision of reserves identifies various parameters for risk approval, measurement, rate-setting and, lastly, to calculate and set aside reserves covering underwritten policies. Additionally, general operating procedures are set to control the underwriting process.

Systems for measuring actuarial risk, from which the sufficiency of the technical provisions are quantified and assessed policy-by-policy, are integrated into the management of the insurance business. In this sense, production operations, irrespective of the channel, are recorded in the systems using the various contracting and benefits management applications that are directly integrated or connected via automated interfaces with provisioning and capital requirement calculation applications. Investment management software is used to manage and control the investments backing the company's insurance activity. All of the applications are accounted for automatically in the accounting support software.

There is a series of applications that perform management support tasks within these integrated and automated systems. It is worth noting applications for data processing that are used for the preparation of reporting information and risk management. There is also a solvency and risk datamart, which serves as a support tool for compliance with all the requirements of the Solvency II Directive.

The following assumptions are used to assess the impact on insurance liabilities and reinsurance assets.

Actuarial assumptions for the estimation of mortality/longevity

In accordance with the Solvency II regulatory framework, the Group has approved an internal model for longevity and mortality underwriting risks, with the purpose of obtaining the following results:

- The mortality table relating to the experience of the insured population in the company (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 annual period in which the base table is used).
- The shock percentages for both longevity and mortality (calibrated value at the 99.5% or 0.5% percentile, respectively).

The internal model is used extensively and plays a fundamental role in assessing the impact of potential decisions, where these impact the bank's risk profile, including the impact on expected profits or losses and the volatility arising from such decisions. Its applications can be separated into two blocks based on whether it is used for risk management or management decision-making:

- Risk management: the results of the internal model are factored into the development of risk strategies, including setting risk tolerance limits, *reporting*, etc.
- Management decision-making: the internal model is used to support decisions on new product launches, rate changes, group policy pricing and product changes, capital allocation, etc.

The own experience mortality table derived from the statistical process of the partial internal mortality and longevity model has been used to forecast the best estimate of the flows of obligations to policyholders under both Solvency II and IFRS.

Other actuarial assumptions

Also, within the framework of calculating the best estimate of Solvency II and IFRS provisions, the Group uses assumptions to assess other actuarial or underwriting risks such as disability, morbidity, portfolio decline and expenses. These assumptions are based on the Group's own experience, i.e. on the observation of historical claims, downturns and expenses of the Group's portfolio.

Sensitivity analysis

Sensitivity has been calculated on the basis of the positions of PVCF, RA and CSM at the end of November 2024 (changes compared to December 2024 are not significant).

There are dependencies between different variables that make it difficult to establish clear causal relationships between a particular variable and an effect. Therefore, when calculating each sensitivity, all other assumptions remain unchanged except where they are directly affected by the modified sensitivity. The results include the impact of changes in assumptions on insurance contract liabilities. The results are shown as a percentage change against the corresponding base value indicated in the appropriate column.

The following section presents a sensitivity analysis at year-end 2024 to changes in insurance contract risk variables based on changes in the best-estimate assumptions used for the volatility of future cash flows arising from insurance contract obligations:

Sensitivity analysis to changes in contract risk variables - 2024

(Millions of euros)

	Impact on PVCF+RA	Impact on CSM	Impact on the Group's pre-tax results	Impact on the Group's equity
RISK				
Mortality risk +5%	6.58	(6.62)	(0.18)	0.21
Longevity risk +5%	(6.59)	6.63	0.18	(0.22)
Disability and morbidity risk +5%	11.98	(11.80)	(0.15)	(0.04)
Lapse risk +10%	4.43	(4.34)	(0.13)	0.04
Lapse risk - 10%	(4.57)	4.48	0.14	(0.05)
Expense risk +10%	2.67	(2.62)	(0.03)	(0.03)
Expense risk -10%	(2.67)	2.62	0.03	0.03
SAVINGS				
Mortality risk +5%	(145.66)	116.38	(0.89)	30.17
Longevity risk +5%	153.97	(122.85)	0.90	(32.02)
Disability and morbidity risk +5%	–	0.09	0.01	(0.11)
Lapse risk +10%	(7.11)	(3.17)	1.25	10.10
Lapse risk - 10%	5.43	3.67	(1.38)	(8.90)
Expense risk +10%	34.06	(33.25)	(0.82)	(0.13)
Expense risk -10%	(33.85)	33.27	0.83	(0.08)
DIRECT PARTICIPATION				
Mortality risk +5%	6.36	(6.41)	(0.05)	(0.04)
Longevity risk +5%	(6.70)	6.74	0.05	0.04
Disability and morbidity risk +5%	–	–	–	–
Lapse risk +10%	24.24	(24.38)	(0.02)	(0.16)
Lapse risk - 10%	(26.14)	26.30	–	0.17
Expense risk +10%	35.68	(34.14)	(1.50)	–
Expense risk -10%	(35.80)	34.26	1.50	–

Development of incurred claims

The following is a breakdown of the outstanding incurred claims obligation at year-end 2024 by year of occurrence comprising the 'Liability for incurred claims' compared to previous claims estimates:

Development of Liabilities for incurred claims - 2024

(Millions of euros)

		2019	2020	2021	2022	2023	2024	Total
Estimation of claim costs (1)								
Number of years since reporting	At the end of the year of occurrence	240	230	277	265	279	1,819	
	1 year later	308	318	367	353	366		
	2 years later	321	334	383	368			
	3 years later	329	343	388				
	4 years later	331	345					
	5 years later	333						
Cumulative payments satisfied (-)		**333**	**344**	**384**	**357**	**339**	**268**	
Liability for incurred claims (LIC) gross			**1**	**4**	**11**	**27**	**1,551**	**1,594**
Liabilities for incurred claims (LIC)								**1,594**

(1) Given the short-term nature of the Liability for Incurred Claims, provisions for claims occurring prior to the disclosed period are not considered significant.

Mitigation of actuarial risk

One of the Group's elements used to mitigate the assumed actuarial risk consists of transferring part of the risk to other companies, through reinsurance contracts. To do so, the Group —and specifically its insurance company— has a Reinsurance Policy which is updated at least annually, which identifies the extent to which risk is passed on, taking into account the risk profile of direct insurance contracts, and the type, suitability and effectiveness of the various reinsurance agreements.

By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

In that regard, the Group establishes tolerance limits on the basis of the criteria that must govern the selection of reinsurers and the maximum retained risk.

3.4.3 Structural rate risk

Interest rate risk in the banking book

Interest rate risk in the banking book for the banking business

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

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

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

The Group applies best practices in the market and the recommendations of regulators in measuring interest rate risk. It sets risk thresholds based on these metrics related to net interest income and the economic value of its balance sheet and considering the complexity of the balance sheet.

It uses both static and dynamic measurements:

Static measurements: static measurements are those that are not designed based on assumptions of new business and refer to a specific point in time.

- **Static gap:** it shows the contractual distribution of maturities and interest rate reviews for applicable balance sheet or off-balance aggregates at a particular date. GAP analysis is based on comparing the values of the assets and liabilities reviewed or that mature in a particular period.
- **Balance sheet economic value:** it is calculated as the sum of i) the fair value of net interest-rate sensitive assets and liabilities on the balance sheet; ii) the fair value of off-balance sheet products (derivatives); and iii) the net carrying amounts of non-interest-rate sensitive asset and liability items.
- **Economic value sensitivity:** the economic value of sensitive balances on and off the balance sheet is reassessed under the various stress scenarios considered by the Group. The difference between this value and the economic value calculated at current market rates gives us a numeric representation of the sensitivity of economic value to the various scenarios employed. The Group then uses this sensitivity measurement to define operating risk thresholds for economic value for particular interest rate scenarios.
- **Value at Risk (VaR):** by applying the monthly historical changes to the current rate levels, the potential economic value impact is calculated for both the risk-free interest rate and the credit spread (limited solely to the on-balance sheet positions affected).

Dynamic measurements: these are based on the balance sheet position at a given date and also take into account the new business. Therefore, in addition to considering the current on- and off-balance sheet positions, growth forecasts from the Group's budget are included.

- **Net interest income projections:** the Group projects future net interest income (1, 2 and 3 years ahead) under various interest rate scenarios. The objective is to project net interest income based on current market curves, the outlook for the business and wholesale issuances and portfolio purchases and sales, and to predict how it will vary under stressed interest rates scenarios.

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

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

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

- **Earnings at risk (EaR):** by applying the monthly historical variations to the current rate levels, the potential impact on the Group's net interest income is calculated for both the risk-free interest rate and the credit spread (limited to affected on-balance sheet positions only).

The sensitivities of net interest income and equity are measurements that complement each other and provide an overview of risk in the banking book, which focuses more on the short and medium term, in the case of net interest income, and on the medium and long term in the case of equity.

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

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

	=< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	Total
ASSETS							
Interbank and Central Banks	65,491	327			250		66,068
Loans and advances to customers	241,084	28,194	17,999	12,987	9,460	45,653	355,377
Fixed income portfolio	27,051	8,668	6,421	10,995	10,028	19,157	82,320
TOTAL ASSETS	**333,626**	**37,189**	**24,421**	**23,981**	**19,737**	**64,810**	**503,765**
LIABILITIES							
Interbank and Central Banks	29,214	171	198	35	18	25	29,661
Customer deposits	207,903	39,788	33,884	33,551	11,285	84,771	411,182
Issuances	17,702	8,226	7,176	7,391	4,112	15,054	59,662
TOTAL LIABILITIES	**254,820**	**48,185**	**41,258**	**40,977**	**15,415**	**99,850**	**500,506**
ASSETS LESS LIABILITIES	**78,806**	**(10,997)**	**(16,838)**	**(16,996)**	**4,323**	**(35,040)**	**3,259**
Hedges	(88,107)	20,657	27,116	19,740	11,730	8,564	(300)
TOTAL DIFFERENCE	**(9,301)**	**9,660**	**10,279**	**2,744**	**16,053**	**(26,476)**	**2,959**

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

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

	+100 BP	-100 BP
Net interest income (1)	(2.58 %)	2.26 %
Economic value of equity for sensitive balance sheet aggregates (2)	(2.00 %)	0.44 %

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

With regard to measurement tools and systems, information is obtained at the transaction level of the Group's sensitive balance sheet transactions from each computer application used to manage the various products. This information is used to produce databases with a certain amount of aggregation in order to speed up the calculations without impairing the quality or reliability of the information.

The assets and liabilities management application is parameterised in order to include the financial specifics of the products on the balance sheet, using behavioural customer models based on historical information (e.g. pre-payment models and demand accounts). Growth data budgeted in the financial planning (volumes, products and margins) and information on the various market scenarios (interest and exchange rate curves) is also fed into this tool, in order to perform a reasonable estimate of the risks involved. It measures the Group's static gaps, net interest income and economic value.

To mitigate the interest rate risk in the banking book, the Group actively manages risk by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementarity between the sensitivity to fluctuations in interest rates on deposits and on lending transactions arranged with customers or other counterparties. At 31 December 2024, CaixaBank uses hedges as a strategy for mitigating its exposure and preserving the economic value of the balance sheet. The most significant hedges on the bank's balance sheet are loan hedges, issue hedges, demand account hedges and at BIS issue and term deposit hedges.

The interest rate risk in the banking book assumed by the Group is below levels considered significant under current regulations.

Interest rate risk for the insurance business

In particular, the insurance group has an Asset and Liability Management Policy aimed at establishing the asset and liability management strategy, based, among other things, on ensuring compliance with the obligations arising from insurance contracts while limiting exposure to interest rate risk. In this regard, the risk exposure is limited through financial immunisation techniques commonly used in the insurance market.

Furthermore, the scope of structural interest rate risk in the insurance group includes the use of matching adjustment in the relevant risk-free interest rate term structure in accordance with the guidelines of the Solvency II Directive.

The redemption value and market value of the assets allocated to the portfolios affected by the flow matching adjustment stood at EUR 43,319 and EUR 47,516 million, respectively, as at 31 December 2024.

The following yield curves are used to discount the estimated future cash flows of insurance contracts:

Financial risk assumption
(% weighted average rate)

	1 year	5 years	10 years	20 years	30 years
Risk	2.33 %	2.36 %	2.59 %	2.15 %	1.52 %
Savings	3.64 %	3.66 %	3.87 %	3.48 %	2.91 %
Direct participation	2.33 %	2.36 %	2.59 %	2.15 %	1.52 %

The rates presented in the table above have been calculated for the savings segment based on the weighted average discount rate of managed funds.

Finally, the following section presents a sensitivity analysis at year-end 2024 of how a possible change in interest rates and credit spreads could impact the "Other comprehensive income" derived from the valuation of insurance contracts referenced to the BBA model, as well as the "Financial assets at fair value through other comprehensive income" associated with this model:

Interest rate sensitivity *
(incremental % with respect to the baseline scenario)

	+100 BP	-100 BP
Risk-free type	(0.33)%	0.36 %
	+50 BP	**-50 BP**
Credit spread in Spanish debt	(0.31)%	0.32 %
Credit spread in Italian debt	(0.13)%	0.13 %
Credit spread in Portuguese debt	(0.01)%	0.01 %
Credit spread in corporate	(0.22)%	0.22 %

(*)The sensitivity variation applies to the yield curves for all durations.

Sensitivity has been calculated on the basis of the positions at the end of November 2024 (changes compared to December 2024 are not expected to be significant).

Exchange rate risk in the banking book

Exchange rate risk in the banking book refers to the potential loss of value of a financial instrument or balance sheet item in the event of adverse movements in exchange rates.

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

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

Foreign currency positions - banking business
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Cash and cash balances at central banks and other demand deposits	467	569	662
Financial assets held for trading	1,957	1,814	2,001
Financial assets with changes in other comprehensive income	2,678	2,573	2,666
Financial assets at amortised cost	31,484	25,613	22,803
Equity Investments	176	161	150
Other assets	605	661	842
TOTAL FOREIGN CURRENCY ASSETS	**37,367**	**31,391**	**29,124**
Financial liabilities at amortised cost	17,947	17,301	14,114
Deposits	8,692	10,652	11,028
Central banks	96	548	660
Credit institutions	2,578	4,515	4,864
Customers	6,018	5,589	5,504
Debt securities issued	8,740	6,044	2,462
Other financial liabilities	515	605	624
Other liabilities	1,741	1,653	1,797
TOTAL FOREIGN CURRENCY LIABILITIES	**19,688**	**18,954**	**15,911**

Foreign currency positions - insurance business
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Cash and cash equivalents	421	294	171
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	8,365	7,391	6,047
Financial assets designated at fair value through profit or loss	530	375	441
Financial assets with changes in other comprehensive income	1,749	1,917	1,604
Financial assets at amortised cost - Debt. Sec.	200	188	163
TOTAL FOREIGN CURRENCY ASSETS	**11,265**	**10,165**	**8,426**
*Of which: linked to investments on behalf of life policyholders who bear the investment risk **	*3,825*	*2,806*	*2,347*
Financial liabilities designated at fair value through profit or loss - Other financial liabilities	105	90	101
TOTAL FOREIGN CURRENCY LIABILITIES	**105**	**90**	**101**

(*) Corresponds to assets linked to the unit-linked product, the risk of which is borne by the policyholders. The changes in the value of the assets of the Unit Linked product are symmetrical to the change in the life insurance provision of these products.

The Group hedges its foreign currency risk by arranging cash transactions of financial derivatives, which mitigate the risk of asset and liability positions on the balance sheet. However, the nominal amount of these instruments is not reflected directly on the balance sheet but rather as memorandum items for financial derivatives. This risk is managed by seeking to minimise the level of exchange rate risk assumed in commercial activity, which explains why the Group's exposure to this market risk is low.

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

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

Breakdown by currency of the main items of the banking business balance sheet - 31-12-2024
(Millions of euros)

	Cash *	FA held for trading	FA with changes in OCI	FA at amortised cost	FL at amortised cost	Other liabilities
USD	135	1,240	2,369	23,764	13,716	1,065
JPY	34			135	233	2
GBP	47	603	4	4,085	2,637	510
PLN (Polish Zloty)	74	3		903	143	11
CHF	20			254	577	32
CAD	13	99		1,112	86	86
Others	144	12	305	1,231	555	35
TOTAL	**467**	**1,957**	**2,678**	**31,484**	**17,947**	**1,741**

FA: Financial assets; FL: Financial liabilities
(*) Cash and cash balances at central banks and other demand deposits

Breakdown by currency of the main items of the insurance business balance sheet - 31-12-2024
(Millions of euros)

	FA not designated for trading compulsorily measured at FV through profit or loss	FA designated at FV through profit or loss	FA w/changes in other comprehensive income	FA at amortised cost - Debt sec.	FL designated at FV through profit or loss - Other financial liabilities
USD	7,681	529	1,093	93	105
JPY	580				
GBP	48	1	619	107	
PLN (Polish Zloty)					
CHF	32				
CAD	3		4		
Others	21		33		
TOTAL	**8,365**	**530**	**1,749**	**200**	**105**

FA: Financial assets; FV: Fair value; FL: Financial liabilities

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

3.4.4 Liquidity and funding risk

Overview

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

The Group manages this risk in order to ensure liquidity is maintained at levels that allow it to comfortably meet all its payment obligations and to prevent its investment activities from being affected by a lack of lendable funds, operating at all times within the RAF. The strategic principles to achieve the management objectives are as follows:

- A decentralised liquidity management system across three units (the CaixaBank subgroup, the BPI subgroup and CaixaBank Wealth Management Luxembourg, S.A.), which includes a segregation of duties to ensure optimal management, control and monitoring of risks.
- Maintaining an efficient level of liquid funds in order to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Active management of liquidity through ongoing monitoring of liquid assets and the balance sheet structure.

- Sustainability and stability as principles of the funding source strategy, which is based on i) the customer deposit-based funding structure andii) capital market funding, complementing the funding structure.

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

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

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

Mitigation techniques for liquidity risk

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

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

- Delegation of the Annual General Meeting or, where applicable, of the Board of Directors for issuance, depending on nature of the type of instrument.
- Availability of several facilities open with i) the ICO, under credit facilities – mediation, ii) the European Investment Bank (EIB) and iii) the Council of Europe Development Bank (CEB). In addition, there are financing instruments with the ECB for which guarantees have been posted to ensure that liquidity can be obtained immediately:

Available in ECB facility
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Value of guarantees delivered as collateral	**74,250**	**78,570**	**77,674**
CaixaBank	69,318	73,034	71,550
BPI	4,932	5,536	6,124
Drawn down			**(15,620)**
Interest on drawn guarantees			**230**
Interest on drawn guarantees - CaixaBank			240
Interest on drawn guarantees - BPI			(10)
TOTAL AVAILABLE BALANCE IN ECB FACILITY	74,250	**78,570**	**62,283**

- Maintenance of issuance programmes with a view to reducing the time required to formalise the issuance of securities to the market:

Debt issuance capacity - 31-12-2024
(Millions of euros / Million dollars)

	Currency	Total issuance capacity	Total issued
CaixaBank fixed-income programme (CNMV 30-07-2024)	EUR	30,000	6,083
CaixaBank EMTN ("Euro Medium Term Note") programme (Ireland 18-04-2024)	EUR	30,000	26,927
EMTN programme ("Euro Medium Term Note") BPI (Luxembourg 19-12-2024)	EUR	7,000	3,100
CaixaBank US MTN ("U.S. Medium Term Note") programme (Ireland 07-03-2024)	USD	7,500	5,250
CaixaBank ECP ("Euro Commercial Paper") programme (Ireland 25-04-2024)	EUR	3,000	1,036
BPI mortgage covered bonds programme (CMVM Portugal 19-06-2024)	EUR	9,000	7,250
BPI Public Sector Obligations Programme (CMVM Portugal 24-10-2024)	EUR	2,000	600

- Guaranteed securities issuance capacity:

Covered bond issuance capacity - 31-12-2024
(Millions of euros)

	Issuance capacity *	Total issued
Mortgage covered bonds	40,049	60,362
Public sector covered bonds	5,038	2,000

(*) The liquid assets segregated in the liquidity buffer, if any, are not included in the calculation of the issuance capacity. The issuance capacity taking into account the liquidity buffer is EUR 43,729 million for Mortgage covered bonds and EUR 5,038 million for Regional bonds at the end of December 2024.

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

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

		31-12-2024	31-12-2023	31-12-2022
Mortgage covered bonds issued	(A)	60,362	56,840	59,571
Loan and credit portfolio collateral for mortgage covered bonds *	(B)	109,296	103,418	107,778
COLLATERALIZATION	**(B)/(A)**	**181%**	**182%**	**181%**
OVERCOLLATERALIZATION	**[(B)/(A)]-1**	**81%**	**82%**	**81%**

(*) The liquidity cushion is incorporated into the hedging set. By year-end, EUR 3,864 million in liquid assets were set aside for the coverage group, whereas in 2023, no funds were allocated to the coverage group's liquidity buffer since there was no such requirement.

- To facilitate access to short-term markets, CaixaBank currently maintains the following:
  - Interbank facilities with a significant number of (domestic and foreign) banks, as well as central banks.
  - Repo facilities with a number of domestic and foreign counterparties.
  - Access to central counterparty clearing houses for repo business (LCH SA – Paris, Meffclear and EUREX – Frankfurt).
- The Contingency Plan and Recovery Plan contain a wide range of measures that allow for liquidity to be generated in a wide range of crisis situations. These include potential issuances of secured and unsecured debt, use of the repo market, and so on. For all these, viability is assessed under different crisis scenarios and descriptions are provided of the steps necessary for their execution and the expected period of execution.

Liquidity situation

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

Liquid assets *
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Market value	Applicable weighted amount	Market value	Applicable weighted amount	Market value	Applicable weighted amount
Level 1 assets	110,465	110,301	100,557	100,522	93,888	93,850
Level 2A assets	320	272	194	165	363	308
Level 2B assets	983	535	1,394	697	1,664	905
HIGH-QUALITY LIQUID ASSETS (HQLA)	**111,768**	**111,109**	**102,145**	**101,384**	**95,915**	**95,063**
Assets available in facility not considered HQLAs		59,615		58,820		43,947
TOTAL LIQUID ASSETS		**170,723**		**160,204**		**139,010**

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

The Group's liquidity and financing ratios are set out below:

LCR and NSFR
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
High-quality liquid assets – HQLA (A)	111,109	101,384	95,063
Total net cash outflows (B)	53,754	47,067	48,911
Cash outflows	66,459	59,861	60,823
Cash inflows	12,705	12,794	11,912
LCR (LIQUIDITY COVERAGE RATIO) (%) - (A/B) *	**207 %**	**215 %**	**194 %**
NSFR (NET STABLE FUNDING RATIO) (%) **	**146 %**	**144 %**	**142 %**

(*) LCR: regulatory ratio whose objective is to maintain an adequate level of high-quality assets available to cover liquidity needs with a 30-day horizon, under a stress scenario. The liquidity coverage requirement for credit institutions, the regulatory minimum LCR ratio is 100%.

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

Key credit ratings are displayed below:

CaixaBank credit ratings

	Issuer *rating*						
	Long-term debt	Short-term debt	Outlook	Preferred senior debt	Assessment date	Rating of mortgage covered bonds	Last review date of mortgage covered bonds
S&P Global	A	A-1	Stable	A	14-11-2024	AA+	15-01-2025
Fitch *Ratings*	A-	F2	Stable	A	04-12-2024		
Moody's	A3	P-2	Stable	A3	10-07-2024	Aa1	19-11-2024
DBRS	A (high)	R-1(middle)	Stable	A (high)	20-12-2024	AAA	10-01-2025

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

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

	1-notch downgrade	2-notch downgrade	3-notch downgrade
Trading in derivatives / repos (CSA / GMRA / GMSLA agreements) *	4	4	13
Deposits taken with credit institutions *	0	0	0

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

Asset encumbrance – assets received and delivered under guarantee

The following table presents the assets delivered and received under guarantee:

Assets delivered and received as collateral for operations
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Committed assets (A)	Non-commmitted assets (B)	Committed assets (A)	Non-commmitted assets (B)	Committed assets (A)	Non-commmitted assets (B)
Carrying amount of encumbered assets	**80,521**	**472,083**	**81,327**	**452,507**	**104,164**	**428,976**
Equity instruments		1,080		1,766		1,710
Debt securities *	29,079	56,035	21,774	63,945	22,514	67,002
Other assets **	51,442	414,968	59,553	386,796	81,650	360,264
Credit portfolio	51,442	361,917	59,553	331,297	81,650	301,075
Others		53,051		55,499		59,189
Fair value of received assets	**5,343**	**21,869**	**7,330**	**16,671**	**3,892**	**23,365**
Equity instruments						
Debt securities	5,343	20,425	7,327	14,400	3,885	20,401
Other guarantees		1,444	3	2,271	7	2,964
ASSET ENCUMBRANCE RATIO [(A/(A+B)]		14.81 %		15.89 %		19.28 %
Memorandum items: Own debt securities issued						
Other than own covered bonds or own asset-backed securities ****		47		192		250
Unpledged own and secured bonds *****		64,041		66,519		58,152

(*) Mainly corresponds to assets provided in repurchase agreements and ECB financing transactions.

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

(***) Mainly corresponds to assets provided in reverse repurchase agreements, securities lending transactions and derivatives.

(****) Senior debt treasury shares.

(*****) Corresponds to treasury shares issued in the form of securitisations and *covered bonds* (mortgage/public sector).

In 2024, the proportion of collateralised assets fell compared to 2023, dropping by 1.08 percentage points. This decline was primarily due to reduced balances from guaranteed securities issued in the market and a lesser allocation in repo transactions. However, this was partially counteracted by an increase in collateral provided for other types of guarantees.

Secured liabilities and the assets securing them are as follows:

Secured liabilities and the assets securing
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Liabilities hedged, contingent liabilities or securities ceded	Assets, guarantees received and treasury instruments issued *	Liabilities hedged, contingent liabilities or securities ceded	Assets, guarantees received and treasury instruments issued *	Liabilities hedged, contingent liabilities or securities ceded	Assets, guarantees received and treasury securities issued *
Financial liabilities	51,223	65,178	55,649	71,761	70,951	99,335
Derivatives **	9,269	9,766	10,223	10,812	11,650	12,246
Deposits ***	25,195	29,190	27,436	31,893	39,175	54,772
Issuances ****	16,759	26,223	17,991	29,056	20,126	32,317
Other sources of charges	11,706	20,685	11,375	16,896	4,992	8,721
TOTAL	**62,929**	**85,863**	**67,024**	**88,657**	**75,943**	**108,056**

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

(**) Includes collateral provided to counterparties for the value of derivatives collateralised by fixed-income bonds or cash.

(***) Mainly includes the repo transaction in which fixed-income bonds are pledged as collateral and, to a lesser extent, issues of covered bonds recognised as deposits.

(****) Mainly includes issues of covered bonds secured by mortgage-covered bonds and, to a lesser extent, securitisations.

Residual maturity periods

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

Residual maturity periods - 31-12-2024
(Millions of euros)

	On demand	=< 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interbank assets		60,480	4,594	1,231		66,305
Loans and advances - Customers	1,416	41,790	55,231	153,168	170,204	421,809
Debt securities	2	4,235	15,648	46,517	20,271	86,673
TOTAL ASSETS	**1,418**	**106,505**	**75,473**	**200,916**	**190,475**	**574,787**
Interbank liabilities		23,622	5,542	655	174	29,993
Customer deposits	111,382	29,429	68,125	118,828	84,778	412,542
Debt securities issued		7,803	10,732	32,766	17,465	68,767
TOTAL LIABILITIES	**111,382**	**60,854**	**84,399**	**152,249**	**102,417**	**511,302**
Of which are wholesale issues net of treasury shares and multi-issuers		*5,913*	*3,625*	*22,243*	*25,466*	*57,246*
Of which are other financial liabilities for lease		*8*	*18*	*188*	*1,359*	*1,573*
Drawable by third parties		6,546	15,549	45,647	53,736	121,479

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

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

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

As regards issuances, the Group's policies take into account a balanced distribution of maturities, preventing concentrations and diversifying financing instruments.

In addition, its reliance on wholesale markets is limited.

Liquidity risk of insurance business

In addition, the insurance group uses a decentralised approach to manage its liquidity and funding risk with respect to CaixaBank. This management is based on its own management frameworks and policies included in the strategic risk management processes. The insurance group does not have a significant exposure to this risk as its portfolio investments are primarily long-term. However, there is a risk of illiquidity with the inherent market risk of assuming that an asset must be sold at a lower price than the market price due to its lack of liquidity or volatility at the time. Furthermore, there is a risk that the company may not have sufficient cash to meet immediate payments to meet its obligations over certain time horizons, mainly in the short term.

The insurance group continuously monitors the adequacy of the cash flows from investments and the obligations under insurance contracts. As assets are directly related to the liabilities that they cover, managing this risk is closely linked to the management of assets (see Note 3.4.1) and liabilities inherent to the business (see Note 3.4.2). While liquidity risk is inherent to any asset, monitoring the evolution of probable flows provides sufficient information to manage liquidity needs comprehensively.

In addition, two analyses are carried out based on the time horizon:

- Cash flow forecast: a one-month forecast that analyses the need for liquidity to meet immediate commitments.
- Forecast under different short/medium-term liquidity *stress test* scenarios: an analysis of the existing gap in cash inflows and outflows derived from the insurance group's cash flow projection. This second analysis considers the segmentation of the business mainly according to interest rate guarantee and redemption rights.

The insurance group regularly monitors the matching of asset and liability flows to manage the sensitivity of portfolios to changes in the profitability and duration of assets and liabilities and to anticipate possible cash flow mismatches.

The analysis by maturity of the insurance business is presented below:

Residual maturity periods - 31-12-2024
(Millions of euros)

	Demand	< 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
Insurance contract liabilities (IFRS 17) (1)	2	1,883	5,478	5,985	5,402	3,956	3,518	26,301	52,525
TOTAL LIABILITIES	**2**	**1,883**	**5,478**	**5,985**	**5,402**	**3,956**	**3,518**	**26,301**	**52,525**

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

Approximately 71% of the financial assets of the insurance business correspond to debt securities issued by Public Administrations, the maturities of which are outlined in Note 3 - 3.4. Financial risks - 3.4.1. Credit risk - Concentration risk - Concentration in sovereign risk.

3.4.5 Market risk

Overview

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

Market risk encompasses almost all the the Group's trading portfolio, as well as the deposits and repos arranged by trading desks for management.

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

Market risk cycle

Monitoring and measurement of market risk

On a daily basis, the Group monitors the operations traded, calculating how market changes will affect the profit and loss of positions held, quantifying the market risk undertaken, and monitoring compliance with limits. With the results obtained from these activities, a daily report is produced on positions, risk quantification and the utilisation of risk thresholds, which is distributed to Senior Management, the officers in charge of managing them, to Model Validation and Risk and to the Internal Audit division.

As a general rule, there are two types of measurements which constitute a common denominator and market standard for the measurement of market risk:

Sensitivity

Sensitivity represents risk as the impact a slight change in risk factors has on the value of positions, without providing any assumptions about the probability of such a change.

Value-at-risk (VaR)

The benchmark market risk measurement is VaR at 99% with a one-day time horizon for which the RAF defines a limit for trading activities of EUR 20 million (excluding the economic hedging CDS for the CVA, recognised for accounting purposes in the held-for-trading portfolio).

Daily VaR uses the historical simulation methodology which is based on the calculation of the impact on the value of the current portfolio of historical variations in risk factors: Daily changes observed over the last year are taken into account, with a confidence interval of 99%. VaR by historical simulation is suitable, given that it does not include any assumptions on the statistical behaviour of the risk factors, incorporating the consideration of non-linear relationships between them.

Moreover, since a downgrade in the credit rating of asset issuers can also give rise to adverse changes in market prices, quantification of risk is completed with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income and credit derivative positions (spread VaR), which constitutes an estimate of the specific risk attributable to the security issuers. This calculation is also made using historical methodology and with a 99% confidence interval and assuming daily changes in credit *spreads*.

The total VaR results from the aggregation of both VaR: the VaR calculated for fluctuations in interest rates, exchange rates (and the volatility of both), inflation, commodities (excluding the current position) and equities, plus the VaR spread.

Additional measures to VaR

As an analysis measurement, the Group completes the VaR measurements with the following risk metrics, updated weekly:

- **Stressed VaR** indicates the maximum loss on adverse movements in market prices based on a stressed historical period of one year, with a 99% confidence level and a daily time horizon (subsequently extrapolated to the regulatory horizon of 10 market days, multiplying by the root of 10). The stressed VaR calculation is leveraged by the same methodology and infrastructure as the historical VaR, with the only significant difference being the historical window selected.
- The **incremental default and migration risk** reflects the risk related to changes in credit ratings or breach of positions in fixed-income instruments and credit derivatives in the trading portfolio, with a confidence level of 99.9%, one-year time horizon, and a quarterly liquidity horizon, which is justified by the high liquidity of portfolio issuances. The estimate is made using Monte Carlo simulation of possible future states of external *rating* of the issuer and the issuance, based on transition matrices published by the main *rating* agencies, where dependence between credit quality variations between the different issuers is modelled using *Student's t-distribution*.

The maximum, minimum and average values of these measurements in this year, as well as their value at the close of the period of reference, are shown in the following table.

Summary of risk measurements - 2024
(Millions of euros)

	Maximum	Minimum	Average	Latest
1-day VaR	2.4	0.7	1.5	0.9
1-day Stressed VaR	7.9	2.0	2.8	2.7
Incremental risk	122.4	7.8	25.0	11.9

Backtest

To confirm the suitability of the estimates of the internal model, daily results are compared against the losses estimated under the VaR technique, which is what is referred to as *backtesting*. The risk estimate model is checked in two ways:

- Through net or hypothetical backtesting, which relates the portion of the daily marked-to-market result of open positions at the close of the previous session to estimated VaR over a one-day time horizon, calculated on the basis of the open positions at the close of the previous session. This backtesting is the most appropriate means of performing a self-assessment of the methodology.
- Gross (or actual) backtesting, which compares the total result obtained during the day (including intraday transactions) to VaR for a time horizon of one day, calculated on the basis of the open positions at the close of the previous session. This provides an assessment of the importance of intraday transactions in generating profit and estimating the risk.

The daily result used in both backtesting exercises does not include mark-ups, reserves, fees or commissions.

No significant incidents were detected during the 2024 financial year.

Stress test

Two stress testing techniques are used on the value of the trading positions to calculate the possible losses on the portfolio in situations of extreme stress:

- **Systematic stress**: this technique calculates the change in value of the portfolio in the event of a specific series of extreme changes in the main risk factors. It considers parallel interest rate shifts (rising and falling); changes at various points of the slope of the interest rate curve (steepening and flattening); variation of the spread between the instruments subject to credit risk and public debt securities (bond-swap spread); shifts in the EUR/USD curve differential; higher and lower volatility of interest rates; variation of the euro with respect to the USD, JPY and GBP; and variation in exchange rate volatility, share prices; and higher and lower volatility of shares and commodities.

- **Historical scenarios**: this technique addresses the potential impact of actual past situations on the value of the positions held.
- Reverse stress test: a technique that assumes a high-vulnerability scenario given the portfolio's composition and determines what variations in the risk factors lead to this situation.

Based on the set of measures described above, the management of market risk on trading positions in markets is in accordance with the methodological and monitoring guidelines.

Mitigation of market risk

As part of the required monitoring and control of the market risks taken, there is a structure of overall VaR limits complemented by the definition sublimits, stressed VaR and incremental default and migration risk, Stress Test and Stop Loss results and sensitivities for the various management units that could assume market risk.

The risk factors are managed using economic hedges on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits.

Beyond the trading portfolio, fair-value hedge accounting is used, which eliminates potential accounting mismatches between the balance sheet and statement of profit or loss caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, limits for each hedge are established and monitored, in this case expressed as ratios between total risk and the risk of the hedged items.

3.5 Operational risk

Overview

Operational risk is defined as the possibility of incurring losses due to the failure or unsuitability of processes, people, internal systems and external events. Given the heterogeneity of the nature of operational events, CaixaBank does not record operational risk as a single element in the Corporate Risk Catalogue, but rather it has included the following risks of an operational nature: conduct and compliance, legal and regulatory, technology and other operational risks. For each of these risks in the Catalogue, the Group upholds the corresponding specific management frameworks, without prejudice to the additional existence of an operational corporate risk management policy.

CaixaBank integrates operational risk into its management processes in order to deal with the financial sector's complex regulatory and legal environment. The overall objective of managing this risk is to improve the quality of business management, supplying relevant information to allow decisions to be made that ensure the organisation's long-term continuity, optimisation of its processes and the quality of both internal and external customer service. This objective comprises a number of specific objectives that form the basis for the organisation and working methodology for managing operational risk. These objectives are:

- To identify and anticipate existing or emerging operational risks.
- To adopt measures to sustainably mitigate and reduce operational losses.
- To promote the establishment of systems for the ongoing improvement of the operating process and of the control structure.
- To exploit operational risk management synergies.
- To promote an operational risk management culture.
- To comply with the current regulatory framework and requirements for the applicability of the management and calculation models chosen.

Operational risk management cycle

Identification and measurement of operational risk

The internal operational risk database is the information structure housing data on the Group's operational losses. Operational risks are structured into four categories or hierarchical tiers, from the most generic to the most specific and detailed:

- Tiers 1 and 2 of the regulations: Tier 1 comprises 7 subcategories (Internal Fraud; External fraud; Employment practices and security in workplace; Customers; Products and business practices; Damages to physical assets; Business interruptions and system faults, Execution and Delivery and process management) and Tier 2 comprises 20 subcategories.
- Tier 3 Group internal: represents the combined individual risk of all the business areas and Group companies.
- Tier 4 individual risks: represents the materialisation of particular Tier 3 risks in a process or activity.

The technological environment of the operational risk system provides all the functionality required and is fully integrated into the bank's transactional and information systems.

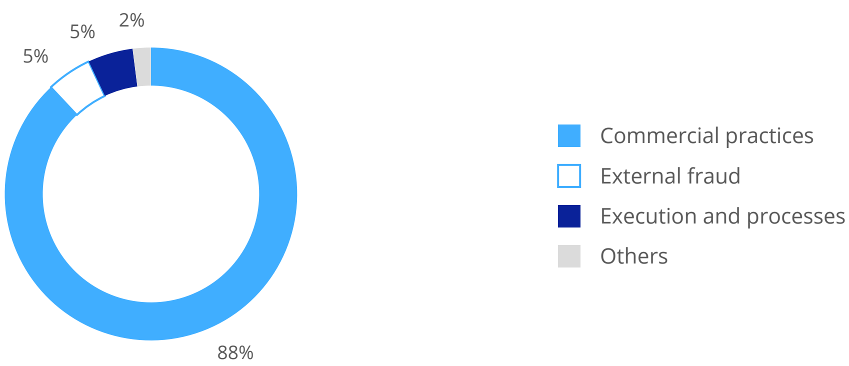
Operational risk is measured with the following aspects:

- <u>Quantitative measurement</u>

  The database of internal operational loss events serves as a fundamental element in managing operational risk and is the primary source of data for calculating economic capital.

  An **operational event** is the implementation of an identified operational risk, an event that causes an operational loss. It is the concept around which the entire data model revolves in the Internal Database. Loss events are defined as each individual economic impact related to an operational loss or recovery.

  Below, the distribution of gross losses is shown by regulatory category (Level 1) of risk in 2024:



  The Group uses the standardised method to calculate regulatory capital consumption requirements for operational risk (see Note 4), however, the Group's operational risk measurement and management is based on policies, processes, tools and methodologies that are risk-sensitive, in line with market practices.

  Therefore, the measurement of minimum capital requirements provided by the standard regulatory methodology (percentages applied to gross margin items) is used for supervisory reporting and compliance with minimum capital adequacy levels. In addition, the Group has aligned itself with international practices and has developed a model for calculating economic capital requirements, which covers all the risks in the Corporate Catalogue included in the range of operational risks.

- <u>Qualitative measurement</u>

  Operational risks are subjected to self-assessments on an annual basis, which make it possible to: i) obtain greater knowledge of the operational risk profile and the new critical risk; and ii) maintain a standardised update process for the taxonomy of operational risks, which is the foundation upon which this risk's management is defined.

  Annually, workshops and expert meetings are held to create and revise extreme operational loss scenarios. The purpose is for these scenarios to be used to detect areas of improvement in the management and to supplement the available external and internal historical data on operational losses.

In addition, there are **Key Risk Indicators** (KRI) that make it possible to: i) anticipate the development of operational risks, taking a forward-looking approach to their management and ii) provide information on development of the operational risk profile and the reasons for this. A KRI is a metric that detects and anticipates changes in said risk, and its monitoring and management is integrated in the operational risk corporate management tool. KRIs are not by nature a direct result of risk exposure. They are metrics that can be used to identify and actively manage operational risk.

Monitoring and mitigation of operational risk

With the aim of contributing to the sustainable and recurring reduction of operational risks, an annual forecast of operational losses is carried out, covering the entire scope of management and enabling monthly monitoring to analyse and, where applicable, correct any possible deviations. The degree of compliance with the forecast is monitored periodically by the Operational Risk Committee, where the main deviations are analysed taking account of the nature of the operational losses and the most and least effective mitigating actions.

The generation of action and mitigation plans is one of the links in the Group's operational risk management chain. The action and mitigation plans may originate from any of the operational risk management tools or other sources: self-assessments, extreme scenarios, external sources (ORX, specialised press), KRIs, losses due to operational events, internal audits and internal validation reports.

Therefore, with the aim of monitoring and mitigating the operational risk, the following have been defined: action plans that entail appointing a centre to be in charge, setting out the actions to be undertaken to mitigate the risk covered by the plan, the percentage or degree of progress, which is updated regularly, and the final commitment date. This allows mitigation by i) decreasing the frequency at which the events occur, as well as their impact; ii) holding a solid structure of sustained control in policies, methodologies, processes and systems and iii) integrating —into the everyday management of the Group— the information provided by operational risk management levers.

In addition, the corporate insurance programme for dealing with operational risk is designed to cover certain risks, and it is updated annually. Risk transfer depends on risk exposure, tolerance and appetite at any given time.

Risk of an operational nature

The Corporate Risk Catalogue risks that are identified in the regulatory framework as operational risk, are described below.

3.5.1 Conduct and compliance risk

Insofar as operational risk is concerned, according to the regulatory definition, conduct and compliance risk is defined as the Group's risk arising from the application of conduct criteria that run contrary to the interests of its customers and stakeholders, or acts or omissions that are not compliant with the legal or regulatory framework, or with internal codes and rules, or with codes of conduct and ethical and good practice standards. The objective the Group is: i) to minimise the probability of this risk occurring and ii) if it does, to detect, report and address the weaknesses promptly.

The management of compliance and conduct risk is not limited to any specific area, but rather the entire Group. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage conduct and compliance risk, the Group drives the awareness-raising and promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its employees and other members of its governing bodies must ensure that they are compliant as a core criterion guiding their day-to-day activities. Therefore, as the first line of defence, the areas whose business is subject to conduct and compliance risk implement and manage first-level indicators or controls to detect potential sources of risk and act effectively to mitigate them. In turn, the function of Compliance, as the second line of defence, is to identify, evaluate, supervise and report on the risks of sanctions or financial losses to which the Entity is exposed, as a result of the breach of or defective/inadequate compliance with laws, regulations, legal or administrative requirements, codes of conduct, ethical standards or good practices, relating to the scope of action.

3.5.2 Legal and regulatory risk

Legal and regulatory risk is defined as the potential loss or decrease in the profitability of the Group as a result of changes in the legislation, of the incorrect implementation of this legislation in the Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.

It is managed according to certain operational principles, with a view to ensure that the appetite and risk tolerance limits defined in the Group's RAF are respected.

In this regard, the Group conducts actions to constantly monitor and track regulatory changes, in pursuit of better legal security and legitimate interests, chiefly those described in Note 3.1 in relation to the regulatory environment. In this regard, the activities are coordinated by the Regulation Committee, the body responsible for defining the Group's strategic position in financial-regulation-related matters, driving the representation of the Group's interests and coordinating the regular assessment of the regulatory initiatives and proposals that may affect the Group.

The bank also undertakes regulatory implementation, which involves creating or modifying contracts, processes, and systems to comply with new regulations. The Transparency Committee is tasked with ensuring transparency in the marketing of financial products and services. It approves new products or services by adhering to transparency and customer protection regulations. Additionally, it refers significant products to the Product Strategy Committee, which outlines strategies for new products and services. Both committees oversee adherence to consumer protection and privacy laws for all Bank initiatives. The Privacy Committee specifically ensures compliance with privacy regulations and the safeguarding of customers' personal data.

In order to ensure the correct interpretation of the standards, in addition to work on the study of jurisprudence, and decisions of the statutory authorities, in order to adjust the bank's activity to such criteria, it also enquires as to when it is necessary for the relevant administrative authorities.

In relation to the claims filed with the Customer Service Office, as well as the sustained flow of existing litigiousness, the Group has policies, criteria, analysis and monitoring procedures for these judicial claims and processes. These enable the Group to gain better knowledge of the activities that it develops, to identify and establish ongoing improvement in contracts and processes, to implement measures to raise awareness on regulations and early restoration of customers' rights in the event of any incidents, through agreements and establishing the appropriate accounting hedges, in the form of provisions, in order to cover hypothetical financial damages whenever they are deemed likely.

3.5.3 Technology risk

Also within the framework of operational risk, technology risk in the Corporate Risk Catalogue is defined as the risk of losses due to the inadequacy or failures of the hardware or software of technological infrastructure, due to cyber attacks or other circumstances that may compromise the availability, integrity, accessibility and security of infrastructure and data. The risk is broken down into 5 categories that affect ICT (Information and Communications Technology):i) availability; ii) information security;iii) operation and management of change; iv) data integrity; and v) governance and strategy.

The current measurement is integrated into an ongoing monitoring RAF indicator, which is calculated through a thorough analysis of individual indicators connected to various aspects of technology risk. Regular reviews are carried out by sampling, which make it possible to check the quality of the information and the methodology used in creating the indicators reviewed.

The internal governance frameworks associated with different fields of technology risk have been designed according to renowned international standards and/or they are aligned with the guidelines published by different supervisors:

- IT Governance: designed and developed under the standard ISO 38500.
- Information security: designed and developed under the ISO 27002 standard, and certification of the Information Security Management System based on the ISO 27001 standard.
- IT contingency: designed and developed under the standard ISO 27031.
- Governance of information and data quality: designed and developed in accordance with BCBS 239 (Basel Committee on Banking Supervision).

With the different frameworks of governance and management systems, CaixaBank seeks to guarantee:

- Compliance with recommendations issued by regulators: Bank of Spain, European Central Bank, etc.
- Maximum security in its operations, both in regular processes and in one-off situations.

And it also demonstrates to its customers, investors, and other stakeholders:

- Its commitment to the governance of information technologies, and business security and continuity.
- The implementation of management systems according to most renowned international standards.
- The existence of different cyclical processes based on ongoing improvement.

Similarly, CaixaBank has been designated a critical infrastructure operator by virtue of the provisions of Act 8/2011 and is under the supervision of the National Centre for the Protection of Critical Infrastructures dependent on the State Secretary of Home Office Security.

Furthermore, CaixaBank holds a general emergency plan and various internal regulations on security measures, which include priority aspects such as: i) cybersecurity strategy; ii) the fight against customer fraud and internal fraud; iii) data protection; iv) security governance and disclosure; and v) supplier security.

CaixaBank's second line of defence has developed a control framework for this risk, based on international standards, which assesses the effectiveness of the control environment and measures the level of residual risk, establishing mitigation plans where necessary.

3.5.4 Other operational risks

In the Corporate Risk Catalogue, this means losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. This includes risk factors related to outsourcing, business continuity and external fraud.

All of the Group's areas and companies are responsible for the set of other operational risks that arise within their respective remits. This means identifying, assessing, managing, controlling and reporting the operational risks of their activity and helping CaixaBank's Non-Financial Risk Division to implement the management model throughout the Group.

CaixaBank's second line of defence has developed control frameworks for outsourcing and external fraud risks, similar to those used in technology risk, to assess the effectiveness of the control environment and measure the level of residual risk, establishing mitigation plans where necessary. These reports are presented to management and governing bodies, as required.

4. Capital adequacy management

The composition of the Group's eligible own funds is as follows:

Eligible own funds

(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Amount	In %	Amount	In %	Amount	In %
Net equity	**36,865**		**36,339**		**34,262**	
Shareholders' equity	37,425		38,206		36,639	
Capital (Note 25)	7,175		7,502		7,502	
Profit/(loss)	5,787		4,816		3,145	
Reserves and others	24,463		25,888		25,992	
Minority interests and OCI	(560)		(1,867)		(2,377)	
Other CET1 instruments	**(2,599)**		**(2,664)**		**(800)**	
Adjustment for minority interests/OCI computability	227		279		466	
Other adjustments (1)	(2,826)		(2,943)		(1,266)	
CET1 Instruments	**34,266**		**33,675**		**33,462**	
Deductions from CET1	**(5,254)**		**(5,362)**		**(5,968)**	
Intangible assets	(3,534)		(3,489)		(3,463)	
Deferred tax assets	(1,436)		(1,544)		(1,901)	
Other CET1 deductions	(284)		(329)		(604)	
CET1	**29,012**	**12.2 %**	**28,313**	**12.4 %**	**27,494**	**12.8 %**
AT1 instruments (2)	4,266		4,487		4,238	
AT1 deductions						
TIER 1	**33,278**	**14.0 %**	**32,800**	**14.4 %**	**31,732**	**14.8 %**
T2 instruments (3)	6,321		6,309		5,575	
T2 Deductions						
TIER 2	**6,321**	**2.7 %**	**6,309**	**2.8 %**	**5,575**	**2.6 %**
TOTAL CAPITAL	**39,599**	**16.6 %**	**39,109**	**17.1 %**	**37,307**	**17.3 %**
Other eligible subordinated instruments MREL	18,702		14,001		11,048	
MREL, SUBORDINATED (4)	**58,301**	**24.5 %**	**53,110**	**23.3 %**	**48,355**	**22.5 %**
Other computable instruments MREL	8,492		8,190		7,448	
MREL (4)	**66,793**	**28.1 %**	**61,300**	**26.8 %**	**55,803**	**25.9 %**
RISK WEIGHTED ASSETS (RWA)	**237,969**		**228,428**		**215,103**	
Individual CaixaBank ratios:						
CET1		11.7 %		12.1 %		12.9 %
TIER 1		13.6 %		14.2 %		15.0 %
Total capital		16.4 %		17.1 %		17.8 %
RWAs	225,879		215,492		199,250	

(1) Mainly includes forecast for dividends, the not executed amount from the share buy-back programme announced in October 2024, the total amount from the share buy-back programme announced in January 2025 (EUR 500 million) and the AVAs. In 2023, it also included the IFRS 9 transitional adjustment.
(2) In the first quarter of 2024, an AT1 issue of EUR 750 million was completed. In the second quarter, an issue of EUR 1,000 million was no longer included, as it was amortised in June 2024 (see Note 23.3). After year-end, in January 2025, a new AT1 instruments issue for EUR 1,000 million was completed and EUR 836 million from a previous AT1 issue were repurchased (see Note 1.9).
(3) In 2024, the early amortisation of EUR 1,000 million of Tier 2 instruments and an issue of EUR 1,000 million of subordinated instruments eligible as Tier 2 instruments were carried out. (see Note 23.3).
(4) See Note 23.3 for the senior preferred and senior non-preferred issuances conducted during the year.

The following chart provides a breakdown of the leverage ratio:

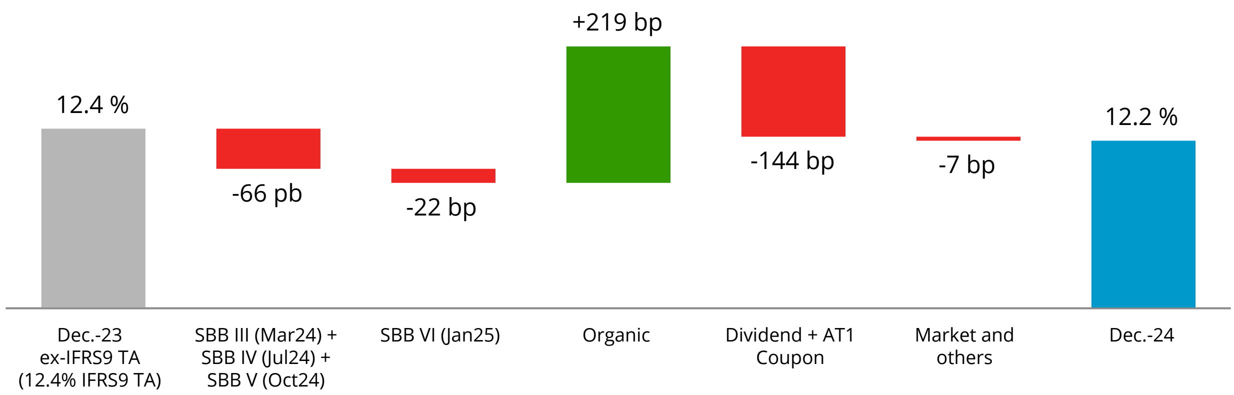
Leverage ratio

(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Exposure	588,103	563,578	563,692
Leverage ratio (Tier 1/Exposure)	5.7 %	5.8 %	5.6 %

The causative details of the main aspects of the financial year that have influenced the CET1 ratio are set out below:

Changes in CET1



The Common Equity Tier 1 (CET1) ratio stands at 12.2%. It includes the extraordinary impact from the three SBB (share buy-back) programmes completed throughout the year (announced in March, July and October of 2024: SBB III, IV and V) for EUR 500 million each, resulting in -66 basis points. It prudently includes at the end of December the extraordinary impact of the sixth SBB programme announced in January 2025 (which is deducted in full by the maximum amount of the programme, EUR 500 million, -22 basis points, see Note 25).

The change in the CET1 ratio in the year, up 68 basis points, excluding the extraordinary impact from the buy-back programmes, is mainly caused by the organic growth (+219), reduced by the forecast of dividend charged to this year (payout 53.5%) and AT1 payment coupon (-144 bps), and the performance of the markets and other factors (-7 bps).

The Group's current level of capital adequacy confirms that the applicable requirements would not lead to any automatic restrictions according to the capital adequacy regulations, regarding the distribution of dividends, variable remuneration, and interest to holders of Additional Tier 1 capital securities. At 31 December 2024, CaixaBank has a margin of 348 basis points, equating to EUR 8,277 million, until the Group’s MDA trigger.

The following chart sets out a summary of the minimum requirements of eligible own funds:

Minimum requirements
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Amount	In %	Amount	In %	Amount	In %
BIS III minimum requirements						
CET1 *	20,649	8.68 %	19,476	8.53 %	17,929	8.34 %
Tier 1	25,001	10.51 %	23,610	10.34 %	21,822	10.15 %
Total capital	30,800	12.94 %	29,120	12.75 %	27,010	12.56 %

(*) Includes the minimum requirement of Pillar I of 4.5%; the Pillar 2 requirement (supervisory review process) of 0.98%; the capital conservation buffer of 2.5%, the countercyclical buffer of 0.13% and the OEIS (Other Systemically Important Entity) buffer of 0.50%. As of October 2024, a 0.06% surcharge has been included for the activation of a sectoral systemic risk buffer (SyRB) for retail exposures collateralised by residential property in Portugal.

The following chart sets out a summary of the minimum requirements of MREL:

MREL requirements
Percentage

	RWA requirement in % (including current CBR) *			LRE requirement in %		
	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022
Total MREL	24.42 %	22.43 %	22.24 %	6.15 %	6.09 %	6.09 %
Subordinated MREL	16.69 %	16.60 %	16.41 %	6.15 %	6.09 %	6.09 %

(*) CBR: Combined Buffer Requirement (3.19% in December 2024)

(**) LRE: Leverage ratio exposure

The changes in eligible own funds are as follows:

Changes in eligible own funds
(Millions of euros)

	31-12-2024		31-12-2023	
	Amount	In %	Amount	In %
CET1 AT THE START OF THE YEAR	**28,313**	**12.4 %**	**27,494**	**12.0 %**
Changes in CET1 instruments	**591**		**214**	
Capital	(327)			
Profit	5,787		4,816	
Expected dividends	(3,096)		(2,889)	
Reserves	(2,279)		(1,519)	
Valuation adjustments and other	506		(194)	
Changes in deductions from CET1	**108**		**605**	
Intangible assets	(45)		(25)	
Deferred tax assets	108		357	
Other deductions from CET1	45		273	
CET1 AT THE END OF THE YEAR	**29,012**	**12.2 %**	**28,313**	**12.4 %**
ADDITIONAL TIER 1 AT THE START OF THE YEAR	**4,487**	**2.0 %**	**4,238**	**1.9 %**
Changes in AT1 instruments (1)	**(221)**		**249**	
Preference issues	750		750	
Redemption of issuances	(1,000)		(500)	
Other (2)	29		(1)	
ADDITIONAL TIER 1 AT THE END OF THE YEAR	**4,266**	**1.8 %**	**4,487**	**2.0 %**
TIER 2 AT THE START OF THE YEAR	**6,309**	**2.8 %**	**5,575**	**2.4 %**
Changes in Tier 2 instruments (1)	**12**		**734**	
Subordinated issuances	1,000		1,564	
Redemption of issuances	(1,000)		(1,000)	
Other (3)	12		170	
TIER 2 AT THE END OF THE YEAR	**6,321**	**2.7 %**	**6,309**	**2.8 %**

(1) See Note 23.3 for Tier 1 and Tier 2 instruments issued and redeemed in the year.

(2) Accounts for the earned interest and the value of the hedging related to the AT1 issues, following EBA recommendations, including the portion that is not computable.

(3) Accounts for the earned interest and the value of the hedging related to the Tier 2 issues, following EBA recommendations, including the portion that is not computable. It also includes the change in the surplus of IRB provisions.

Information on capital requirements by risk calculation method is presented below:

Breakdown of risk weighted assets by method
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Amount	%	Amount	%	Amount	%
Credit risk *	**196,645**	**82.6 %**	**188,636**	**82.6 %**	**175,185**	**81.4 %**
Standardised approach	65,517	27.5 %	66,881	29.3 %	80,919	37.6 %
IRB approach	131,128	55.1 %	121,755	53.3 %	94,266	43.8 %
Shareholder risk	**17,975**	**7.6 %**	**18,837**	**8.2 %**	**19,978**	**9.3 %**
PD/LGD method	1,358	0.6 %	2,788	1.2 %	2,890	1.3 %
Simple method	16,617	7.0 %	16,049	7.0 %	17,088	7.9 %
Market risk	**1,035**	**0.4 %**	**982**	**0.4 %**	**1,130**	**0.5 %**
Standardised approach	270	0.1 %	209	0.1 %	12	0.0 %
Internal models (IMM)	765	0.3 %	773	0.3 %	1,118	0.5 %
Operational risk	**22,314**	**9.4 %**	**19,973**	**8.7 %**	**18,810**	**8.7 %**
Standardised approach	22,314	9.4 %	19,973	8.7 %	18,810	8.7 %
TOTAL	**237,969**	**100.0 %**	**228,428**	**100.0 %**	**215,103**	**100.0 %**

(*) Includes credit valuation adjustments (CVA), deferred tax assets (DTAs) and securitisations.

5. Appropriation of profit

The distribution of CaixaBank, SA's profit for 2024, which the Board of Directors, based on the information available at the date of preparation of these financial statements, has agreed to submit to the Annual General Meeting for approval, is presented below:

Appropriation of profits of CaixaBank, S.A.
(Millions of euros)

	Amount	Euros per share
Basis of appropriation		
Profit/(loss) for the year	5,543	
Distribution		
To dividends (1)	3,096	0.4352
To interim dividend	1,068	
To final dividend (2)	2,028	
To reserves (3)	2,447	
To legal reserve (4)		
To voluntary reserve (5) (6)	2,447	
NET PROFIT FOR THE YEAR	5,543	

(1) Total estimated amount (see Note (2) below).

(2) Amount corresponding to payment of the additional dividend of EUR 0.2864 per share, to be paid in cash on 24 April 2025. It is noted that the total supplementary dividend amount has been calculated with the assumption that the current share buyback programme, announced through the Inside Information communication on 31 October 2024, and further detailed in the Other Relevant Information communication on 19 November 2024, will result in 7,080,577,042 shares of the Entity being eligible for the dividend on the payment date. The aim of this share buy-back programme is to reduce CaixaBank's share capital by redeeming acquired treasury shares. Therefore, the total amount of the supplementary dividend may be higher if fewer shares than expected are acquired in the buyback programme, or lower if the opposite occurs.

Should the Company hold more treasury shares than estimated at the dividend payment date, the amount of the dividend corresponding to these additional treasury shares shall be applied to voluntary reserves.

(3) Estimated amount (see Note (5) below).

(4) It is not necessary to transfer part of the 2024 profit to the legal reserve, as this reserve has reached 20% of the share capital (article 274 of the Capital Companies Law).

(5) Estimated amount allocated to the voluntary reserve. The final dividend amount will be adjusted up or down by the same amount by which the actual supplementary dividend differs from the estimated supplementary dividend (see Notes 1 and 2 above).

(6) Remuneration of AT1 capital instruments corresponding to 2024, totalling EUR 267 million, will be deemed to have been paid, with this amount charged to voluntary reserves.

6. Shareholder remuneration and earnings per share

6.1. Shareholder remuneration

On 3 April 2024, the Entity paid its shareholders EUR 0.3919 gross per share, corresponding to the ordinary dividend charged to 2023 profits. This dividend distribution amounted to EUR 2,876 million and is equivalent to 60% of the consolidated net profit of 2023.

On 1 February 2024, the Board of Directors approved the dividend plan for 2024, which consists of a cash distribution between 50% and 60% of the consolidated net profit, including an interim dividend. In accordance with the aforementioned dividend plan,

- On 7 November 2024 the bank paid the interim dividend of 40% of the consolidated net profit for the first half of 2024 for an amount of EUR 1,068 million (EUR 0.1488 gross per share). The liquidity statement prepared by CaixaBank to evidence the existence of sufficient income and liquidity for the distribution of the aforementioned interim dividend is as follows.

CaixaBank liquidity adequacy and results
(Millions of euros)

	30-09-2024
Actual liquidity *	100,681
Potential liquidity **	158,619
High-quality liquid assets	110,532
High-quality liquid assets + available in facility ***	166,430
Balance in current accounts	57,804
MAXIMUM AMOUNT PAYABLE	1,070
PROFIT/(LOSS) AFTER TAX FOR THE PERIOD	3,214

(*) Basically cash on hand, the interbank balance and unencumbered sovereign debt, less the balance to be withheld as a cash ratio.
(**) As well as Balance Sheet Liquidity, also includes the balance available through the ECB facility.
(***) Includes the balance available through the ECB facility not included in high-quality liquid assets.

- On 29 January 2025, the Board of Directors agreed to propose at the Annual General Meeting the distribution of a final dividend in cash for EUR 2,028 million, equivalent to EUR 0.2864, gross, per share charged to 2024 profits, which will be paid in April 2025. Following this second dividend payment, the total shareholder returns in 2024 will be equivalent to 53.5% of the consolidated net profit (EUR 0.4352, gross, per share).

The following dividends were distributed in recent years:

Dividends paid
(Millions of euros)

	Euros per share	Amount paid in cash	Date of announcement	Payment date
2024				
Dividend for 2023 *	0.3919	2,876	02-02-2024	03-04-2024
Interim dividend - 2024	0.1488	1,068	30-10-2024	07-11-2024
2023				
Dividend for 2022	0.2306	1,730	02-02-2023	12-04-2023
2022				
Dividend for 2021	0.1463	1,179	27-01-2022	20-04-2022

(*) Net amount of the dividend corresponding to treasury shares (EUR 13 million).

Furthermore, details of the share buy-back programmes (SBB) included in the framework of the current Strategic Plan are disclosed in Note 25.

Furthermore, the Board of Directors approved on 29 January 2025 to maintain the same dividend plan for 2025, which consists of a cash distribution between 50% and 60% of the consolidated net profit, to be paid in two cash payouts: an interim dividend, amounting to between 30% and 40% of the consolidated net profit for the first half of 2025 profit (to be paid in November 2025) and a final dividend, subject to final approval by the General Meeting of Shareholders (to be paid in April 2026). The threshold to pay out the excess capital for 2025 is established at 12.25% of CET1.

6.2. Earnings per share

Basic and diluted earnings per share of the Group are as follows:

Calculation of basic and diluted earnings per share
(Millions of euros)

	2024	2023	2022
Numerator	**5,520**	**4,539**	**2,868**
Profit attributable to the Parent	5,787	4,816	3,129
Less: Preference share coupon amount (AT1)	(267)	(277)	(261)
Denominator (thousands of shares)	**7,262**	**7,470**	**7,819**
Average number of shares outstanding (1)	7,262	7,470	7,819
Adjusted number of shares (basic earnings per share)	**7,262**	**7,470**	**7,819**
Basic earnings per share (in euros) (2)	**0.76**	**0.61**	**0.37**
Diluted earnings per share (euro) (3)	**0.76**	**0.61**	**0.37**

(1) Number of shares outstanding at the beginning of the year, excluding average number of treasury shares held during the period. Includes the retrospective adjustments set out in IAS 33.

(2) If the profit/loss of CaixaBank (non-consolidated basis) in 2024, 2023 and 2022 had been considered, the basic profit would be EUR 0.73, EUR 0.54 and 0.27 per share, respectively.

(3) Preference shares did not have any impact on the calculation of diluted earnings per share, since their capacity to be convertible was unlikely. Additionally, equity instruments associated with remuneration components were not significant.

7. Business combinations, acquisition and disposal of ownership interests in subsidiaries

Business combinations – 2024

No business combinations took place in 2024.

Business combinations – 2023

No business combinations took place in 2023.

Business combinations – 2022

Sa Nostra, Compañía de Seguros de Vida, S.A. (Sa Nostra Vida)

On 27 June 2022, CaixaBank reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (Caser) to have its subsidiary VidaCaixa, S.A.U. de Seguros y Reaseguros (VidaCaixa) buy its 81.31% interest in the share capital of Sa Nostra Vida, a company that provides life insurance and pension plans that operates in the Balearic Islands. The operation was completed in November of 2022, after obtaining the approvals of the Comisión Nacional de Mercados y Competencia and the Dirección General de Seguros y Fondos de Pensiones (the Spanish Markets and Competition Commission and the Spanish Directorate General for Insurance and Pension Funds, respectively).

VidaCaixa paid EUR 262 million to Caser, which was agreed between the parties in accordance with the terms of the Sa Nostra Vida shareholders' agreement.

In addition, a negative impact of EUR 29 million was recognised in the Group income statement for the penalty included in the price for terminating the alliance with Caser in Sa Nostra Vida. The acquisition had no other significant impact on the Group income statement or solvency.

In November of 2022, CaixaBank transferred the remaining 18.69% stake in Sa Nostra Vida to VidaCaixa, such that the latter wholly owns Sa Nostra Vida.

Once the aforementioned transactions had been executed, the reorganisation of Bankia's insurance businesses was completed. The accounting and operational integration of Sa Nostra Vida into VidaCaixa was completed in 2023.

Accounting of the business combination

The 2023 financial statements included the final recognition of this business combination. The acquisition date for accounting purposes was 31 December 2022. The impact on equity and profit or loss of the difference between the acquisition date and the date control was effectively obtained is not significant.

The consideration for acquiring 100% ownership was valued at EUR 272 million, based on a net asset and liability value at fair value of EUR 203 million. This valuation predominantly comprised EUR 37 million in intangible assets, which were linked to the projected future earnings in the risk insurance sector, along with the related tax implications. As a result of the acquisition, a first-time consolidation difference of EUR 43 million was highlighted, which has been recognised in "Intangible assets - Goodwill" (see Note 20).

The net profit attributed to the Group and the gross margin from this business at 31 December 2022, if the business combination had been carried out on 1 January 2022, would be increased by EUR 10 million and EUR 15 million, respectively. The costs directly associated with the transaction were not relevant, and were recorded in the statement of profit or loss for the period in which they materialised.

8. Segment information

The objective of business segment reporting is to allow internal supervision and management of the Group activity and profits. The information is broken down into several lines of business according to the Group organisation and structure. The segments are defined and segregated taking into account the inherent risks and management characteristics of each one, based on the basic business units which have accounting and management figures.

The following is applied to create them: i) the same presentation principles are applied as those used in the Group management information, and ii) the same accounting principles and policies as those used to prepare the financial statements.

The Group is made up of the following business segments:

- **Banking and insurance business**: shows earnings from the Group's banking, insurance, asset management, real estate and ALCO's activity mainly in Spain.
- **BPI**: covers the income from the BPI's domestic banking business, essentially in Portugal.
- **Corporate centre**: includes the investees allocated to the equity investments business in the segmentation effective, that is, BFA, BCI, Coral Homes, Gramina Homes and Telefónica (up until its sale in June 2024). This line of business shows earnings from the stakes net of funding expenses.

In addition, the Group excess capital is allocated to the corporate centre, which is calculated as the difference between the Group's total shareholders' equity and the capital assigned to the Banking and Insurance business, BPI and the investees allocated to the corporate centre. Specifically, the allocation of capital to these businesses and investees takes into account the 11.5% capital consumption for risk-weighted assets, as well as any applicable deductions. Liquidity is the counterpart of the excess capital allocated to the corporate centre.

The operating expenses of these business segments include both direct and indirect costs, which are assigned according to internal distribution methods. Specifically, the corporate expenses at Group level are assigned to the corporate centre.

The performance of the Group by business segment is shown below:

Consolidated statement of profit or loss of CaixaBank Group - By business segment

(Millions of euros)

	Banking and insurance						BPI			Corporate centre		
	2024		2023		2022							
		Of which insurance		*Of which insurance* *		*Of which insurance* *	2024	2023	2022	2024	2023	2022
Interest income	19,142	*1,956*	16,677	*1,758*	8,441	*1,394*	1,616	1,390	644	139	156	112
Interest expense	(9,078)	*(1,704)*	(7,537)	*(1,593)*	(2,437)	*(1,343)*	(655)	(462)	(100)	(56)	(111)	(108)
NET INTEREST INCOME	**10,064**	***252***	**9,140**	***165***	**6,004**	***51***	**961**	**928**	**544**	**83**	**45**	**4**
Dividend income	4		28		3		8	2	4	88	133	156
Share of profit/(loss) of entities accounted for using the equity method *	228	*211*	263	*250*	162	*155*	20	19	29	13	(1)	31
Net fee and commission income	3,451	*148*	3,367	*152*	3,559	*147*	327	291	296			
Gains/(losses) on financial assets and liabilities and others	196	*14*	252	*9*	289	*16*	31	25	27	(4)	(42)	12
Profit/(loss) from the insurance service	1,216	*1,195*	1,118	*1,107*	936	*924*						
Other operating income and expense	(790)	*5*	(1,254)		(918)		(19)	(77)	(38)	(4)	(6)	(7)
GROSS INCOME	**14,369**	***1,825***	**12,914**	***1,684***	**10,035**	***1,293***	**1,328**	**1,188**	**862**	**176**	**129**	**196**
Administrative expenses	(4,833)	*(152)*	(4,562)	*(112)*	(4,406)	*(83)*	(434)	(425)	(381)	(63)	(60)	(58)
Depreciation and amortisation	(711)		(695)	*(48)*	(654)	*(43)*	(64)	(76)	(74)	(3)	(3)	(2)
PRE-IMPAIRMENT INCOME	**8,825**	***1,673***	**7,657**	***1,524***	**4,975**	***1,167***	**830**	**687**	**407**	**110**	**66**	**136**
Impairment losses on financial assets and other provisions	(1,313)	*(1)*	(1,258)		(1,071)		(96)	(85)	(29)			(9)
NET OPERATING INCOME/(LOSS)	**7,512**	***1,672***	**6,399**	***1,521***	**3,904**	***1,167***	**734**	**602**	**378**	**110**	**66**	**127**
Gains/(losses) on disposal of assets and others	(29)	*(3)*	(85)	*1*	(71)	*1*	1	(10)		(9)	(48)	(18)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,483**	***1,669***	**6,314**	***1,522***	**3,833**	***1,168***	**735**	**592**	**378**	**101**	**18**	**109**
Income tax	(2,295)	*(430)*	(1,950)	*(375)*	(1,100)	*(298)*	(231)	(173)	(101)	1	15	12
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**5,188**	***1,239***	**4,364**	***1,147***	**2,733**	***870***	**504**	**419**	**277**	**102**	**33**	**121**
Profit/(loss) attributable to minority interests	7				2							
PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**5,181**	***1,239***	**4,364**	***1,147***	**2,731**	***870***	**504**	**419**	**277**	**102**	**33**	**121**
Total assets	585,094	*93,701*	562,423	*88,947*	555,087	*80,081*	40,977	38,524	38,804	4,932	6,220	4,959

(*) In the final quarter of 2022, VidaCaixa held a 100% stake in Sa Nostra Vida (81.3% acquired from Caser, with the remaining 18.7% corresponding to the stake it held directly after the merger). In May 2023, VidaCaixa formalised the purchase of 100% of Bankia Mediación from CaixaBank.

The banking and insurance businesses have an integrated Banking-Insurance management model. Under a regulatory framework with similar accounting and supervision objectives, sales and risks are managed jointly, as the model is integrated. The results of the Banking-Insurance business are presented as a single business segment in the segment reporting because of this integrated Banking-Insurance management model.

The income of the Group by segment, geographical area and distribution of ordinary income is as follows:

Distribution of interest and similar income by geographical area
(Millions of euros)

	CaixaBank			CaixaBank Group		
	2024	2023	2022	2024	2023	2022
Domestic market	**15,957**	**14,057**	**6,277**	**18,128**	**16,034**	**8,297**
International market	**1,126**	**786**	**253**	**2,769**	**2,189**	**900**
European Union	1,117	778	247	2,758	2,175	885
Eurozone	749	492	104	2,390	1,889	742
Non-eurozone	368	286	143	368	286	143
Other countries	9	8	6	11	14	15
TOTAL	**17,083**	**14,843**	**6,530**	**20,897**	**18,223**	**9,197**

Distribution of ordinary income *
(Millions of euros)

	Ordinary income from customers			Ordinary income between segments			Total ordinary income		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Banking and insurance	**27,052**	**24,790**	**16,492**	**127**	**140**	**106**	**27,179**	**24,930**	**16,598**
Spain	25,592	23,701	15,998	127	140	106	25,719	23,841	16,104
Other countries	1,460	1,089	494				1,460	1,089	494
BPI	**1,972**	**1,686**	**979**	**83**	**82**	**67**	**2,055**	**1,768**	**1,046**
Portugal/Spain	1,972	1,685	972	83	82	67	2,055	1,767	1,039
Other countries		1	7				0	1	7
Corporate centre	**96**	**89**	**205**	**121**	**122**	**76**	**217**	**211**	**281**
Spain	16	17	57	89	88	59	105	105	116
Other countries	80	72	148	32	34	17	112	106	165
Ordinary adjustments and eliminations between segments				**(331)**	**(344)**	**(249)**	**(331)**	**(344)**	**(249)**
TOTAL	**29,120**	**26,565**	**17,676**	**0**	**0**	**0**	**29,120**	**26,565**	**17,676**

(*) Corresponding to the following items in the Group's public statement of profit or loss:

1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
6. Gains/(losses) on financial assets and liabilities held for trading, net
7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net
8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net
9. Gains/(losses) from hedge accounting, net
10. Other operating income
11. Insurance revenue

9. Remuneration of "Key management personnel"

9.1. Remuneration of the Board of Directors

At the Ordinary Annual General Meeting of CaixaBank held on 8 April 2022, a new remuneration policy for the Board of Directors was approved, applicable from the date of its approval and until 2025, inclusive, in accordance with the remuneration scheme set out in the Articles of Association and which is also included in the Regulations of the Board of Directors, according to the provisions of the Spanish Capital Companies Law and Act 10/2014, of 26 June, on the organisation, supervision and capital adequacy of credit institutions. On 22 March 2024, CaixaBank's Annual General Meeting decided to revise the remuneration policy for its directors. This policy was originally approved at the Ordinary General Meeting on 8 April 2022, and had been modified at the meeting on 31 March 2023. The policy applies from its initial approval date through 2025.

Article 34 of CaixaBank's By-laws stipulates that the position of Director shall be remunerated and that this remuneration shall consist of a fixed annual sum with a maximum amount determined by the Annual General Meeting and which shall remain in force until the General Meeting agrees to modify it. This maximum amount shall be used to remunerate all the Directors in their condition as such and shall be distributed as deemed appropriate by the Board of Directors, following the proposal of the Remuneration Committee, both in terms of remuneration to members, and according to the duties and position of each member and to the positions they hold in the various Committees, and other objective circumstances that it deems relevant, which may give rise to different remuneration for each of them. In addition, subject to the resolution and within the maximum amount approved at the aforementioned AGM, the directors may be remunerated through the delivery of shares in the Company or in another listed company of the group to which it belongs, options thereon or remuneration indexed to the value of the shares.

The remuneration of directors in their capacity as such —who maintain an organic relationship with CaixaBank, and consequently do not have contracts entered into with the Company for exercising their functions or receive any kind of payment for termination of their position as director— consists solely of fixed components.

Notwithstanding the foregoing, executive directors shall be entitled to receive remuneration for the performance of their executive duties, consisting of a fixed amount, a supplementary variable amount and incentive schemes, as well as a portion of remuneration that may include the appropriate pension and insurance schemes and, where applicable, Social Security, to be determined by the Board of Directors at the proposal of the Remuneration Committee. The performance of execution functions may be remunerated by granting shares in the Company or in other publicly traded Group companies, options or other share-based instruments or by other remuneration pegged to the value of the shares. In the event of departure not caused by a breach of their functions, directors may be entitled to compensation.

Furthermore, given the considerable practical complexity of an independent policy, the directors are insured under the Group's civil liability policy for directors and executives, covering any liabilities they may incur through the performance of their duties.

Details of remuneration and other benefits received by the members of the Board of Directors of CaixaBank for their membership in that body in those years are as follows:

Remuneration of the Board of Directors

(Thousands of euros)

		Fixed components					Variable components (5)						
	Position	Salary	Remuneration for being on the Board	Remuneration for being on Board committees	Remuneration for positions held in Group companies *	Remuneration for being on Boards outside the Group (4)	Variable remuneration in cash	Share-based remuneration schemes	Long-term savings system	Other items (3)	Total 2024	**Total 2023**	**Total 2022**
Goirigolzarri, Jose Ignacio	Chairman **	1,595.0	97.3	82.4		9.7	145.0	236.6		133.0	2,298.9	2,251	2,136
Muniesa, Tomás	Deputy Chairman		97.3	108.2	435.0	12.0					652.5	646	638
Gortazar, Gonzalo	Chief Executive Officer **	2,261.0	97.3	54.1	95.1		499.3	814.7	570.2	113.7	4,505.5	4,145	3,940
Reed, John S. (2)												45	164
Ayuso, Joaquín	Director		97.3	86.5							183.9	179	170
Campo, Francisco Javier	Director		97.3	119.0							216.3	202	170
Castillo, Eva	Director		97.3	135.2							232.5	214	170
Fisas, M. Verónica	Director		97.3	54.1							151.4	160	190
Garmendia, Cristina	Director		97.3	119.0							216.3	210	200
Löscher, Peter (2)	Director		97.3	64.9							162.2	99	
Moraleda, María Amparo	Director		97.3	135.2							232.5	234	232
Sanchiz, Eduardo Javier	Lead Director		136.5	168.9							305.4	287	230
Santero, Teresa	Director		97.3	54.1							151.4	147	140
Serna, José	Director		97.3	86.5							183.9	179	170
Costa-Duarte Ulrich, Fernando Maria (1)	Director		97.3	86.5	750.0						933.9	929	920
Usarraga, Koro	Director		97.3	168.9							266.3	264	250
TOTAL * **		**3,856.0**	**1,499.2**	**1,523.4**	**1,280.1**	**21.7**	**644.3**	**1,051.3**	**570.2**	**246.6**	**10,692.8**	**10,188**	**9,720**

(*) Registered in the income statement of the respective companies.

(**) Jose Ignacio Goirigolzarri and Gonzalo Gortázar have performed executive functions over the three financial years.

(***) The figures shown have been determined on an accrual basis. In contrast to the Annual Directors' Remuneration Report, the annual financial statements include; (i) contributions to the long-term savings scheme (although these contributions are not consolidated); (ii) remuneration received for membership of non-group boards; and (iii) variable remuneration accrued during the year, regardless of whether it is deferred.

(1) The positions held at BPI are not on behalf of CaixaBank Group.

(2) Peter Löscher was appointed as an independent director in 2023. Additionally, John S. Reed stepped down in 2023.

(3) Includes remuneration in kind (health and life insurance premiums paid in favour of executive directors), interest accrued on deferred variable remuneration in cash, other insurance premiums paid and other benefits.

(4) Remuneration received for representing the Entity on Boards of Directors of listed companies and others in which the Company has a presence, outside of the consolidated group and which are recorded in the statements of profit or loss of the respective companies.

(5) Includes variable remuneration accrued during the year. The variable remuneration paid during the year amounted to EUR 611 thousand in cash and EUR 1,428 thousand in shares.

The Board of Directors held on 30 October 2024 accepted the resignation of José Ignacio Goirigolzarri as Chairman of the Bank, effective 1 January 2025. As of that date, Tomás Muniesa assumes the position of non-executive Chairman of CaixaBank.

CaixaBank does not have any pension obligations with former or current members of the Board of Directors in their capacity as such.

9.2. Remuneration of Senior Management

The breakdown and details of remuneration received by Senior Management of the Entity are as follows:

Remuneration of Senior Management
(Thousands of euros)

	2024	2023	2022
Salary (1)	13,335	12,661	11,545
Post-employment benefits (2)	1,484	1,356	1,594
Other long-term provisions (3)	107	64	65
Other positions in Group companies	1,480	1,251	1,024
TOTAL	16,406	15,332	14,228
Remuneration received for representing the Entity on Boards of Directors of listed companies and others in which the Company has a presence, outside of the consolidated group (4)	55	48	124
TOTAL REMUNERATION	16,461	15,380	14,352
Number of members of the Senior Management:	15	15	13

(1) This amount includes fixed remuneration, remuneration in kind and total variable remuneration received by members of the Senior Management. Variable remuneration corresponds to the variable remuneration scheme with multi-year metrics accruing in cash and shares for the year, which includes the deferred portion subject to the multi-year adjustment.

(2) Includes insurance premiums and discretionary pension benefits.

(3) This item corresponds to the amount of the risk policy whose increase or decrease does not correspond to the remuneration management, but rather to the performance of the technical variables that determine the premiums.

(4) Registered in the income statement of the respective companies.

All the contracts of Senior Management members and the CEO have post-contractual non-competition commitments of one annual payment of their fixed components (payable in 12 monthly payments) and indemnity clauses equivalent to one annual payment of the fixed components, or the amount payable by law, whichever is higher.

The Chief Executive Officer has an indemnity clause of 1 annual payment of the fixed remuneration components. There are currently 2 committee members for whom the indemnity to which they are legally entitled remain less than 1 year of their salary.

The value of obligations accrued as defined contribution post-employment commitments with Executive Directors and Senior Management are as follows:

Post-employment commitments with Executive Directors and Senior Management
(Thousands of euros)

	31-12-2024	31-12-2023	31-12-2022
Post-employment commitments (1)	20,626	17,728	18,792

(1) The change in the value of post-employment commitments is a result of both the contributions made throughout the year and the returns from the various policies.

9.3.Other disclosures relating the Board of Directors

Article 30 of the Regulations of the Board of Directors of CaixaBank governs the situations of conflict applicable to all directors, establishing that the director must avoid situations that could entail a conflict of interest between the Company and the Director or its related persons, adopting the measures necessary in this regard.

Directors bear certain obligations in their duty to avoid situations of conflicts of interest, such as: i) directly or indirectly carrying out transactions with CaixaBank unless they are ordinary operations, carried out under standard conditions for all customers and of little significance; ii) using the Company name or relying on their status as director of the Company to unduly influence private transactions; iii) making use of the Company's assets or availing themselves of their position at the Company to obtain an economic advantage or for any private purposes; iv) taking advantage of the company's business opportunities; v) obtaining advantages or remuneration from third parties other than the Company and its group in association with the performance of their duties, with the exception of mere courtesies; and vi) performing activities on their own behalf or via third parties that constitute direct, actual or potential competition with the company or which, by any other means, put them in a position of permanent conflict with the interests of CaixaBank.

The aforementioned obligations may be waived in one-off cases, in some cases require the approval by the General Meeting.

The Regulations of the Board of Directors are publicly available on the CaixaBank website (www.caixabank.com).

In any case, the advisers must notify the CaixaBank Board of Directors of any situation of conflict – direct or indirect, that the directors or persons related to them may be involved in – with the interests of the Group, which will be subject to reporting in the financial statements, as established in article 229.3 of the Capital Companies Law.

During 2024, no director has notified any situation that places them in a conflict of interest with the Entity. However, on the following occasions, directors abstained from intervening and voting in the deliberation of issues in sessions of the Board of Directors:

Conflicts of interest

Director	Conflict
José Ignacio Goirigolzarri (Chairman)	- Abstention from the deliberation and voting on the resolution regarding variable remuneration and achievement of targets corresponding to 2023. - Abstention from the deliberation and voting on the resolution regarding remuneration corresponding to 2023. - Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as member of the Board of Trustees of the CaixaBank Dual Training Foundation. - Abstention from the deliberation and voting on the resolution regarding the discontinuation protocol.
Tomás Muniesa (Deputy Chairman)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties. - Abstention from the deliberation and voting on the proposed resolution relating to the reappointment of María Verónica Fisas as an independent director, to be submitted for approval at the Annual General Meeting. - Abstention from the deliberation and voting on the proposed resolution regarding his appointment as non-executive Chairman of the Board of Directors. - Abstention from the deliberation and voting on the proposed agreement relating to the execution of a contract with Fundación Bancaria Caixa d'Estalvis ¡ Pensions de Barcelona, "la Caixa", for the organisation of the 2025 edition of the Cap Roig Festival. - Abstention from the deliberation and voting on the proposal regarding the suitability assessment of a candidate to fill a vacancy on the Board of Directors.
Gonzalo Gortazar (CEO)	- Abstention from the deliberation and voting on the resolution regarding variable remuneration and achievement of targets corresponding to 2023. - Abstention from the deliberation and voting on the resolution regarding remuneration corresponding to 2023. - Abstention from the deliberation and voting regarding the agreement to determine the ex-post adjustment of the 2019-2021 long-term incentive plan (LTIP) (3rd cycle). - Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.
Eva Castillo (Director)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.
María Verónica Fisas (Director)	- Abstention from the deliberation and voting on the proposal for resolution regarding reappointment as Director, to be submitted for the approval of the Annual General Meetings. - Abstention from the deliberation and voting on the proposal for resolution regarding her reappointment as member of the Risk Committee.
María Amparo Moraleda (Director)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.
Peter Löscher (Director)	- Abstention from the deliberation and voting on the proposed resolutions relating to the management of the shareholding in Telefónica, S.A.
Teresa Santero (Director)	- Abstention in the deliberation and vote on the proposal regarding the renewal of guarantees to Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB). - Abstention from the deliberation and voting on the proposed agreement relating to the execution of a financial contract with a sale and purchase agreement (REPO) of a financial instrument, in which the collateral bond is a SAREB bond.

Conflicts of interest

Director	Conflict
José Serna (Director)	- Abstention from the deliberation and voting on the approval of the annual compliance monitoring report on the Internal Relations Protocol between CaixaBank and Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa" for the 2023 financial year. - Abstention from the deliberation and voting on the proposed resolution relating to the reappointment of the independent director María Verónica Fisas, to be submitted for approval at the Annual General Meeting. - Abstention from the deliberation and voting on the proposed agreement relating to the execution of a contract with Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", for the organisation of the 2025 edition of the Cap Roig Festival. - Abstention from the deliberation and voting on the proposal regarding the suitability assessment of a candidate to fill a vacancy on the Board of Directors.
Koro Usarraga (Director)	- Abstention from deliberation and voting on motions regarding financing arrangements intended for related parties.

The other directors with appointments in force during 2024 (i.e. Joaquín Ayuso, Francisco Javier Campo, Fernando Maria Costa Duarte Ulrich, Cristina Garmendia and Eduardo Sanchiz) have declared that they have had no situation of conflict with the Company's interests, be it direct or indirect, proprietary interests, or the interests of the people linked to them, during the period of their mandate in 2024.

The Internal Rules of Conduct on Matters relating to the Stock Market regulates conflicts of interest, establishing the obligation to inform Regulatory Compliance of any conflict of interest affecting the director of his or her related parties.

There is no family relationship between the members of the CaixaBank Board of Directors and the group of key personnel comprising CaixaBank's Senior Management.

Prohibition of competition

Specifically, article 229.1f) of the Spanish Capital Companies Law establishes that Board members may not carry out for their own account or the account of other activities which actually or potentially constitute effective competition with those carried out by the Entity or which, in any other way, permanently conflict with the Company's interests. Article 230 of the Spanish Capital Companies Law stipulates that this prohibition can be lifted if the Company is not expected to incur damages or it is expected that it will be indemnified for an amount equal to the benefits expected to be obtained from the exemption. Express and separate approval of the exemption must be obtained from shareholders at the Annual General Meeting. The provisions contained in the mentioned articles also apply to cases where the beneficiary of any such actions or activities is a person related to the director.

The company has not been informed of any activity or circumstance that might represent effective, current or potential competition of the directors or persons associated with them, with CaixaBank Group or that, in any other way, places them in permanent conflict with the interests of the Entity.

9.4. Voting rights held by"Key Management Personnel - Directors and Senior Management"

At year-end, the voting rights (direct and indirect) of "Key personnel - Directors and Senior Management" are detailed in section "03 Corporate Governance - Management and Administration of the Company - The Board of Directors" of the Consolidated Management Report.

10. Cash and cash balances at central banks and other demand deposits

The breakdown of this heading is as follows:

Breakdown of cash and cash balances at central banks
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Cash	2,402	2,418	2,560
Cash balance in central banks (Note 3.4.4)	45,955	33,704	16,384
Other demand deposits	1,447	1,739	1,578
TOTAL	**49,804**	**37,861**	**20,522**

Cash balances at central banks includes balances held to comply with the mandatory minimum reserves requirement in the central bank based on eligible liabilities.

11. Financial assets and liabilities held for trading

11.1. Trading derivatives

The breakdown of this heading is as follows:

Breakdown of trading derivatives (product and counterparty)
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Unmatured foreign currency purchases and sales	**981**	**1,006**	**736**	**704**	**976**	**823**
Purchases of foreign currencies against euros	771	118	192	412	350	482
Purchases of foreign currencies against foreign currencies	192	176	198	194	90	87
Sales of foreign currencies against euros	18	712	346	98	536	254
Purchase and sale of financial assets				**2**		
Sales				2		
Share options	**85**	**94**	**492**	**455**	**333**	**299**
Bought	85		492		333	
Issued		94		455		299
Interest rate options	**125**	**72**	**241**	**149**	**347**	**229**
Bought	125		241	1	347	
Issued		72		148		229
Foreign currency options	**102**	**154**	**84**	**56**	**76**	**35**
Bought	102		84		76	
Issued		154		56		35
Other share, interest rate and inflation transactions	**3,313**	**1,846**	**4,532**	**655**	**4,875**	**2,382**
Share swaps	17	148	11	83	105	16
Future rate agreements (FRAs)	175	175	126	129	139	154
Interest-rate and inflation-linked swaps	3,121	1,523	4,395	443	4,631	2,212
Commodity derivatives and other risks	**261**	**248**	**259**	**168**	**356**	**203**
Swaps	251	237	253	159	339	183
Purchased options	10		6		17	
Sold options		11		9		20
TOTAL	**4,867**	**3,420**	**6,344**	**2,189**	**6,963**	**3,971**
Of which: contracted in organised markets	*23*	*19*	*52*	*58*	*37*	*36*
Of which: contracted in non-organised markets	*4,844*	*3,401*	*6,292*	*2,131*	*6,926*	*3,935*
NOTIONAL	**1,009,884**		**831,999**		**780,270**	

The Group individually hedges the market risk associated with derivatives contracted with customers by arranging symmetrical derivatives in the market and records both in the trading portfolio.

11.2. Equity instruments

The breakdown of this heading is as follows:

Breakdown of equity instruments
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Shares in Spanish companies	332	237	233
Shares in foreign companies	83	66	
TOTAL	**415**	**303**	**233**

11.3. Debt securities

The breakdown of this heading is as follows:

Breakdown of debt securities **
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Spanish government debt securities *	196		131		23	
Foreign government debt securities *	63		22		4	
Issued by credit institutions	77		36		14	
Other Spanish issuers	16		119		128	
Other foreign issuers	54		38		17	
TOTAL	**406**		**346**		**186**	

(*) See Note 3.4.1., section "Concentration according to sovereign risk".

(**) See ratings classification in Note 3.4.1, section "Concentration according to credit quality".

11.4. Short positions on securities

The breakdown of this heading is as follows:

Breakdown of short positions
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
On overdrafts on repurchase agreements	211	64	59
Debt securities - public *	160	53	38
Debt securities - other issuers	51	11	21
TOTAL	**211**	**64**	**59**

(*) See Note 3.4.1., section "Concentration according to sovereign risk".

Short positions in securities are short-term transactions arising from sales of assets purchased under non-optional reverse repurchase agreements, securities lent or pledged as collateral with a right to sell.

12. Financial assets not designated for trading compulsorily measured at fair value through profit or loss

The breakdown of this heading is as follows:

Breakdown of financial assets not designated for trading compulsorily measured at fair value through profit or loss
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business *	Banking and other business	Insurance business *	Banking and other business	Insurance business *
Equity instruments	88	17,160	124	13,261	127	11,168
Debt securities					6	
Loans and advances					50	
Customers					50	
TOTAL	**88**	**17,160**	**124**	**13,261**	**183**	**11,168**

(*) The financial instruments linked to the insurance activity mainly include investments associated with life insurance products when the investment risk is assumed by the policyholder, both *Unit Links* and investments related to the Immediate Flexible Life Annuity product, under the VFA model (see Note 18)

The changes in the valuation of these financial assets as a result of variations of credit risk are not significant, because of their credit quality (Note 3.4.1).

13. Financial assets designated at fair value through profit or loss

The breakdown of this heading is as follows:

Breakdown of financial assets designated at fair value through profit or loss
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business *	Banking and other business	Insurance business *	Banking and other business	Insurance business *
Debt securities		**6,498**		**7,240**		**7,985**
Unit link		5,370		5,818		6,324
Others		1,128		1,422		1,661
Loans and advances						**37**
Credit institutions						37
TOTAL		**6,498**		**7,240**		**8,022**

(*) The financial instruments linked to the insurance activity mainly include investments associated with life insurance products when the investment risk is assumed by the policyholder, known as Unit Link, as well as investments related to the Immediate Flexible Life Annuity product, under the VFA model (see Note 18).

14. Financial assets at fair value with changes in other comprehensive income

The breakdown of this heading is as follows:

Breakdown of Financial assets at fair value with changes in other comprehensive income

(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business **	Banking and other business	Insurance business **	Banking and other business	Insurance business **
Equity instruments	**578**	**1**	**1,340**		**1,351**	
Shares in listed companies (Note 14.1)	1		714		684	
Shares in unlisted companies	577	1	626		667	
Debt securities *	**9,052**	**59,136**	**8,038**	**57,212**	**11,591**	**51,590**
Spanish government debt securities	2,906	41,593	3,275	41,788	6,644	37,986
Foreign government debt securities	5,540	6,000	3,720	6,281	3,721	5,992
Other issuers	606	11,543	1,043	9,143	1,226	7,612
TOTAL	**9,630**	**59,137**	**9,378**	**57,212**	**12,942**	**51,590**
Equity instruments						
Of which: gross unrealised gains	107	1	119		91	
Of which: gross unrealised losses	(205)		(1,299)		(1,260)	
Debt securities						
Of which: gross unrealised gains	22	3,055	6	3,399	27	2,628
Of which: gross unrealised losses	(274)	(3,131)	(300)	(3,617)	(528)	(5,617)

(*) See rating classification in Note 3.4.1 "Concentration by credit quality" and the breakdown by country of government debt in Note 3.4.1, section "Concentration by sovereign risk".

(**) Investments corresponding to the insurance business are held for the payment of expected benefits to policyholders. Therefore, they are not expected to materialise in a going concern environment. As a general rule, they would only be sold in the event of surrender, and since most life insurance products are redeemable at the market value of the related financial instruments, there would be no impact on the Group. Furthermore, to minimise accounting asymmetries between the accounting recognition of financial assets and insurance liabilities, the Group has chosen the accounting policy option of recording changes from the measurement of insurance liabilities at current rates in "Other Comprehensive Income".

14.1. Equity instruments

The breakdown of the changes under this heading is as follows:

Changes in equity instruments - 2024

(Millions of euros)

	31-12-2023	Acquisitions and capital increases	Disposals and capital decreases	Gains (-) / losses (+) transferred to reserves	Adjustments to market value and exchange differences	Transfers and other	31-12-2024
Telefónica, SA	714		(2,104)	1,095	295		
Banco Fomento de Angola (BFA)	339				(34)		305
Other	287	1	(17)	(9)	12		274
TOTAL	**1,340**	**1**	**(2,121)**	**1,086**	**273**		**579**

On 10 June 2024, CaixaBank completely divested its 2.546% stake in Telefonica S.A. through two methods: first, by settling swap contracts with a 0.970% ownership share, and second, by selling 1.576% of its stake on the open market. This transaction had no impact on the income statement and resulted in an increase of 5 basis points in the CET1 ratio.

Changes in equity instruments - 2023
(Millions of euros)

	31-12-2022	Acquisitions and capital increases	Disposals and capital decreases	Gains (-) / losses (+) transferred to reserves	Adjustments to market value and exchange differences	Transfers and other	31-12-2023
Telefónica SA *	684				30		714
BFA	411				(72)		339
Other	256		(27)	6	27	25	287
TOTAL	**1,351**		**(27)**	**6**	**(15)**	**25**	**1,340**

(*) The stake in Telefónica, S.A. was 3.51% at 31 December 2023, following the share capital reduction agreed at its shareholders' meeting on 31 March 2023. At the end of 2023, CaixaBank held a fair value hedge for 1.88% of Telefónica's share capital.

Changes in equity instruments - 2022
(Millions of euros)

	31-12-2021	Acquisitions and capital increases	Disposals and capital decreases	Gains (-) / losses (+) transferred to reserves	Adjustments to market value and exchange differences	Transfers and other	31-12-2022
Telefónica *	1,001				(17)		684
BFA	321				89	1	411
Other	324	2	(23)	(39)		(8)	256
TOTAL	**1,646**	**2**	**(625)**	**263**	**72**	**(7)**	**1,351**

(*) The stake in Telefónica, S.A. was 3.50% on 31 December 2022. On 4 October 2022, CaixaBank's fair value hedge (on 1.95% of the share capital of Telefónica) was partially settled through the delivery of 1%.

The estimate of the fair value of Banco de Fomento de Angola (BFA) is based on a dividend discount model (DDM), subsequently compared to comparison multiple methodologies. The main assumptions used in the dividend discount model are set out below:

Assumptions used
(Percentage)

	Banco Fomento de Angola (BFA)		
	31-12-2024	31-12-2023	31-12-2022
Forecast periods	5 years	5 years	5 years
Discount rate *	20.9 %	20.6 %	21.6 %
Objective capital ratio	21.0 %	21.0 %	20.0 %

(*) This is calculated using the interest rate of the US treasury bond plus a country risk premium and another market risk premium.

For the stake in BFA, the exercise to determine the fair value considers the sensitivity with respect to the discount rate [-1.0%; +1.0%] with no significant variations concluded in the estimated fair value in the baseline scenario.

Information relating to significant joint ventures

The relevant financial information of the most relevant equity instruments classified in this section is as follows:

Financial information on key investments
(Millions of euros)

Corporate name	Registered address	% shareholding	% voting rights	Equity	Latest published profit/(loss)
Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria (Sareb) (1)	Madrid - Spain	12.24 %	12.24 %	(15,001)	(1,237)
Banco de Fomento Angola (BFA) (1)	Angola	48.09 %	48.09 %	627	99

(1) Non-listed companies. The information on equity and the last published profit/(loss) is at 30-06-2024. The value of Sareb's shareholding is fully impaired according to the discounted valuation of estimated shareholder cash flows, as well as based on negative equity.

14.2. Debt securities

The breakdown of the changes under this heading is as follows:

Changes in debt securities - Banking and other activities
(Millions of euros)

	2024			2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	**8,027**	**11**		**11,582**	**9**		**14,749**		**8**
Plus:									
Transfers between stages								8	(8)
Acquisitions	3,710			304			4,528		
Changes in interest accrual	(71)			69	1		203		
Gains/(losses) recognised with adjustments to equity (Note 25.2)	36	5		199	1		(783)	1	
Less:									
Sales	(123)	(5)		(245)			(1,677)		
Depreciation and amortisation	(2,690)			(3,818)			(5,425)		
Implicit interest	(6)			6					
Amounts transferred to income statement (Note 33) *	(1)	(11)		7			(13)		
Exchange differences and other	170			(77)					
CLOSING BALANCE	**9,052**			**8,027**	**11**		**11,582**	**9**	

(*) The profit/(loss) of fixed-income portfolio sales is recorded under the heading "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" (see Note 33).

Changes in debt securities - Insurance business
(Millions of euros)

	2024			2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	**57,212**			**51,474**	**116**		**62,309**		
First application IFRS 17							**2,351**	**118**	
Plus:									
Additions due to business combinations							693		
Transfers between stages									
Acquisitions	11,556			12,631			9,452		
Changes in interest accrual	(12)			(273)	(5)		14		
Gains/(losses) recognised with adjustments to equity (Note 25.2)	161			2,531	(29)		(15,942)	(4)	
Less:									
Sales	(5,748)			(6,945)			(6,893)		
Depreciation and amortisation	(3,817)			(2,383)			(2,344)		
Implicit interest	(226)			241	(11)		883	2	
Reclassifications and transfers				71	(71)		972		
Amounts transferred to income statement (Note 33)	10			(2)			(21)		
Exchange differences and other				(133)					
CLOSING BALANCE	**59,136**			**57,212**			**51,474**	**116**	

(*) The profit/(loss) of fixed-income portfolio sales is recorded under the heading "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" (see Note 33).

15. Financial assets at amortised cost

The breakdown of this heading is as follows:

Breakdown of financial assets at amortised cost - 31-12-2024

(Millions of euros)

	Banking and other business						Insurance business		
		Value adjustments						Value adjustments	
	Gross balance	Impairment allowances	Accrued interest	Fee and commission income	Transaction costs	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Debt securities	**75,360**	**(19)**	**313**			**75,654**	**4,323**	**64**	**4,387**
Loans and advances	**370,399**	**(6,686)**	**1,572**	**(401)**	**1,419**	**366,303**	**446**		**446**
Credit institutions	14,689	(8)	190			14,871	79		79
Customers	355,710	(6,678)	1,382	(401)	1,419	351,432	367		367
TOTAL	**445,759**	**(6,705)**	**1,885**	**(401)**	**1,419**	**441,957**	**4,769**	**64**	**4,833**

Breakdown of financial assets at amortised cost - 31-12-2023

(Millions of euros)

	Banking and other business						Insurance business		
		Value adjustments						Value adjustments	
	Gross balance	Impairment allowances	Accrued interest	Fee and commission income	Transaction costs	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Debt securities	**77,011**	**(24)**	**348**			**77,336**	**3,530**	**50**	**3,580**
Loans and advances	**360,837**	**(7,330)**	**1,454**	**(428)**	**1,222**	**355,755**	**510**		**510**
Credit institutions	11,598	(11)	122			11,709	173		173
Customers	349,239	(7,319)	1,332	(428)	1,222	344,046	337		337
TOTAL	**437,848**	**(7,354)**	**1,802**	**(428)**	**1,222**	**433,091**	**4,040**	**50**	**4,090**

Breakdown of financial assets at amortised cost - 31-12-2022

(Millions of euros)

	Banking and other business						Insurance business		
		Value adjustments						Value adjustments	
	Gross balance	Impairment allowances	Accrued interest	Fee and commission income	Transaction costs	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Debt securities	**77,396**	**(16)**	**353**			**77,733**	**3,158**	**46**	**3,204**
Loans and advances	**370,791**	**(7,401)**	**786**	**(427)**	**1,092**	**364,841**	**390**		**390**
Credit institutions	12,139	(8)	56			12,187	210		210
Customers	358,652	(7,393)	730	(427)	1,092	352,654	180		180
TOTAL	**448,187**	**(7,417)**	**1,139**	**(427)**	**1,092**	**442,574**	**3,548**	**46**	**3,594**

15.1. Debt securities

The breakdown of the net balances under this heading is as follows:

Debt securities *
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Public debt	66,935	2,441	69,000	2,073	70,922	1,999
Of which: SAREB	*16,065*		*16,755*		*17,502*	
Other Spanish issuers	71	258	131	269	174	1,160
Other foreign issuers	8,648	1,688	8,205	1,238	6,637	45
TOTAL	**75,654**	**4,387**	**77,336**	**3,580**	**77,733**	**3,204**

(*) See rating classification in Note 3.4.1 "Concentration by credit quality" and the breakdown by country of government debt in Note 3.4.1, section "Concentration by sovereign risk".

The breakdown of changes in the gross carrying amount of debt securities at amortised cost is as follows:

Changes in debt securities - Banking and other activities
(Millions of euros)

	2024				2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**77,287**	**61**	**12**	**77,360**	**77,688**	**49**	**12**	**77,749**	**68,100**	**108**	**12**	**68,220**
Transfers	5	(5)			(32)	32			(3)	3		
From Stage 1:	(6)	6			(39)	39			(3)	3		
From Stage 2:	11	(11)			7	(7)						
From Stage 3:												
New financial assets	26,652	186	101	26,939	21,385	227	54	21,666	36,464	453	27	36,944
Sales (1)	(1,903)			(1,903)	(69)			(69)				
Depreciation and amortisation	(26,178)	(198)	(102)	(26,478)	(21,546)	(242)	(54)	(21,842)	(26,566)	(515)	(27)	(27,108)
Changes in interest accrual	(237)			(237)	(93)	(1)		(94)	(245)			(245)
Write-offs			(1)	(1)								
Exchange differences and other	(10)	3		(7)	(46)	(4)		(50)	(62)			(62)
CLOSING BALANCE	**75,616**	**47**	**10**	**75,673**	**77,287**	**61**	**12**	**77,360**	**77,688**	**49**	**12**	**77,749**
Impairment allowances (2)	*(7)*	*(2)*	*(10)*	*(19)*	*(6)*	*(7)*	*(11)*	*(24)*	*(4)*	*(2)*	*(10)*	*(16)*

(1) The profit/(loss) of fixed-income portfolio sales is recorded under the heading "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" (see Note 33), without any impact on the business model.

(2) There were no significant changes in the period.

Changes in debt securities - Insurance business

(Millions of euros)

	2024				2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**3,580**			**3,580**	**3,204**			**3,204**	**133**			**133**
First application IFRS 17									3,168			3,168
Additions due to business combinations									263			263
Transfers												
New financial assets	1,019			1,019	1,265			1,265	784			784
Sales (1)	(38)			(38)	(614)			(614)	(849)			(849)
Depreciation and amortisation	(198)			(198)	(280)			(280)	(298)			(298)
Changes in interest accrual	24			24	5			5	3			3
CLOSING BALANCE	**4,387**			**4,387**	**3,580**			**3,580**	**3,204**			**3,204**
Impairment allowances (2)												

(1) The profit/(loss) of fixed-income portfolio sales is recorded under the heading "Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net" (see Note 33), without any impact on the business model.

(2) There were no significant changes in the period.

15.2. Loans and advances

Loans and advances – Credit institutions

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

Breakdown of loans and advances to credit institutions by type

(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Demand	**5,476**	**10**	**5,653**	**64**	**7,988**	**133**
Other accounts	5,476	10	5,653	64	7,988	133
Term	**9,211**	**69**	**5,945**	**109**	**4,151**	**77**
Term deposits - stage 1 and 2	9,207	69	5,936	109	4,145	77
Term deposits in stage 3	4		9		6	
TOTAL	**14,687**	**79**	**11,598**	**173**	**12,139**	**210**

Loans and advances - Loans and advances to customers

The breakdown of the impairment situation of the portfolio of loans and advances to customers from the banking and other business is as follows:

Breakdown of Loans and advances to customers

(Millions of euros)

	31-12-2024 **					31-12-2023					31-12-2022				
				POCI *					POCI *					POCI *	
	Stage 1	Stage 2	Stage 3	Not impai-red	Impai-red	Stage 1	Stage 2	Stage 3	Not impai-red	Impai-red	Stage 1	Stage 2	Stage 3	Not impai-red	Impai-red
Gross carrying amount	325,438	23,340	9,500	6	193	312,863	28,797	9,762	7	273	321,576	28,562	9,621	3	465
Impairment allowances	(693)	(938)	(4,869)		(178)	(664)	(1,165)	(5,256)		(234)	(1,344)	(1,368)	(4,459)		(222)
TOTAL	**324,745**	**22,402**	**4,631**	**6**	**15**	**312,199**	**27,632**	**4,506**	**7**	**39**	**320,232**	**27,194**	**5,162**	**3**	**243**

(*) POCIs arising from the business combination with Bankia (initially EUR 770 million).

The breakdown of changes in the gross book value of loans and advances to customers in the banking and other business is as follows:

Changes in loans and advances to customers
(Millions of euros)

	2024				2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**312,863**	**28,797**	**9,762**	**351,422**	**321,576**	**28,562**	**9,621**	**359,759**	**308,369**	**31,439**	**12,279**	**352,087**
Transfers	(1,735)	(949)	2,684		(5,984)	3,575	2,409		(1,717)	1,121	596	
From Stage 1:	(12,491)	11,325	1,166		(16,547)	15,239	1,308		(14,296)	13,484	812	
From Stage 2:	10,684	(12,939)	2,255		10,513	(12,721)	2,208		12,480	(14,126)	1,646	
From Stage 3:	72	665	(737)		50	1,057	(1,107)		99	1,763	(1,862)	
New financial assets	78,242	2,046	617	80,905	69,176	2,858	652	72,686	76,964	2,096	688	79,748
Asset disposals *	(63,932)	(6,554)	(1,364)	(71,850)	(71,905)	(6,198)	(1,096)	(79,199)	(62,040)	(6,094)	(1,956)	(70,090)
Write-offs			(2,199)	(2,199)			(1,824)	(1,824)			(1,986)	(1,986)
CLOSING BALANCE	**325,438**	**23,340**	**9,500**	**358,278**	**312,863**	**28,797**	**9,762**	**351,422**	**321,576**	**28,562**	**9,621**	**359,759**

(*) Includes the transfer to the heading "Non-current assets and disposal groups of items that have been classified as held for sale" of the contracts included in pending portfolio sales.

Changes in the hedging of loans and advances to customers in banking and other business is as follows:

Changes in impairment allowances of loans and advances to customers
(Millions of euros)

	2024				2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**664**	**1,165**	**5,256**	**7,085**	**1,344**	**1,368**	**4,459**	**7,171**	**967**	**1,632**	**5,571**	**8,170**
Net allowances (Note 38)	29	(227)	1,118	920	(687)	(202)	1,867	978	377	(264)	326	439
From Stage 1:	(150)	119	366	335	(81)	176	389	484	232	(356)	259	135
From Stage 2:	6	(225)	517	298	(9)	(180)	464	275	(19)	(117)	(899)	(1,035)
From Stage 3:	(13)	(226)	720	481	(8)	(46)	878	824	(8)	134	1,067	1,193
New financial assets	228	126	289	643	192	94	255	541	192	97	273	562
Asset disposals **	(42)	(21)	(774)	(837)	(781)	(246)	(119)	(1,146)	(20)	(22)	(374)	(416)
Amounts used			(1,291)	(1,291)			(1,112)	(1,112)			(1,458)	(1,458)
Transfers and other *			(214)	(214)	7	(1)	42	48			20	20
CLOSING BALANCE	**693**	**938**	**4,869**	**6,500**	**664**	**1,165**	**5,256**	**7,085**	**1,344**	**1,368**	**4,459**	**7,171**

(*) In 2024 it includes the transfer of coverage for EUR 255 million intended to cover the expected loss associated with future changes in flows other than credit risk (see Note 24 - Provisions).

(**) Includes the transfer to the heading "Non-current assets and disposal groups of items that have been classified as held for sale" of the contracts included in pending portfolio sales.

16. Derivatives - Hedge accounting

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

Breakdown of hedging derivatives (product and counterparty)
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rates	195	17	208	29	244	70
Equity instruments			51		38	
Currencies and gold	15	2		3	8	7
Other		111		102		98
Total banking and other business	**210**	**130**	**259**	**134**	**290**	**175**
Net position - insurance business *	165	2,870	680	6,399	821	6,398
Total insurance business	**165**	**2,870**	**680**	**6,399**	**821**	**6,398**
TOTAL FAIR VALUE HEDGES	375	3,000	**939**	**6,533**	**1,111**	**6,573**
Interest rates	8					1
Currencies and gold	141	498	267	70	351	127
Other		753		1,074		1,068
Total banking and other business	**149**	**1,251**	**267**	**1,144**	**351**	**1,196**
Interest rate	1	80				
Other	6	378				
Total insurance business	**7**	**458**				
TOTAL CASH FLOW HEDGES	156	1,709	**267**	**1,144**	**351**	**1,196**
TOTAL	**531**	**4,709**	**1,206**	**7,677**	**1,462**	**7,769**
Of which: OTC - credit institutions	*531*	*4,709*	*1,206*	*7,677*	*1,462*	*7,769*

(*) Corresponds to the position in derivatives entered into by VidaCaixa in order to neutralise the impact on economic value caused by interest rate fluctuations on the net position of the bond portfolio and liabilities associated with commitments with policyholders. This means that VidaCaixa ensures that the market value of the investments assigned to insurance transactions is equal to or higher than the present value of the flows corresponding to the obligations arising from the contracts and that the sensitivity to changes in interest rates of the present values of assets and liabilities is equivalent.

In fair value macro-hedges, gains or losses arising on the hedged items attributable to interest rate risk are recognised directly in the statement of profit or loss, but the balancing entry is recognised in “Assets – Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Liabilities – Fair value changes of the hedged items in portfolio hedge of interest rate risk” depending on the substance of the hedged item, rather than in the items under which the hedged items are recognised.

The maturity schedule of the interest rate hedged items and their average interest rate is set out below:

Maturity schedule of hedged items and average interest rate - 2024
(Millions of euros)

	Hedged item value						Average interest rate
	< 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	> 5 Years	Total	
Asset interest-rate hedges	110	575	4,146	6,859	14,497	26,187	1.97 %
Liability interest-rate hedges	139	6,511	8,703	70,536	17,376	103,265	(2.24)%
TOTAL FAIR VALUE HEDGES	**249**	**7,086**	**12,849**	**77,395**	**31,873**	**129,452**	
Asset interest-rate hedges	3,275	1,991	3,979	16,459	4,960	30,664	(1.60)%
TOTAL CASH FLOW HEDGES	**3,275**	**1,991**	**3,979**	**16,459**	**4,960**	**30,664**	

Hedging items - Fair value hedges

(Millions of euros)

				31-12-2024		2024		31-12-2023		31-12-2022	
				Value of hedging instrument		Change in FV used to calculate the ineffectiveness of the hedge (Note 33)	Ineffectiveness recognised in income statement (Note 33)	Value of hedging instrument		Value of hedging instrument	
	Hedged item	Risk covered	Hedging instrument used	Assets	Liabilities			Assets	Liabilities	Assets	Liabilities
Macrohedges	Issuances	Transformation from fixed to floating	Interest-rate swaps and options	204	4	540	8	201	11	182	37
	Fixed-rate loans	Transformation from fixed to floating	Interest-rate swaps and options	4	11	(267)	(38)	5	15	66	21
	Demand accounts	Transformation from fixed to floating	Interest-rate swaps			794	(1)				
	Deposits with agreed maturity	Transformation from fixed to floating	Interest-rate swaps and options	2	3	32	8	2	2	(4)	18
	Rest - Insurance business				57						
	TOTAL			**210**	**75**	**1,099**	**(23)**	**208**	**28**	**244**	**76**
Microhedges	Public debt OCI portfolio	Transformation from fixed to floating	Interest-rate swaps			(1)					
	Public debt OCI portfolio	Transformation of inflation-linked debt to fixed-rate to floating-rate	Inflation-linked swaps and options		104	(13)			98		94
	Currency loan	Transformation from fixed rate in foreign currency to floating rate in euros	Currency swaps		1				2	8	1
	Amortised cost fixed-income portfolio debt	Transformation from fixed to floating	Inflation-linked swaps		7	(1)			6		4
	OCI equity instruments (**)	Market risk	Equity swaps					51		38	
	Net position - Insurance business	Transformation from fixed rate to fixed rate *	Interest-rate swaps	56	2,549			494	5,408	618	5,180
	Rest - Banking						(13)				
	Rest - Insurance business			109	264	(49)	41	186	991	203	1,218
	TOTAL			**165**	**2,925**	**(64)**	**28**	**731**	**6,505**	**867**	**6,497**

(*) Transformation of the fixed return for a specific period associated with the portfolio of financial instruments of the insurance business into a fixed return matching the payment schedule of the liability.

(**) Changes in the value of hedging items and hedged items are recorded under "Profit or loss from hedge accounting of equity instruments measured at fair value through other comprehensive income" in the statement of recognised income and expense.

Hedged items - Fair value hedges

(Millions of euros)

				31-12-2024				2024			31-12-2023		31-12-2022	
	Hedged item	Risk covered	Hedging instrument used	Hedged instrument		Accumulated fair value adjustments in the hedged item		Accumulated amount of FV hedging adjustments	Change in value used to calculate ineffectiveness (Note 33)	Line on the balance sheet with the hedged item	Hedged instrument		Hedged instrument	
				Assets	Liabilities	Assets	Liabilities				Assets	Liabilities	Assets	Liabilities
Macro-hedges	Issuances	Transformation from fixed to floating	Interest-rate swaps and options		52,085		(1,044)	16	(532)	Financial liabilities at amortised cost		52,879		48,620
	Fixed-rate loans	Transformation from fixed to floating	Interest-rate swaps and options	15,010		(889)		810	229	Financial assets at amortised cost	11,903		12,548	
	Demand accounts	Transformation from fixed to floating	Interest-rate swaps		50,000		(280)		(795)	Financial liabilities at amortised cost		20,000		20,000
	Asset repurchase agreements	Transformation from fixed to floating	Interest-rate swaps							Financial liabilities at amortised cost		4,333		
	Deposits with agreed maturity	Transformation from fixed to floating	Interest-rate swaps and options		1,180		(2)		(24)	Financial liabilities at amortised cost		4,818		4,656
	Rest - Insurance business			3,116										
	TOTAL			**18,126**	**103,265**	**(889)**	**(1,326)**	**826**	**(1,122)**		**11,903**	**82,030**	**12,548**	**73,276**
Micro-hedges	Public debt OCI portfolio	Transformation from fixed to floating	Interest-rate swaps	60					1	Financial assets at fair value *	60		58	
	Public debt OCI portfolio	Transformation of inflation-linked debt to fixed-rate to floating-rate	Inflation-linked swaps and inflation-linked options	504					13	Financial assets at fair value *	494		477	
	Currency loan	Transformation from fixed rate in foreign currency to floating rate in EUR	Currency swaps	94						Financial assets at amortised cost	104		151	
	Debt fixed-income amortised cost portfolio	Transformation from fixed to floating	Inflation-linked swaps	40		(2)			1	Financial assets at amortised cost	40		40	
	OCI equity instruments (***)	Market risk	Equity swaps							Financial assets at fair value *	433		224	
	Financial assets under insurance commitments (**)	Transformation from fixed rate to fixed rate	Interest-rate swaps	4,953						Financial assets at fair value *	4,914		4,562	
	Other - Ass. banking			4					(13)		3		3	
	Other - Ass. insurance			2,406		(55)			90		8,709		6,726	
	TOTAL			**8,061**		**(57)**			**92**		**14,757**		**12,241**	

(*) With changes in other comprehensive income

(**) Transformation of the fixed return for a specific period associated with the portfolio of financial instruments of the insurance business into a fixed return matching the payment schedule of the liability.

(***) Changes in the value of hedging items and hedged items are recorded under "Profit or loss from hedge accounting of equity instruments measured at fair value through other comprehensive income" in the statement of recognised income and expense.

Hedging items - cash flow hedges

(Millions of euros)

				31-12-2024		2024		31-12-2023		31-12-2022	
				Value of hedging instrument				Value of hedging instrument		Value of hedging instrument	
	Hedged item	Risk covered	Hedging instrument used	Assets	Liabilities	Amount reclassified from equity to profit or loss	Ineffectiveness taken to profit/(loss)	Assets	Liabilities	Assets	Liabilities
Macrohedges	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps	7		(242)					
	Floating-rate currency loans	Transformation from floating rate in foreign currency to floating/fixed rate in EUR	Currency swaps	40	497	(193)		213	67	345	95
	Term deposits	Transformation from floating to fixed	Interest-rate swaps			1					
	TOTAL			**47**	**497**	**(435)**		**213**	**67**	**345**	**95**
Microhedges	Inflation-linked public debt	Transformation from inflation-linked floating to fixed rate	Inflation-linked swaps and inflation-linked options		15	(10)			290		288
	Public debt at amortised cost in foreign currency	Transformation from fixed rate in foreign currency to fixed rate in euros	Currency swaps	102		2		54		6	33
	Inflation-linked public debt at amortised cost	Transformation from inflation-linked floating to fixed rate	Inflation-linked swaps and inflation-linked options		739	(12)			787		780
	Other - Ass. banking										
	Other - Ass. insurance			7	458						
	TOTAL			**109**	**1,212**	**(20)**		**54**	**1,077**	**6**	**1,101**

Hedged items - cash flow hedges

(Millions of euros)

				31-12-2024			31-12-2023		31-12-2022	
	Hedged item	Risk covered	Hedging instrument used	Reserve of cash flow hedges	Pending amount in reserve of cash flow hedges of hedging relationships for which recognising hedges no longer applies	Line on the balance sheet including the hedged item	Reserve of cash flow hedges	Pending amount in reserve of cash flow hedges of hedging relationships for which recognising hedges no longer applies	Reserve of cash flow hedges	Pending amount in reserve of cash flow hedges of hedging relationships for which recognising hedges no longer applies
Macrohedges	Mortgage Euribor loans	Mortgage Euribor transformation to fixed rate	Interest-rate swaps	(218)		Financial assets at amortised cost	(382)		(557)	
	Floating-rate currency loans	Transformation from floating rate in foreign currency to floating/fixed rate in EUR	Currency swap	(41)		Financial assets at amortised cost	(30)		(16)	
	Term deposits	Transformation from floating to fixed	Interest-rate swaps		20	Financial liabilities at amortised cost		21		22
	TOTAL			**(259)**	**20**		**(412)**	**21**	**(573)**	**22**
Microhedges	Inflation-linked public debt.	Transformation from inflation-linked floating debt to fixed rate	Inflation-linked swaps and inflation-linked options	(4)		Financial assets at fair value *	(6)		(36)	
	Public debt at amortised cost in foreign currency	Transformation from fixed rate in foreign currency to fixed rate in euros	Currency swaps	(27)		Financial assets at amortised cost	(51)		(81)	
	Inflation-linked public debt.	Transformation from inflation-linked floating to fixed rate	Inflation-linked swaps and inflation-linked options	30		Financial assets at amortised cost	2		(46)	
	Other - Ass. Insurance			(127)						
	TOTAL			**(128)**			**(55)**		**(163)**	

(*) with changes in other comprehensive income

17. Investments in joint ventures and associates

The breakdown of the changes of the balance under this heading is as follows:

Changes in investments - 2024

(Millions of euros)

	31-12-2023		Acquisitions and capital increases	Disposals and capital decreases	Accounted for using the equity method	Transfers and other *	31-12-2024	
	Carrying amount	*% Stake*					Carrying amount	*% Stake*
UNDERLYING CURRENT AMOUNT	1,631			(11)	77	(88)	1,609	
Coral Homes	366	*20.00 %*			(22)	(68)	276	*20.00 %*
SegurCaixa Adeslas	709	*49.92 %*			50	32	791	*49.92 %*
Others **	556			(11)	49	(52)	542	
GOODWILL	380						380	
SegurCaixa Adeslas	300						300	
Others	80						80	
IMPAIRMENT ALLOWANCES	(99)					(20)	(119)	
Coral Homes	(60)						(60)	
Others	(39)					(20)	(59)	
TOTAL ASSOCIATES	**1,912**			**(11)**	**77**	**(108)**	**1,870**	
TOTAL JOINT VENTURES	**6**				**(2)**		**4**	

(*) Transfers and other mainly includes the distribution of reserves and dividends deducted from cost of investment. The impairment allowance includes impairments made during the year, which are recognised under "Impairment or reversal of impairment of investments in joint ventures or associates" in the statement of profit or loss.

(**) The reclassification of the stake in Global Payments Caixa Acquisition Holdco to the heading "Non-current assets and disposal groups classified as held for sale" is included under "Transfers-other". On 1 October 2024, CaixaBank Payments and Consumer sold its stake in Global Payments Caixa Acquisition Holdco (45.23%), for EUR 98 million, generating a pre-tax gain of EUR 66 million (see Note 41).

Changes in investments - 2023

(Millions of euros)

	31-12-2022		Acquisitions and capital increases	Disposals and capital decreases	Accounted for using the equity method	Transfers and other *	31-12-2023	
	Carrying amount	*% Stake*					Carrying amount	*% Stake*
UNDERLYING CURRENT AMOUNT	1,692		15	(9)	32	(99)	1,631	
Coral Homes	495	*20.00 %*			(40)	(89)	366	*20.00 %*
SegurCaixa Adeslas	622	*49.92 %*			55	32	709	*49.92 %*
Others	575		15	(9)	17	(42)	556	
GOODWILL	375		18			(13)	380	
SegurCaixa Adeslas	300						300	
Others	75		18			(13)	80	
IMPAIRMENT ALLOWANCES	(57)					(42)	(99)	
Coral Homes	(15)					(45)	(60)	
Others	(42)					3	(39)	
TOTAL ASSOCIATES	**2,010**		**33**	**(9)**	**37**	**(154)**	**1,912**	
UNDERLYING CURRENT AMOUNT	44		2			(40)	6	
Cosec - Companhia de Seguros de Crédito	40					(40)		
Others	4		2				6	
IMPAIRMENT ALLOWANCES								
TOTAL JOINT VENTURES	**44**		**2**			**(40)**	**6**	

(*) Transfers and other mainly includes the distribution of reserves and dividends deducted from cost of investment. The impairment allowance includes impairments made during the year, which are recognised under "Impairment or reversal of impairment of investments in joint ventures or associates" in the statement of profit or loss.

Changes in investments - 2022
(Millions of euros)

	31-12-2021							31-12-2022	
	Carrying amount	*% Stake*	Acquisitions and capital increases	Disposals and capital decreases	Accounted for using the equity method	Transfers and other *	1st application IFRS 17 / IFRS 9 (Appendix 8)	Carrying amount **	*% Stake*
UNDERLYING CURRENT AMOUNT	2,153				(2)	(479)	20	1,692	
Coral Homes	632	*20.00 %*			(10)	(127)		495	*20.00 %*
SegurCaixa Adeslas (**)	893	*49.92 %*			12	(294)	11	622	*49.92 %*
Others	628				(4)	(58)	9	575	
GOODWILL	381			(6)		(1)	1	375	
SegurCaixa Adeslas	300							300	
Others	81			(6)		(1)	1	75	
IMPAIRMENT ALLOWANCES	(44)			6		(18)	(1)	(57)	
Coral Homes						(14)		(14)	
Others	(44)			6		(4)	(1)	(43)	
TOTAL ASSOCIATES	**2,490**				**(2)**	**(498)**	**20**	**2,010**	
TOTAL JOINT VENTURES	**44**							**44**	

(*) Transfers and other mainly includes the distribution of reserves and dividends deducted from cost of investment. The impairment allowance includes impairments made during the year, which are recognised under "Impairment or reversal of impairment of investments in joint ventures or associates" in the statement of profit or loss.

(**) The change in Other corresponds to the partial elimination of the EUR 325 million transaction between the Group and SegurCaixa Adeslas (49.9%) of the attributable portion linked to the deferred consideration detailed in Note 21.

At year-end, there were no agreements to provide additional financial support or any other contractual commitment made by the parent company or subsidiaries with associates and joint ventures of the Group not recognised in the financial statements. Likewise, there are no contingent liabilities related to these investments.

Impairment of the portfolio of investments

For the purpose of assessing the recoverable amount of investments in associates and joint ventures, the Group regularly monitors the impairment indicators related to its investees. Particularly, the following items are considered, among others: i) business performance; ii) share prices throughout the period; and iii) the target prices published by renowned independent analysts.

A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

Assumptions used and sensitivity scenarios
(Percentage)

	SegurCaixa Adeslas (2)			Coral Homes (3)		
	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022
Forecast periods	5 years	5 years	5 years	3 years	4 years	4 years
Discount rate (after tax)	9.70 %	10.30 %	9.48 %	6.98 %	8.09 %	6.65 %
Growth rate (1)	1 %	2 %	2 %			
Target capital/solvency ratio	100 %	100 %	100 %			

(1) This corresponds to the normalised cash flow growth rate used to calculate the residual value.

(2) The exercise to determine the fair value considers the sensitivity with respect to the discount rate of [-0.5%; +0.5%] and the growth rate of [-0.5%; +0.5%].

(3) The individual valuation of the real estate assets of Coral Homes, carried out by an independent third-party expert on 31 December 2024, has revealed the existence of significant latent capital gains.

18. Reinsurance contracts assets and insurance contract liabilities

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

Breakdown of reinsurance contracts assets and insurance contracts liabilities - 31-12-2024

(Millions of euros)

	Risk		Savings	Direct participation	Total			
	BBA	PAA	BBA	VFA	BBA	VFA	PAA	Total
Insurance contract liabilities *	**548**	**409**	**54,848**	**19,800**	**55,396**	**19,800**	**409**	**75,605**
Liability for remaining coverage (LRC)	335	40	54,002	19,634	54,337	19,634	40	74,011
Present value of future cash flows (PVCF)	(68)	40	50,959	18,566	50,891	18,566	40	69,497
Risk adjustment (RA)	18		555	318	573	318		891
Contractual Service Margin (CSM)	385		2,488	750	2,873	750		3,623
Liabilities for incurred claims (LIC)	213	369	846	166	1,059	166	369	1,594

Note: The "Reinsurance of reinsurance contracts assets" are valued under the simplified PAA model. The balance at year-end is not significant.

(*) Not including 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 under "Financial liabilities at amortised cost - Deposits - Customer" and "Financial liabilities at fair value through profit or loss - Deposits - Customer", amounting to EUR 753 million and EUR 3,594 million, respectively.

Breakdown of reinsurance contracts assets and insurance contracts liabilities - 31-12-2023

(Millions of euros)

	Risk		Savings	Direct participation	Total			
	BBA	PAA	BBA	VFA	BBA	VFA	PAA	Total
Insurance contract liabilities *	**568**	**410**	**52,585**	**16,677**	**53,153**	**16,677**	**410**	**70,240**
Liability for remaining coverage (LRC)	395	42	51,698	16,524	52,093	16,524	42	68,659
Present value of future cash flows (PVCF)	17	42	49,088	15,547	49,105	15,547	42	64,694
Risk adjustment (RA)	41		298	170	339	170		509
Contractual Service Margin (CSM)	337		2,312	807	2,649	807		3,456
Liabilities for incurred claims (LIC)	173	368	887	153	1,060	153	368	1,581

Note: The "Reinsurance contract assets" are valued under the simplified PAA model. The balance at year-end is not significant.

(*) Not including 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 under "Financial liabilities at amortised cost - Deposits - Customer" and "Financial liabilities recognised at fair value through profit or loss - Deposits - Customer" amounting to EUR 739 million and EUR 3,281 million, respectively.

Breakdown of reinsurance contracts assets and insurance contracts liabilities - 31-12 -2022

(Millions of euros)

	Risk		Savings	Direct participation	Total			
	BBA	PAA	BBA	VFA	BBA	VFA	PAA	Total
Insurance contract liabilities *	**597**	**411**	**46,725**	**14,862**	**47,322**	**14,862**	**411**	**62,595**
Liability for remaining coverage (LRC)	442	61	45,764	14,720	46,206	14,720	61	60,987
Present value of future cash flows (PVCF)	70	61	43,380	13,844	43,450	13,844	61	57,355
Risk adjustment (RA)	48		297	132	345	132		477
Contractual Service Margin (CSM)	324		2,087	744	2,411	744		3,155
Liabilities for incurred claims (LIC)	155	350	961	142	1,116	142	350	1,608

Note: The "Reinsurance contract assets" are valued under the simplified PAA model. The balance at year-end is not significant.

(*) Not including 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 under "Financial liabilities at amortised cost - Deposits - Customer" and "Financial liabilities at fair value through profit or loss - Deposits - Customer", amounting to EUR 570 million and EUR 3,406 million, respectively.

On 29 June 2023, VidaCaixa and MedVida agreed to transfer a portfolio of individual life insurance policies, encompassing both savings and risk segments, along with related assets and liabilities, originally underwritten by Sa Nostra Vida. The sale was contingent upon fulfilling specific conditions within 12 months from the contract's signing, which included securing necessary regulatory approvals. In 2024, after all conditions were satisfied, the sale of the insurance contract portfolio was finalised. This transaction did not significantly affect the CaixaBank Group's accounting or solvency.

The following is a breakdown of the reconciliation of the liability for remaining coverage and the liability for incurred claims:

Reconciliation of liability for remaining coverage and liability for incurred claims - 2024

(Millions of euros)

	LIC (NOT PAA)	LIC (PAA)	LRC (BBA, VFA, PAA)		
	BBA, VFA	PVCF	Excluding loss component	Loss component (LC)	Total
OPENING BALANCE	**1,213**	**368**	**68,535**	**124**	**70,240**
Insurance revenue (Note 35)			**(3,053)**		**(3,053)**
Amounts related to changes in the liability for the remaining hedging contracts measured under BBA or VFA			(2,020)		(2,020)
Expected claims and other attributable expected insurance expenses			(1,305)		(1,305)
Changes in risk adjustment for non-financial risk			(102)		(102)
CSM recognised in the profit and loss account for services rendered			(613)		(613)
Amounts relating to the changes in the liability for remaining coverage - contracts measured under PAA			(1,033)		(1,033)
Insurance service expenses (Note 35)	**1,262**	**551**			**1,813**
Incurred claims and other directly attributable expenses	1,249	544			1,793
Changes related to past service - Adjustments to liability for incurred claims	13	7			20
Changes related to future services - losses and loss reversals on onerous contracts					
INSURANCE SERVICE RESULT	1,262	551	(3,053)		(1,240)
Finance expenses from insurance contracts (Note 30)			4,178	-62	4,116
Finance expenses from insurance contracts issued recognised in Other Comprehensive Income (Note 25.2)			216		216
FINANCE EXPENSES FROM INSURANCE CONTRACTS			4,394	(62)	4,332
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	1,262	551	1,341	(62)	3,092
Investment component	6,964		(6,964)		
Other changes *	4	(4)	381		381
OTHER CHANGES	6,968	(4)	(6,583)		381
Premiums received			10,649		10,649
Benefits and other directly attributable expenses paid	(8,213)	(543)			(8,756)
CHANGES IN CASH FLOWS	(8,213)	(543)	10,649		1,893
Transfer to non-current available-for-sale financial liabilities	(5)	(3)	7		
Changes due to business combinations					
CLOSING BALANCE	**1,225**	**369**	**73,949**	**62**	**75,605**

(*) The item "Other changes" includes mainly the following items as at 31 December 2024:
- Improved Risk Adjustment calculation methodology (see details in Note 2.19).
- Improvements in the calculation of liabilities associated with the acquired portfolios of Bankia Mapfre Vida and SA Nostra Vida.
- Modifications made to the valuation method of the short-term savings portfolios (BBA Modified) to better adapt to the economic substance of the product.

Reconciliation of the liability for remaining coverage and liability for claims incurred - 2023

(Millions of euros)

	LIC (NOT PAA)	LIC (PAA)	LRC (BBA, VFA, PAA)		
	BBA, VFA	PVCF	Excluding loss component	Loss component (LC)	Total
OPENING BALANCE	**1,258**	**350**	**60,811**	**176**	**62,595**
Insurance service income (Note 35)			**(3,164)**		**(3,164)**
Amounts related to changes in the liability for the remaining hedging contracts measured under BBA or VFA			(2,209)		(2,209)
Expected claims and other attributable expected insurance expenses			(1,600)		(1,600)
Changes in risk adjustment for non-financial risk			(92)		(92)
CSM recognised in the profit and loss account for services rendered			(517)		(517)
Amounts relating to the changes in the liability for remaining coverage - contracts measured under PAA			(955)		(955)
Insurance service expenses (Note 35)	**1,566**	**513**		**(59)**	**2,020**
Incurred claims and other directly attributable expenses	1,611	495			2,106
Changes related to past service - Adjustments to liability for incurred claims	(45)	18			(27)
Changes related to future services - losses and loss reversals on onerous contracts				(59)	(59)
INSURANCE SERVICE RESULT	**1,566**	**513**	**(3,164)**	**(59)**	**(1,144)**
Finance expenses from insurance contracts (Note 30)			3,543	7	3,550
Insurance financial expenses recognised in Other Comprehensive Income (Note 25.2)			2,135		2,135
FINANCE EXPENSES FROM INSURANCE CONTRACTS			**5,678**	**7**	**5,685**
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	1,566	513	2,514	(52)	4,541
Investment component	6,514		(6,514)		
Other changes			327		327
OTHER CHANGES	6,514		(6,187)		327
Premiums received			11,611		11,611
Claims and other directly attributable expenses paid	(8,125)	(495)			(8,620)
CHANGES IN CASH FLOWS	(8,125)	(495)	11,611		2,991
Additions due to business combinations			(65)		
CLOSING BALANCE	**1,213**	**368**	**68,535**	**124**	**70,240**

Reconciliation of liability for remaining coverage and liability for incurred claims - 2022

(Millions of euros)

	LIC (NOT PAA)	LIC (PAA)	LRC (BBA, VFA, PAA)		
	BBA, VFA	PVCF	Excluding loss component	Loss component (LC)	Total
OPENING BALANCE	**1,230**	**334**	**73,687**	**133**	**75,384**
Insurance service income (Note 35)			**(2,784)**		**(2,784)**
Amounts related to changes in the liability for the remaining hedging contracts measured under BBA or VFA			(1,906)		(1,906)
Expected claims and other attributable expected insurance expenses			(1,307)		(1,307)
Changes in risk adjustment for non-financial risk			(90)		(90)
CSM recognised in the profit and loss account for services rendered			(509)		(509)
Amounts relating to the changes in the liability for remaining coverage - contracts measured under PAA			(878)		(878)
Insurance service expenses (Note 35)	**1,278**	**519**		**56**	**1,853**
Incurred claims and other directly attributable expenses	1,272	508			1,780
Changes related to past service - Adjustments to liability for incurred claims	6	11			17
Changes related to future services - losses and loss reversals on onerous contracts				56	56
INSURANCE SERVICE RESULT	**1,278**	**519**	**(2,784)**	**56**	**(931)**
Finance expenses from insurance contracts (Note 30)			(321)	(10)	(331)
Finance expenses from insurance contracts issued recognised in Other Comprehensive Income (Note 25.2)			(12,620)		(12,620)
FINANCE EXPENSES FROM INSURANCE CONTRACTS			**(12,941)**	**(10)**	**(12,951)**
TOTAL AMOUNTS RECOGNISED IN COMPREHENSIVE INCOME	1,278	519	(15,725)	46	(13,882)
Investment component	6,278		(6,278)		
Other changes	3		371	(3)	371
OTHER CHANGES	6,281		(5,907)	(3)	371
Premiums received			7,858		7,858
Claims and other directly attributable expenses paid	(7,550)	(508)			(8,058)
CHANGES IN CASH FLOWS	(7,550)	(508)	7,858		(200)
Additions due to business combinations					
CLOSING BALANCE	**1,258**	**350**	**60,811**	**176**	**62,595**

The following is a breakdown of movements by component of insurance liabilities (excluding obligations measured under the PAA method):

Reconciliation of insurance liabilities components (excluding PAA)

(Millions of euros)

	2024				2023				2022			
	PVCF	RA	CSM	Total	PVCF	RA	CSM	Total	PVCF	RA	CSM	Total
OPENING BALANCE	**65,865**	**509**	**3,456**	**69,830**	**58,552**	**477**	**3,155**	**62,184**	**74,382**	**571**	**2,962**	**77,915**
Changes that relate to future service	**(932)**	**137**	**795**		**(891)**	**95**	**737**	**(59)**	**(743)**	**78**	**721**	**56**
Changes in estimates that adjust the CSM	(329)	56	273		(151)	20	131		(287)	8	279	
Losses on onerous contracts and reversals	(12)	1		(11)	(71)			(71)	37			37
Contracts recognised in the period	(591)	80	522	11	(669)	75	606	12	(493)	70	442	19
Changes that relate to current service	**(55)**	**(102)**	**(613)**	**(770)**	**11**	**(92)**	**(517)**	**(598)**	**(31)**	**(90)**	**(509)**	**(630)**
CSM recognised for services provided			(613)	(613)			(517)	(517)			(509)	(509)
Changes in the RA relating to the current service		(102)		(102)		(92)		(92)		(90)		(90)
Experience adjustments arising from incurred claims and other directly attributable expenses	(55)			(55)	11			11	(31)			(31)
Changes relating to past service	**13**			**13**	**(45)**			**(45)**	**8**			**8**
Changes that relate to past service – adjustment to the LIC	13			13	(45)			(45)	8			8
INSURANCE SERVICE RESULT	(974)	35	182	(757)	(925)	3	220	(702)	(766)	(12)	212	(566)
Financial expenses relating to insurance contracts (profit and loss account)	4,013	18	85	4,116	3,463	16	71	3,550	(404)	12	61	(331)
Financial expenses relating to insurance contracts issued recognised in OCI	173	43		216	2,124	11		2,135	(12,530)	(90)		(12,620)
FINANCIAL EXPENSES FROM INSURANCE CONTRACTS	**4,186**	**61**	**85**	**4,332**	**5,587**	**27**	**71**	**5,685**	**(12,934)**	**(78)**	**61**	**(12,951)**
RECOGNISED IN COMPREHENSIVE INCOME	3,212	96	267	3,575	4,662	30	291	4,983	(13,700)	(90)	273	(13,517)
Other changes	200	286	(100)	386	323	2	10	335	(2,486)	(4)	(80)	(2,570)
OTHER CHANGES	**200**	**286**	**(100)**	**386**	**323**	**2**	**10**	**335**	**(2,486)**	**(4)**	**(80)**	**(2,570)**
Premiums received	9,616			9,616	10,667			**10,667**	6,993			**6,993**
Claims and other directly attributable expenses paid	(8,213)			(8,213)	(8,125)			**(8,125)**	(7,550)			**(7,550)**
CHANGES IN CASH FLOWS	1,403			1,403	2,542			2,542	(557)			(557)
Transfer to non-current available-for-sale financial liabilities	2			2	(149)			(149)				
Additions due to business combinations					(65)			(65)	913			913
CLOSING BALANCE	**70,682**	**891**	**3,623**	**75,196**	**65,865**	**509**	**3,456**	**69,830**	**58,552**	**477**	**3,155**	**62,184**

The reconciliation by component and risk group of the direct insurance contracts initially recognised in the periods indicated for contracts measured under BBA and VFA is shown below:

Reconciliation of initial recognition of contracts - 2024

(Millions of euros)

	Non-onerous contracts			Onerous contracts			
	Risk	Savings	Direct participation	Risk	Savings	Direct participation	Total
Estimation of present value of cash outflows (PVCF outflows)	(146)	5,523	1,351	1	83	16	6,828
Claims and other directly attributable expenses	(146)	5,523	1,351	1	83	16	6,828
Estimation of present value of cash inflows (PVCF inflows)	(32)	(5,835)	(1,460)	(1)	(75)	(16)	(7,419)
Risk adjustment for non-financial risk (RA)	27	30	20	2	1		80
CSM	151	282	89				522
Increase in insurance contract liabilities for contracts recognised during the period				**2**	**9**		**11**

Reconciliation of initial recognition of contracts - 2023

(Millions of euros)

	Non-onerous contracts			Onerous contracts			
	Risk	Savings	Direct participation	Risk	Savings	Direct participation	Total
Estimation of present value of cash outflows (PVCF outflows)	(90)	6,930	950	(2)	72		7,860
Claims and other directly attributable expenses	(90)	6,930	950	(2)	72		7,860
Estimation of present value of cash inflows (PVCF inflows)	(51)	(7,376)	(1,040)	(1)	(61)		(8,529)
Risk adjustment for non-financial risk (RA)	26	26	19	4			75
CSM	115	420	71				606
Increase in insurance contract liabilities for contracts recognised during the period				**1**	**11**		**12**

Reconciliation of initial recognition of contracts - 2022

(Millions of euros)

	Non-onerous contracts			Onerous contracts			
	Risk	Savings	Direct participation	Risk	Savings	Direct participation	Total
Estimation of present value of cash outflows (PVCF outflows)	(135)	2,854	1,864	(2)	275		4,856
Claims and other directly attributable expenses	(135)	2,854	1,864	(2)	275		4,856
Estimation of present value of cash inflows (PVCF inflows)		(3,098)	(1,991)		(260)		(5,349)
Risk adjustment for non-financial risk (RA)	32	13	19	5	1		70
CSM	103	231	108				442
Increase in insurance contract liabilities for contracts recognised during the period				**3**	**16**		**19**

The following is a breakdown of the maturity of the CSM by risk group:

Maturity of the CSM by risk group:

(Millions of euros)

	2024				2023				2022			
	Risk	Savings	Direct partici-pation	Total	Risk	Savings	Direct partici-pation	Total	Risk	Savings	Direct partici-pation	Total
CSM amortisation												
From 0 to 5 years	329	1,036	291	**1,656**	284	936	310	**1,530**	260	831	300	**1,391**
From 5 to 10 years	31	579	199	**809**	31	597	203	**831**	24	541	170	**735**
From 10 to 15 years	10	326	137	**473**	3	345	137	**485**	2	304	118	**424**
From 15 to 20 years	5	228	88	**321**	1	188	88	**277**		169	79	**248**
More than 20 years	10	319	35	**364**	18	246	69	**333**	38	242	77	**357**
TOTAL	**385**	**2,488**	**750**	**3,623**	**337**	**2,312**	**807**	**3,456**	**324**	**2,087**	**744**	**3,155**

The following is an analysis of the financial results of the insurance business:

Reconciliation of the financial result of the insurance business - 2024

(Millions of euros)

	2024			
	Risk BBA	Savings BBA	Other (2)	Total
Net interest income from the insurance business	**7**	**126**	**77**	**210**
Interest income from the insurance business (Note 29)	16	1,808	90	1,914
Interest expense from the insurance business (Note 30)	(9)	(1,682)	(13)	(1,704)
Insurance business OCI	**4**	**37**	**(3)**	**38**
Debt instruments classified as fair value financial assets with changes in OCI	5	252	(3)	254
Finance expense from insurance contracts issued (Note 25.2)	(1)	(215)		(216)
OCI reclassified to P&L for the effect of net position hedging (Note 33)		**35**	**6**	**41**
Amount reclassified from OCI to ROF of insurance liabilities			6	6
Amount reclassified from OCI to ROF from financial instruments (1)		35		35
Gains or losses on financial assets and liabilities (Note 33)		**9**	**3**	**12**
Impairment financial assets designated at fair value through profit or loss (Note 38)		**2**		**2**
TOTAL	**11**	**209**	**83**	**303**

(1) This includes the change in the fair value of derivatives that form part of the hedging of the net position.

(2) This mainly incorporates financial results relating to products measured under IFRS 9 and the portfolio held by insurers unaffected by insurance contracts.

Reconciliation of the financial result of the insurance business - 2023

(Millions of euros)

	2023			
	Risk BBA	Savings BBA	Others (2)	Total
Net interest income from the insurance business	**9**	**66**	**62**	**137**
Interest income from the insurance business (Note 29)	17	1,640	72	1,729
Interest expense from the insurance business (Note 30)	(8)	(1,574)	(10)	(1,592)
Insurance business OCI	**9**	**154**	**8**	**171**
Debt instruments classified as fair value financial assets with changes in OCI	19	2,279	8	2,306
Finance expense from insurance contracts issued (Note 25.2)	(10)	(2,125)		(2,135)
OCI reclassified to P&L for the effect of net position hedging (Note 33)		**69**	**5**	**74**
Amount reclassified from OCI to ROF from financial instruments (1)		69		69
Gains or losses on financial assets and liabilities (Note 33)	**3**	**(1)**	**1**	**3**
TOTAL	**21**	**285**	**76**	**382**

(1) This includes the change in the fair value of derivatives that form part of the hedging of the net position.

(2) This mainly incorporates financial results relating to products measured under IFRS 9 and the portfolio held by insurers unaffected by insurance contracts.

Reconciliation of the financial result of the insurance business - 2022

(Millions of euros)

	2022			
	Risk	Savings		
	BBA	BBA	Others (2)	Total
Net interest income from the insurance business	**11**	**2**	**25**	**38**
Interest income from the insurance business (Note 29)	24	1,336	25	1,385
Interest expense from the insurance business (Note 30)	(13)	(1,334)		(1,347)
Insurance business OCI	**(44)**	**(792)**	**16**	**(820)**
Debt instruments classified as fair value financial assets with changes in OCI	(104)	(13,352)	16	(13,440)
Finance expense from insurance contracts issued (Note 25.2)	60	12,560		12,620
OCI reclassified to P&L for the effect of net position hedging (Note 33)		**(175)**		**(175)**
Amount reclassified from OCI to ROF from financial instruments (1)		(175)		(175)
Gains or losses on financial assets and liabilities (Note 33)	**9**		**10**	**19**
TOTAL	**(24)**	**(965)**	**51**	**(938)**

(1) This includes the change in the fair value of derivatives that form part of the hedging of the net position.

(2) This mainly incorporates financial results relating to products measured under IFRS 9 and the portfolio held by insurers unaffected by insurance contracts.

The amount of income from insurance activities and the movement in the CSM by transitional approach are shown below:

Reconciliation of amounts recognised on transition *

(Millions of euros)

	2024			2023			2022		
	New contracts and contracts measured by full retrospective approach	Fair value approach	Total	New contracts and contracts measured by full retrospective approach	Fair value approach	Total	New contracts and contracts measured by full retrospective approach	Fair value approach	Total
Insurance revenue (-)	**(514)**	**(156)**	**(670)**	**(251)**	**(607)**	**(858)**	**(98)**	**(433)**	**(531)**
CSM AT START OF PERIOD	**267**	**251**	**518**	**108**	**442**	**550**		**420**	**420**
Changes that relate to future service	249	37	286	212	(41)	171	132	161	293
Changes in estimates that adjust the CSM	71	37	108	41	(42)	(1)	7	161	168
Contracts recognised in the period	178		178	171	1	172	125		125
Changes that relate to current service	**(170)**	**(52)**	**(222)**	**(58)**	**(95)**	**(153)**	**(24)**	**(142)**	**(166)**
CSM recognised for services provided	(170)	(52)	(222)	(58)	(95)	(153)	(24)	(142)	(166)
Other changes		**179**	**179**		**(57)**	**(57)**			
(+) Financial expenses or (-) income	**10**	**7**	**17**	**5**	**2**	**7**		**3**	**3**
CSM AT THE END OF THE PERIOD	**356**	**422**	**778**	**267**	**251**	**518**	**108**	**442**	**550**

(*) Since the Group has applied the derogation in Article 2 of Commission Regulation (EU) 2023/1803 of 19 November 2021, whereby the annual cohort requirement may be waived for insurance contracts managed under Matching Adjustment techniques and Unit Linked contracts, the Group does not include these contracts in the reconciliation (see Note 2.19 - Insurance operations - Insurance contract liabilities).

19. Tangible assets

The breakdown of the changes of the balance under this heading is as follows:

Changes in tangible assets
(Millions of euros)

	2024			2023			2022		
	Land and buildings	Instal. furniture and others	Rights of use *	Land and buildings	Instal. furniture and others	Rights of use *	Land and buildings	Instal. furniture and others	Rights of use *
Cost									
Opening balance	3,229	6,081	2,300	3,383	5,980	2,090	3,764	6,219	2,215
Additions due to BC (Note 7)							2		
Additions	16	287	127	27	349	227	38	393	123
Disposals	(20)	(150)	(69)	(30)	(256)	(69)	(6)	(597)	(249)
Disposals due to contributions								(1)	
Transfers **	(82)	12	1	(151)	8	52	(415)	(34)	1
CLOSING BALANCE	3,143	6,230	2,359	3,229	6,081	2,300	3,383	5,980	2,090
Accumulated depreciation									
Opening balance	(831)	(4,183)	(683)	(825)	(4,145)	(525)	(932)	(4,428)	(386)
Additions due to BC (Note 7)									
Additions	(41)	(211)	(183)	(50)	(204)	(188)	(48)	(195)	(186)
Disposals	15	121	36	7	217	32	4	516	45
Transfers **	19	(56)	9	37	(51)	(2)	151	(38)	2
CLOSING BALANCE	(838)	(4,329)	(821)	(831)	(4,183)	(683)	(825)	(4,145)	(525)
Impairment allowances									
Opening balance	(15)	(21)		(18)	(21)		(31)	(23)	
Allowances (Note 39)	(1)						(3)		
Provisions (Note 39)		13		6			3		
Transfers **		(8)		(3)			13	2	
Amounts used									
CLOSING BALANCE	(16)	(16)		(15)	(21)		(18)	(21)	
OWN USE, NET	**2,289**	**1,885**	**1,538**	**2,383**	**1,877**	**1,617**	**2,540**	**1,814**	**1,565**
Cost									
Opening balance	2,248	86		2,492	88		2,811	93	
Additions	13	1		30	1		9		
Disposals	(104)			(197)	(3)		(156)	(4)	
Transfers **	(155)	(8)		(77)			(172)	(1)	
CLOSING BALANCE	2,002	79		2,248	86		2,492	88	
Accumulated depreciation									
Opening balance	(242)	(55)		(240)	(47)		(217)	(43)	
Additions	(28)	(5)		(28)	(9)		(31)	(8)	
Disposals	16			35	1		16	2	
Transfers **	30	7		(9)			(8)	2	
CLOSING BALANCE	(224)	(53)		(242)	(55)		(240)	(47)	
Impairment allowances									
Opening balance	(614)			(696)			(779)		
Allowances (Note 39)	(199)			(62)			(108)		
Provisions (Note 39)	209			71			103		
Transfers **	36			15			88		
Disposals									
Amounts used	27			58					
CLOSING BALANCE	(541)			(614)			(696)		
INVESTMENT PROPERTY	**1,237**	**26**		**1,392**	**31**		**1,556**	**41**	

BC: business combination; INSTAL.: Installations

(*) Corresponds to the rights of use of land and buildings. With regard to right-of-use assets, the heading "Other financial liabilities - Liabilities associated to right-of-use assets" (see Note 23.4) includes the current value of future lease payments during the mandatory period of the contract.

(**) They mainly include the value of property from other balance sheet headings: from "Own use" when an office is closed or from "Non-current assets and disposal groups classified as held for sale" when they are leased (see Note 22).

19.1. Property, plant and equipment for own use

Property, plant and equipment for own use are allocated to the Banking Business cash-generating unit (CGU) and at year-end they do not present any indication of impairment (see Note 20). In addition, the Group carries out regular individualised valuations of certain property for own use classified as “Land and buildings”. At year-end, the available valuations do not indicate the existence of any material impairment.

Selected information about property, plant and equipment of own use is presented below:

Other information on property, plant and equipment for own use
(Millions of euros)

	31-12-2024
Fully amortised assets still in use	3,178
Commitments to acquire tangible assets *	Insignificant
Assets with ownership restrictions	Insignificant
Assets covered by an insurance policy **	100 %

(*) Sales made in previous years with sale and leaseback agreements include buy options that may be exercised by the Group on termination of the lease agreement at the market value of the offices at that date, to be determined where appropriate by independent experts.

(**) Some of the insurance policies have an excess. CaixaBank is the holder of a corporate policy subscribed with a third party that covers material damage to the Group's material asset.

20. Intangible assets

20.1. Goodwill

The breakdown of this heading is as follows:

Breakdown of goodwill
(Millions of euros)

	CGU	31-12-2024	31-12-2023	31-12-2022
Acquisition of Banca Cívica	Banking	2,020	2,020	2,020
Acquisition of Banca Cívica Vida y Pensiones	Insurance	137	137	137
Acquisition of Cajasol Vida y Pensiones	Insurance	50	50	50
Acquisition of Cajacanarias Vida y Pensiones	Insurance	62	62	62
Acquisition of Banca Cívica Gestión de Activos	Banking	9	9	9
Acquisition of the Morgan Stanley business in Spain	Banking/Insurance *	402	402	402
Acquisition of Bankpime	Banking	40	40	40
Acquisition of CaiFor	Insurance	331	331	331
Acquisition of Sa Nostra Vida **	Insurance	43	43	116
TOTAL		**3,094**	**3,094**	**3,167**

(*) Of which EUR 3.7 million are allocated to the Insurance CGU and the remainder to the Banking CGU.

(**) See Note 7. The amounts shown above correspond to the initial allocation of the PPA.

20.2. Other intangible assets

The breakdown of this heading is as follows:

Breakdown of other intangible assets *
(Millions of euros)

	Useful life	CGU	Resulting useful life	31-12-2024	31-12-2023	31-12-2022
Software and other	4 to 15 years		1 to 15 years	1,406	1,232	1,102
Banca Cívica - customer portfolio		Banking				1
Barclays Bank SAU - customer portfolio		Banking				1
BPI - insurance portfolio		Insurance				11
BPI - asset management	6-10 years	Banking	1-2 years	4	5	7
BPI - brand	Indefinite	Banking	Indefinite	20	20	20
Bankia - asset management	13 years	Banking	9 years	74	82	90
Bankia - Asset management (IF & SICAV's)	13 years	Banking	9 years	46	51	57
Bankia - Asset management (PF)	15 years	Banking	11 years	73	79	86
Bankia - Asset management (third-party managers)	13 years	Banking	9 years	9	10	11
Bankia - Cards business	7 years	Banking	3 years	76	96	116
Bankia - Insurance brokerage	5-14 years	Insurance	1-10 years	60	74	88
Bankia Vida - customer portfolio	8-10 years	Insurance	5-7 years	195	226	256
Sa Nostra Vida - customer portfolio **	8-10 years	Insurance	7-9 years	16	18	11
TOTAL				**1,979**	**1,893**	**1,857**

(*) Beyond the provisions of Note 43 on the "la Caixa" brand, the Group's activities are not dependent on or significantly influenced by patents or licences, industrial contracts, new manufacturing processes or special commercial or financial contracts.

(**) See Note 7. The amounts shown above correspond to the provisional allocation of the PPA.

The breakdown of the changes of the balance under this heading is as follows:

Changes in other intangible assets
(Millions of euros)

	2024		2023		2022	
	Software	Other assets	Software	Other assets	Software	Other assets
Gross cost						
Opening balance	2,185	969	1,893	1,027	1,563	829
Additions due to business combinations (Note 7)				9		11
Additions	401	36	362	27	346	121
Transfers and other	36	(38)	10	(25)	18	177
Write-downs (Note 39)	(86)		(54)	(9)	(23)	
Other disposals	(33)	(41)	(26)	(60)	(9)	
SUBTOTAL	2,503	926	2,185	969	1,893	1,027
Accumulated depreciation						
Opening balance	(964)	(277)	(813)	(227)	(678)	(224)
First application IFRS 17						
Additions	(220)	(90)	(201)	(94)	(175)	(87)
Transfers and other	(11)	(1)	5	(1)	17	(11)
Write-downs (Note 39)	57		25		14	
Other disposals	36	44	20	45	8	
SUBTOTAL	(1,102)	(324)	(964)	(277)	(813)	(227)
Impairment allowances						
Opening balance		(20)		(23)		(12)
First application IFRS 17						
Allowances (Note 39)		(7)		(10)		(5)
Recoveries (Note 39)						
Transfers and other		(1)		9		(6)
Amounts used		4		4		
CLOSING BALANCE		(24)		(20)		(23)
TOTAL	**1,401**	**578**	**1,221**	**672**	**1,080**	**777**

Selected information related to other intangible assets is set out below:

Other information on other intangible assets
(Millions of euros)

	31-12-2024
Fully amortised assets still in use	2,830
Commitments to acquire intangible assets	Insignificant
Assets with ownership restrictions	Insignificant

Impairment test of the banking CGU

For the purpose of analysing the recoverable amount of the Banking Business CGU, the Group performs a regular allocation of the Group's capital based on internal regulatory capital models, which take into account the risks assumed by each of the businesses. The amount to be recovered from the CGU is compared to its recoverable amount to determine any potential impairment.

The recoverable amount is based on value in use, which was determined by discounting the estimated dividends over the medium term obtained from the projection of the budget with a time horizon of 6 years.

The projections are determined using assumptions based on the macroeconomic data applicable to the Group's activity, contrasted by means of renowned external sources and the entities' internal information.

A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

Assumptions used and banking business CGU sensitivity scenarios
(Percentage)

	31-12-2024	31-12-2023	31-12-2022	Sensitivity range
Discount rate (after taxes) *	9.1 %	9.9 %	9.0 %	[-0.5%; + 2.5%]
Growth rate **	1.0 %	1.0 %	1.0 %	[-0.5%; + 1.0%]
Net interest income over average total assets (NII) ***	[1.50% - 1.73%]	[1.30% - 1.60%]	[0.92% - 1.29%]	[-0.05%; + 0.05%]
Cost of risk (CoR)	[0.25% - 0.40%]	[0.31% - 0.44%]	[0.27% - 0.39%]	[-0.1%; + 0.1%]

(*) Calculated on the yield for the German 10-year bond, plus a risk premium. The pre-tax discount rate on 31 December 2024, 2023 and 2022 is 13.0%, 14.1% and 12.9%, respectively.
(**) Corresponds to the normalised growth rate used to calculate the residual value.
(***) Net interest income on average total assets.

At the close of the financial year, it has been confirmed that the projections used in the previous impairment test and actual figures would not have affected the conclusions of that test.

Taking into account the excess of the recoverable value over the carrying amount, the Group does not consider that any reasonably possible change in any of the assumptions could, in isolation, cause the carrying amount to exceed the recoverable value.

The judgements and estimates on the basis of which the key assumptions have been determined are those which the Group considers to be the most plausible and which, therefore, best reflect the value of the banking business.

As described in Note 3.4.1, the financial forecasts and their main assumptions used to calculate the recoverable amount of the banking CGU (particularly the cost of risk (CoR)) consider various scenarios of climate risk weighted by their probability of occurrence. Subsequently, to determine the terminal value, the long-term growth assumption (g) is estimated based on the "Net Zero 2050" scenario of the "*Network for Greening the Financial System*". See the consolidated management report, section "06. Sustainability information - E - Environment - E1 - Climate change"for further information on the Group's sustainability strategy, including environmental and climate strategies.

Impairment test of the Insurance CGU

The methodology for estimating the value of the insurance CGU in use is the same as the methodology for the banking CGU, and the results obtained have not highlighted any indications of impairment at the close of the financial year.

A summary of the ranges of assumptions used and the ranges of contrasting sensitivity are provided below:

Assumptions used and insurance business CGU sensitivity scenarios
(Percentage)

	31-12-2024	31-12-2023	31-12-2022	Sensitivity
Discount rate (after tax)	10.2 %	10.8 %	10.5 %	[-0.5%; + 0.5%]
Growth rate *	1.0 %	1.5 %	1.5 %	[-0.5%; + 0.5%]

(*) Corresponds to the normalised growth rate used to calculate the residual value.

21. Other assets and other liabilities

The breakdown of these items in the balance sheet is as follows:

Breakdown of other assets

(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Inventories (1)	55	93	101
Remainder of other assets (3)	1,663	1,727	2,516
Prepayments and accrued income (4)	792	734	853
Net pension plan assets (Note 24.1) (2)	64	137	408
Ongoing transactions	598	613	542
Dividends on equity securities accrued and receivable	26	44	173
Other	183	199	540
TOTAL OTHER ASSETS	**1,718**	**1,820**	**2,617**

(1) This includes non-financial assets held for sale in the ordinary course of business, that are in the process of production, construction or development for such sale, or that are to be consumed in the production process or in the rendering of services.

(2) This includes the fair value of insurance policies to cover pension commitments that must be recorded as a separate asset because they do not meet the requirements to be considered assets related to defined benefit post-employment plans.

(3) With the exception of those indicated in the other notes, this includes the amount of all the liability accrual accounts, except those corresponding to interest, transactions in transit between different units of the entity when it is not possible to allocate them, and the amount of the remaining liabilities not included in other categories.

(4) This includes a prepaid expense arising from the termination of the distribution agreements with Mapfre for non-life insurance, which accrues in the same period as the current distribution agreement with Mutua Madrileña. The amount remaining at 31 December 2024 is EUR 136 million.

Breakdown of other liabilities

(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Prepayments and accrued income (1)	1,461	1,431	1,611
Ongoing transactions	766	1,630	1,019
Other	57	35	220
TOTAL OTHER LIABILITIES (2)	**2,284**	**3,096**	**2,850**

(1) Includes an anticipated income derived from the agreement that CaixaBank reached with Mutua Madrileña and SegurCaixa Adeslas for the increase of the Bankia network in the distribution agreement. The income is accrued over a period of 10 years, consistent with the accrual of the expense for part of the compensation for the breaking of the non-life agreements with Mapfre. The amount remaining at 31 December 2024 is EUR 455 million.

(2) This includes the amount of all the liability accrual accounts, except those corresponding to interest, and the amount of the remaining liabilities not included in other categories.

The breakdown of the changes of the balance under "Inventories" is as follows:

Changes in inventories

(Millions of euros)

	2024		2023		2022	
	Foreclosed assets	Other assets:	Foreclosed assets	Other assets:	Foreclosed assets	Other assets:
Gross cost, inventories						
Opening balance	63	68	69	67	76	54
Plus:						
Acquisitions	3	96	1	177	3	220
Transfers and other		2	(7)		9	
Less:						
Sales	(6)	(112)		(169)	(8)	(185)
Transfers and other *	(35)	(6)		(7)	(11)	(22)
CLOSING BALANCE	25	48	63	68	69	67
Impairment allowances, inventories						
Opening balance	(31)	(7)	(30)	(5)	(31)	(3)
Plus:						
Net allowances (Note 39)	(2)	2	(5)		(3)	
Transfers and other	18		4	(2)	(1)	(2)
Less:						
Amounts used	2				4	
Transfers *					1	
CLOSING BALANCE	(13)	(5)	(31)	(7)	(30)	(5)
INVENTORIES	**12**	**43**	**32**	**61**	**39**	**62**

(*) They mainly include the value of the constructions/land fields reclassified from other balance sheet headings: from "Real estate investments" or "Non-current assets and disposal groups classified as held for sale» (see Notes 19 and 22).

22. Non-current assets and disposal groups held for sale

The breakdown of the changes of the balance under this heading is as follows:

Changes in non-current assets for sale
(Millions of euros)

	2024			2023			2022		
	Foreclosed assets		Other assets (2)	Foreclosed assets		Other assets (2)	Foreclosed assets		Other assets (2)
	Foreclosure rights (1)	Others		Foreclosure rights (1)	Others		Foreclosure rights (1)	Others	
Gross cost									
Opening balance	144	2,338	582	180	2,782	620	225	3,217	806
Additions	84	166	17	92	56	1	88	135	138
Transfers and other (3)	(100)	198	220	(128)	320	658	(133)	458	76
Disposals for the year		(526)	(169)		(820)	(697)		(1,028)	(400)
CLOSING BALANCE	128	2,176	650	144	2,338	582	180	2,782	620
Impairment allowances									
Opening balance	(29)	(787)	(127)	(38)	(926)	(192)	(47)	(980)	(183)
Allowances (Note 41)	(1)	(351)	(53)	(1)	(168)	(110)		(264)	(82)
Recoveries (Note 41)		255	21	1	85	77		76	41
Transfers and other (4)	3	(74)	(54)	9	(68)	70	9	(99)	4
Amounts used		192	64		290	28		341	28
CLOSING BALANCE	(27)	(766)	(149)	(29)	(787)	(127)	(38)	(926)	(192)
TOTAL	**101**	**1,410**	**501**	**115**	**1,551**	**455**	**142**	**1,856**	**428**

(1) Foreclosure rights are measured initially at the carrying amount at which the asset will be recognised when the definitive foreclosure occurs.

(2) Mainly includes: investments and financial assets reclassified as non-current assets classified as held for sale, assets deriving from the termination of operating lease agreements and closed branches.

(3) These mainly correspond to the reclassification of the Foreclosure Right to "Other assets arising from credit regularisations" or to "Investment property" when a property is put up for rent for assets arising from credit regularisations (see Note 19). In 2024, it also include financial assets included in pending portfolio sales.

(4) Includes provisions recognised to hedge against the risk of insolvency on credit operations of CaixaBank cancelled through the acquisition of real estate assets by BuildingCenter.

In November 2022, CaixaBank sold the property it owns at Paseo de la Castellana, 51, Madrid. CaixaBank's Board of Directors agreed its sale to Inmo Criteria Patrimonio, S.L.U. (a subsidiary of Criteria Caixa, S.A.U.), which submitted the best offer. The sale amounted to EUR 238.5 million, making a positive result of EUR 101 million (EUR 71 million net of the tax effect) under "Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (net)" (see Note 41).

The breakdown, by age, of foreclosed assets, excluding impairment allowances, determined on the basis of the foreclosure date, is as follows:

Age of foreclosure assets
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	No. of assets	Gross amount	No. of assets	Gross amount	No. of assets	Gross amount
Up to 1 year	992	98	1,221	134	1,605	166
Between 1 and 2 years	1,186	118	1,429	144	2,081	188
Between 2 and 5 years	3,882	362	5,718	451	9,213	738
More than 5 years	20,496	1,726	19,931	1,753	20,433	1,870
TOTAL	**26,556**	**2,304**	**28,299**	**2,482**	**33,332**	**2,962**

23. Financial liabilities

23.1. Financial liabilities held for trading

The breakdown of this heading is as follows:

Breakdown of financial liabilities held for trading
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Derivatives	3,420		2,189		3,971	
Short positions	211		64		59	
TOTAL	**3,631**		**2,253**		**4,030**	

23.2. Financial liabilities designated at fair value through profit or loss

The breakdown of this heading is as follows:

Breakdown of financial liabilities designated at fair value through profit or loss
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business *	Banking and other business	Insurance business *	Banking and other business	Insurance business *
Deposits		**3,594**		**3,281**		**3,409**
Customers		3,594		3,281		3,409
Other financial liabilities		**6**		**2**		
TOTAL		**3,600**		**3,283**		**3,409**

(*) These correspond primarily to financial liabilities of certain BPI Vida e Pensões products that do not incorporate a significant transfer of insurance risks and are, therefore, classified and measured under the scope of IFRS 9 (see Appendix 8).

23.3. Financial liabilities at amortised cost

The breakdown of this heading is as follows:

Breakdown of financial liabilities at amortised cost - 31-12-2024
(Millions of euros)

	Banking and other business					Insurance business		
		Value adjustments					Value adjustments	
	Gross balance	Accrued interest	Transaction costs	Premiums and discounts	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Deposits	**433,581**	**914**	**(6)**	**175**	**434,664**	**752**		**752**
Central banks	96				96			
Credit institutions	10,973	109			11,082			
Customers	422,512	805	(6)	175	423,486	752		752
Debt securities issued	**55,256**	**583**	**(16)**	**740**	**56,563**			
Other financial liabilities	**6,595**				**6,595**	**246**		**246**
TOTAL	**495,432**	**1,497**	**(22)**	**915**	**497,822**	**998**		**998**

Breakdown of financial liabilities at amortised cost - 31-12-2023
(Millions of euros)

	Banking and other business					Insurance business		
		Value adjustments					Value adjustments	
	Gross balance	Accrued interest	Transaction costs	Premiums and discounts	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Deposits	**415,145**	**767**	**(7)**	**267**	**416,172**	**738**		**738**
Central banks	543	5			548			
Credit institutions	18,676	187			18,863			
Customers	395,926	575	(7)	267	396,761	738		738
Debt securities issued	**55,291**	**532**	**(11)**	**943**	**56,755**			
Other financial liabilities	**6,447**				**6,447**	**338**		**338**
TOTAL	**476,883**	**1,299**	**(18)**	**1,210**	**479,374**	**1,076**		**1,076**

Breakdown of financial liabilities at amortised cost - 31-12-2022
(Millions of euros)

	Banking and other business					Insurance business		
		Value adjustments					Value adjustments	
	Gross balance	Accrued interest	Transaction costs	Premiums and discounts	Balance sheet amount	Gross balance	Accrued interest	Balance sheet amount
Deposits	**421,526**	**(19)**	**(9)**	**367**	**421,865**	**579**		**579**
Central banks	16,278	(242)			16,036			
Credit institutions	12,704	70			12,774			
Customers	392,544	153	(9)	367	393,055	579		579
Debt securities issued	**50,926**	**605**	**(10)**	**1,087**	**52,608**			
Other financial liabilities	**7,672**				**7,672**	**323**		**323**
TOTAL	**480,124**	**586**	**(19)**	**1,454**	**482,145**	**902**		**902**

23.3.1. Deposits from credit institutions

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

Breakdown of deposits from credit institutions
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
On demand	**1,257**		**1,765**		**2,339**	
Other accounts	1,257		1,765		2,339	
Term or at notice	**9,716**		**16,911**		**10,365**	
Deposits with agreed maturity	3,613		3,796		4,041	
Repurchase agreement	6,103		13,115		6,324	
TOTAL	**10,973**		**18,676**		**12,704**	

23.3.2. Customer deposits

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

Breakdown of customer deposits
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
By type	**422,512**	**752**	**395,926**	**738**	**392,544**	**579**
Current accounts and other demand deposits	255,245		240,763		265,316	
Savings accounts	89,176		90,037		94,573	
Deposits with agreed maturity	68,644	752	57,071	738	29,954	579
Hybrid financial liabilities	533		661		124	
Repurchase agreements	8,914		7,394		2,577	
By sector	**422,512**	**752**	**395,926**	**738**	**392,544**	**579**
Public administrations	27,305		17,431		16,978	
Private sector	395,207	752	378,495	738	375,566	579

23.3.3. Debt securities issued

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

Breakdown of debt securities issued
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Mortgage covered bonds	14,825		15,583		17,178	
Plain vanilla bonds *	28,246		26,243		21,784	
Securitised bonds	608		918		1,175	
Structured notes	770		1,433		1,309	
Promissory notes	1,054		1,139		330	
Preference shares	4,250		4,500		4,250	
Subordinated debt	5,503		5,475		4,900	
TOTAL	**55,256**		**55,291**		**50,926**	

(*) Includes plain vanilla bonds or ordinary bonds and non-preference plain vanilla bonds or ordinary bonds.

The changes in the balances of each type of securities issued is as follows:

Changes in debt securities issued
(Millions of euros)

	Mortgage covered bonds	Public sector covered bonds	Plain vanilla bonds	Securitised bonds	Structured notes	Subordinated debt	Preference shares
Gross balance							
Opening balance 2022	69,327	5,400	17,117	35,419	1,589	5,035	5,000
Issuances	6,553	2,000	4,791			1,175	
Depreciation and amortisation	(13,640)	(2,300)	(70)	(7,447)	(170)	(1,310)	(750)
CLOSING BALANCE 2022	62,240	5,100	21,838	27,972	1,419	4,900	4,250
Repo securities							
Opening balance 2022	(48,473)	(5,400)	(13)	(33,792)	(205)		
Buybacks	(6,579)	2,300	(41)				
Repayments and other	9,990	(2,000)		6,995	95		
CLOSING BALANCE 2022	(45,062)	(5,100)	(54)	(26,797)	(110)		
CLOSING NET BALANCE 2022	**17,178**		**21,784**	**1,175**	**1,309**	**4,900**	**4,250**

Changes in debt securities issued
(Millions of euros)

	Mortgage covered bonds	Public sector covered bonds	Plain vanilla bonds	Securitised bonds	Structured notes	Subordinated debt	Preference shares
Gross balance							
Opening balance 2023	62,240	5,100	21,838	27,972	1,419	4,900	4,250
Issuances	7,450	150	7,792	5,000	347	1,568	750
Depreciation and amortisation	(9,575)	(150)	(3,251)	(6,649)	(290)	(1,000)	(500)
Exchange differences and other	(35)		(83)			7	
CLOSING BALANCE 2023	60,080	5,100	26,296	26,323	1,476	5,475	4,500
Repo securities							
Opening balance 2023	(45,062)	(5,100)	(54)	(26,797)	(110)		
Buybacks	(6,531)	(150)	(2)	(5,000)	(7)		
Repayments and other	7,096	150	3	6,392	74		
CLOSING BALANCE 2023	(44,497)	(5,100)	(53)	(25,405)	(43)		
CLOSING NET BALANCE 2023	**15,583**		**26,243**	**918**	**1,433**	**5,475**	**4,500**
Gross balance							
Opening balance 2024	60,080	5,100	26,296	26,323	1,476	5,475	4,500
Issuances	8,600		5,684		717	1,000	750
Depreciation and amortisation	(5,134)	(2,500)	(4,000)	(5,808)	(1,411)	(1,000)	(1,000)
Exchange differences and other	56		316			28	
CLOSING BALANCE 2024	63,602	2,600	28,296	20,515	782	5,503	4,250
Repo securities							
Opening balance 2024	(44,497)	(5,100)	(53)	(25,405)	(43)		
Buybacks	(7,869)				(6)		
Repayments and other	3,589	2,500	3	5,498	37		
CLOSING BALANCE 2024	(48,777)	(2,600)	(50)	(19,907)	(12)		
CLOSING NET BALANCE 2024	**14,825**		**28,246**	**608**	**770**	**5,503**	**4,250**

The breakdown of preference share issues are as follows:

Breakdown of preference share issues
(Millions of euros)

				Outstanding balance		
Issue date	Maturity	Nominal amount	Annual remuneration	31-12-2024	31-12-2023	31-12-2022
June 2017 (1)	Perpetual	1,000	6.750 %		1,000	1,000
March 2018 (1) (2)	Perpetual	1,250	5.250 %	1,250	1,250	1,250
September 2018	Perpetual	500	6.375 %			500
October 2020 (1)	Perpetual	750	5.875 %	750	750	750
September 2021 (1)	Perpetual	750	3.625 %	750	750	750
March 2023 (1)	Perpetual	750	8.250 %	750	750	
January 2024 (1)	Perpetuo	750	7.500 %	750		
TOTAL				**4,250**	**4,500**	**4,250**

(1) They are perpetual Additional Tier 1 Instruments, although they may be (partially or totally) redeemed under specific circumstances at the option of CaixaBank (once at least five years have elapsed from their issue date according to the specific conditions of each of them, and with the prior consent of the corresponding competent authority) and, in all cases, are convertible into ordinary newly-issued shares of the entity if CaixaBank or the Group has a CET1 of less than 5.125%, calculated in accordance with European Regulation 575/2013, of 26 June, of the European Parliament and Council, on prudential requirements of credit institutions and investment firms ("CRR"). The conversion price of the preference shares shall be the highest of i) the volume-weighted daily average price of CaixaBank's shares in the five trading days prior to the day the corresponding conversion is announced, ii) the conversion floor price and iii) the nominal value of CaixaBank's shares at the time of conversion.

(2) Issue partially bought back on 24 January 2025 (see Note 1.9 - Subsequent events - Debt securities issued).

A breakdown of subordinated debt issues (Tier 2 capital instruments) is presented below:

Breakdown of subordinated debt issues
(Millions of euros)

				Outstanding balance		
Issue date	Maturity	Nominal amount	Annual remuneration	31-12-2024	31-12-2023	31-12-2022
July 2017	07-07-2042	150	4.000 %	150	150	150
July 2017	14-07-2028	1,000	2.750 %			1,000
April 2018	17-04-2030	1,000	2.250 %	1,000	1,000	1,000
February 2019	15-02-2029	1,000	3.750 %		1,000	1,000
March 2021	18-06-2031	1,000	1.250 %	1,000	1,000	1,000
November 2022	23-02-2033	750	6.250 %	750	750	750
January 2023 (1)	25-10-2033	500	6.875 %	603	575	
May 2023	30-05-2034	1,000	6.125 %	1,000	1,000	
August 2024	08-08-2036	1,000	4.375 %	1,000		
TOTAL (2)				**5,503**	**5,475**	**4,900**

(1) Issue in GBP. The nominal amount is expressed in this currency

(2) This does not include two issues from integrations, dated December 1990 and June 1994, with an outstanding balance of EUR 18 million and EUR 1 million, respectively, which are classified under "Customer deposits".

23.4. Other financial liabilities

The detail of the balance of this heading in the balance sheet is as follows:

Breakdown of other financial liabilities
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Payment obligations	655	129	963	210	1,089	167
Guarantees received	33		26		59	
Clearing houses	1,372		1,004		1,178	
Tax collection accounts	2,014	1	1,914	1	1,784	1
Special accounts	493	111	411	123	1,564	152
Liabilities associated with right-of-use assets (Note 19)	1,569	4	1,656	4	1,604	4
Other items	459	1	473		393	
TOTAL	**6,595**	**246**	**6,447**	**338**	**7,671**	**324**

The heading "Other financial liabilities — Liabilities associated with right-of-use assets" (see Note 19) presents the current value of future lease payments during the mandatory period of the contract. The changes during the year were as follows:

Future payments on operating leases
(Millions of euros)

	31-12-2021	Net addi-tion	Financ. update	Pay-ments	31-12-2022	Net addi-tion	Financ. update	Pay-ments	31-12-2023	Net addi-tion	Financ. update	Pay-ments	31-12-2024
Operating lease agreements	**1,864**	(64)	10	(202)	**1,608**	241	15	(204)	**1,660**	102	18	(207)	**1,573**
TOTAL	**1,864**	**(64)**	**10**	**(202)**	**1,608**	**241**	**15**	**(204)**	**1,660**	**102**	**18**	**(207)**	**1,573**
Applied discount rate (according to the term) *													
Spain	[0.10%-1.66%]				[0.00%-1.66%]				[0.00%-4.02%]				[0.00%-4.02%]
Portugal	[0.20%-0.90%]				[0.20%-0.90%]				[0.20%-0.90%]				[0.20%-0.90%]

Financ. update: Financial update; BC: Business combination (see Note 7)

(*) The difference in the discount rate applied for businesses in Spain and Portugal is primarily due to the term of the lease agreements in each case.

23.5. Short-term funding

The breakdown of short-term funding is as follows:

Breakdown of short-term funding

(Millions of euros)

	2024		2023		2022	
	Amount	Average rate	Amount	Average rate	Amount	Average rate
Repurchase agreement						
Closing balance	15,017	2.91 %	20,509	3.78 %	8,901	1.66 %
Annual average	26,461	3.55 %	33,886	3.21 %	41,707	0.21 %
Maximum in the period	40,849	3.84 %	41,423	3.84 %	52,058	(0.47 %)
Promissory notes						
Closing balance	1,054	3.47 %	1,139	3.96 %	330	1.09 %
Annual average	662	3.75 %	873	3.36 %	432	(0.20 %)
Maximum in the period	1,034	3.67 %	1,253	3.97 %	576	(0.53 %)

24. Provisions

The breakdown of the changes of the balance under this heading is as follows:

Changes in provisions
(Millions of euros)

	Pensions and other post-employment defined benefit obligations	Other long-term employee benefits	Pending legal issues and tax litigation		Commitments and guarantees given		Remaining provisions
			Legal contingencies *	Provisions for taxes	Contingent risks	Contingent commitments	
BALANCE AT 31-12-2021	**806**	**3,452**	**774**	**393**	**360**	**101**	**649**
1st application IFRS 17		(32)					
With a charge to the statement of profit or loss	5	(62)	147	(50)	94	(15)	72
Provision		24	271	16	153	74	353
Reversal		(45)	(124)	(66)	(59)	(89)	(281)
Interest cost / (income)	5	2					
Personnel expenses		(43)					
Actuarial (gains)/losses	(182)						
Amounts used	(50)	(595)	(276)	(18)			(154)
Transfers and other		(181)	9	(8)	6	1	(15)
BALANCE AT 31-12-2022	**579**	**2,582**	**654**	**317**	**460**	**87**	**552**
With a charge to the statement of profit or loss	20	67	176	(7)	(125)	31	11
Provision		36	344	11	(70)	144	171
Reversal		(7)	(168)	(18)	(55)	(113)	(160)
Interest cost/(income)	20	39					
Personnel expenses		(1)					
Actuarial (gains)/losses	26						
Amounts used	(51)	(557)	(230)	(11)			(115)
Transfers and other	25	(9)	27		(9)	2	(30)
BALANCE AT 31-12-2023	**599**	**2,083**	**627**	**299**	**326**	**120**	**418**
With a charge to the statement of profit or loss	17	84	213	2	(3)	(22)	101
Provision		67	309	7	91	99	223
Reversal		(1)	(96)	(5)	(94)	(121)	(123)
Interest cost/(income)	17	30					
Personnel expenses		(12)					1
Actuarial (gains)/losses	(2)						
Amounts used	(51)	(434)	(197)	(16)			(167)
Transfers and other *		(39)	257	9	1		33
BALANCE AT 31-12-2024	**563**	**1,694**	**900**	**294**	**324**	**98**	**385**

(*) In 2024 it includes the transfer of coverage for EUR 255 million intended to cover the expected loss associated with future changes in flows other than credit risk (see Note 15.2 - Financial assets measured at amortised cost - Loans and advances).

24.1. Pensions and other post employment defined benefit obligations

Provisions for pensions and similar obligations – Defined benefit post-employment plans

The Group's defined benefit post-employment benefit obligations are as follows:

- Part of the commitments with employees and former employees of CaixaBank are covered using insurance policies with Group or non-Group insurance companies, mainly from merger processes. In this case, CaixaBank is the insurance policyholder, and the contracts are managed by each insurance company, which also assumes the risks.
- The rest of the obligations vested on the business in Spain arise from the CaixaBank Employment Pension Plan, which features various subplans. These subplans are integrated into two pension funds, namely the fund Pensions Caixa 30, a pension fund that which combines a greater number of holders and beneficiaries. The pension funds insure their defined benefit commitments through different insurance contracts, the policyholder of which is the Pension Plan Control Committee, the majority of which are with VidaCaixa. CaixaBank does not control the Pension funds into which these subplans are integrated, although it holds a minority representation on the Control Committees established in each of them.
- Since most of the defined benefit commitments are covered through the pension funds or through insurance policies taken out directly by CaixaBank —the purpose of which is to ensure the provisions payable by the beneficiaries are equivalent to the provisions insured under the policies taken out— The Group is not exposed to market volatilities and unusual market movements. At different closures, the fair value of the policies taken out directly with VidaCaixa or other companies, and that of pension fund assets (mainly covered through insurance policies), is calculated with a uniform assessment methodology, as laid down in the accounting standard.

If an insurance policy is a CaixaBank Employment Pension Plan asset and its flows exactly match the amount and timing of the benefits payable under the plan, the fair value of these insurance policies is deemed to be the present value of the related obligations. There will only be a defined benefit net liability when certain commitments are not insured by CaixaBank or the pension fund, for example, longevity queues for which the insurers have not been able to find financial instruments with a sufficiently long duration that replicate the guaranteed payments. Otherwise an asset would be produced as a net position.

Whilst the insurance policies taken out with insurers external to the Group and the value of the assets held through the Pension Funds are presented in net form on the balance sheet, given that they are eligible assets of the plan and are used to settle the obligations assumed, the fair value of the other policies taken out directly by CaixaBank with VidaCaixa is eliminated in the consolidation process, with the integration of the financial investments of VidaCaixa under the policies in the various heading of the consolidated balance sheet.

Meanwhile, BPI has assumed all the obligations externalised in the "Fundo de Pensões Banco BPI" pension fund, and recognises the present value of the obligations, net of the fair value of plan assets.

The breakdown of the changes of the balance under this heading is as follows:

Changes in provisions for pensions and similar obligations

(Millions of euros)

	Related entity *						Non-related entity **								
	Defined benefit obligations			Fair value of redemption rights			Defined benefit obligations (A)			Fair value of plan assets (B)			Net assets/ (liabilities) for defined benefit obligations (A+B)		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
OPENING BALANCE	(599)	(579)	(806)	598	578	804	(2,766)	(2,578)	(3,355)	2,903	2,986	3,717	137	408	362
Interest cost (income)	(17)	(20)	(5)	17	20	6	(28)	(34)	(10)	89	105	(201)	61	71	(211)
Past service cost							(52)	(52)	(33)				(52)	(52)	(33)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	(17)	(20)	(5)	17	20	6	(80)	(86)	(43)	89	105	(201)	9	19	(244)
Actuarial gains/(Losses) arising from experience assumptions	(5)	(2)	12				(8)	(197)	371				(8)	(197)	371
Actuarial gains/(Losses) arising from financial assumptions	7	(24)	170	(3)	26	(183)	13	(38)	312	(27)	100	(268)	(14)	62	44
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN EQUITY	2	(26)	182	(3)	26	(183)	5	(235)	683	(27)	100	(268)	(22)	(135)	415
Plan contributions						1	(4)	(4)	(4)		(1)		(4)	(5)	(4)
Plan payments	51	51	50	(51)	(51)	(50)	169	168	165	(174)	(170)	(167)	(5)	(2)	(2)
Settlements										(22)	(126)	(108)	(22)	(126)	(108)
Additions due to business combinations (Note 7)									6						6
Transactions		(25)			25		(42)	(31)	(30)	7	9	13	(35)	(22)	(17)
OTHER	51	26	50	(51)	(26)	(49)	123	133	137	(189)	(288)	(262)	(66)	(155)	(125)
CLOSING BALANCE	**(563)**	**(599)**	**(579)**	**561**	**598**	**578**	**(2,718)**	**(2,766)**	**(2,578)**	**2,776**	**2,903**	**2,986**	**58**	**137**	**408**
Recognised in:															
"Other assets - Net pension plan assets" Note 21)													58	137	408
"Provisions - Pensions and other post-employment defined benefit obligations" (Note 24)	(563)	(599)	(579)												
Type of obligation															
Vested obligations	(563)	(599)	(578)				(2,718)	(2,766)	(2,578)						
Non-vested obligations			(1)												
Type of investment															
Implemented through insurance policies				561	598	578				2,776	2,903	2,986			

(*) The obligations are insured with a related company, the Group being the policyholder.
(**) The obligations are insured with a third party or the Group is not the policyholder.

The present value of defined benefit obligations was calculated using the following criteria:

- The “projected unit credit” accrual method has been used, which considers each year of service as giving rise to one additional unit of benefit entitlement and measures each unit separately.
- The estimated retirement age of each employee is the first age at which the employee has the right to retire or the age determined in the agreements, as applicable.
- The actuarial and financial assumptions used in the measurement are unbiased and mutually compatible.

The following assumptions are used in the actuarial variations of the commitments in Spain:

Actuarial and financial assumptions in Spain

	31-12-2024	31-12-2023	31-12-2022
Discount rate of post-employment benefits (1)	3.26 %	3.03 %	3.62 %
Long-term benefit discount rate (1)	2.62 %	3.00 %	3.20 %
Mortality tables	PERM-F/2000 - P	PERM-F/2000 - P	PERM-F/2000 - P
Annual pension review rate (2)	0.35 %	0.35 %	0.35 %
Annual cumulative CPI (3)	2.66 %	2.89 %	2.93 %
Annual salary increase rate (4)	CPI +0.5%	CPI +0.5%	1.0% 2023; CPI + 0.5% 2024 and onwards

(1) Rate resulting from using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed. Rate informed on the basis of the weighted average term of these commitments.

(2) Depending on each obligation. Based on the Agreement to Amend Employment Conditions signed on 7 July 2021, a fixed rate of 0.35% has been considered as a future revaluation for pension commitments arising from collective systems, covenants and/or agreements.

(3) Using the Spanish zero coupon inflation curve. Rate informed on the basis of the weighted average term of the commitments.

(4) The wage growth assumption incorporates future changes in the employment category of employees. However, the entire defined benefit group is currently a beneficiary group. Thus, this assumption has no impact on the accounting valuation.

The following assumptions are used in the actuarial variations of the commitments in Portugal:

Actuarial and financial assumptions in Portugal

	31-12-2024	31-12-2023	31-12-2022
Discount rate (1)	3.40%	3.20 %	3.80 %
Mortality tables for males	TV 88/90 - 1 year	TV 88/90 - 1 year	TV 88/90 - 1 year
Mortality tables for females	TV 90/01 - 2 years	TV 90/01 - 2 years	TV 90/01 - 2 years
Annual pension review rate	2,50% 2025; 1,50% 2026; 0,75% and onwards	2,50% 2024; 2,00% 2025; 0,75% and onwards	4,00% 2023; 3,00% 2024; 0,75% and onwards
Annual salary increase rate	[3.00 - 4.00]% 2025; [2.00 - 3.00]% 2026; [1.25 - 2.25] % and onwards	[3.00 - 4.00]% 2024; [2.50 - 3.50]% 2025; [1.25 - 2.25] % and onwards	[4.50 - 5.50] % 2023; [3.50 - 4.50] % 2024; [1.25 - 2.25] % and onwards

(1) Rate resulting from using a rate curve based on high-rated corporate bonds, with the same currency and terms as the commitments assumed.

Actuarial valuation of pension commitments is carried out by qualified actuaries independent of the Group.

Additionally, in order to preserve the governance of the valuation and the management of the risks inherent to the acceptance in these commitments, CaixaBank has established an activity framework where the ALCO manages hedging proposals for these risks and the Global Risk Committee approves any changes to the criteria to measure the liabilities reflected in these commitments for businesses in Spain.

Below follows a sensitivity analysis of the value of obligations based on the main assumptions used in the actuarial valuation. To determine this sensitivity, the calculation of the value of the obligations is replicated, changing the specific variable and maintaining the remaining actuarial and financial assumptions unchanged. One drawback of this method is that it is unlikely that a change will occur in one variable alone as some of the variables may be correlated:

Analysis of sensitivity of the obligations - financial assumptions

(Millions of euros)

	Spain		Portugal	
	+50 bp	-50 bp	+50 bp	-50 bp
Discount rate	(24)	26	(107)	119
Annual pension review rate (1)	0	0	126	(108)
Annual salary increase rate (2)	N/A	N/A	35	(21)

(1) According to Labour Agreement signed on 7 July 2021, fixed annual growth for Spain is 0.35%, which corresponds to the annual pension review rate. However, sensitivity is presented only for certain obligations whose revaluation is estimated based on the CPI.

(2) Currently, regarding the annual salary increase rate, the entire defined benefit group in Spain comprises beneficiaries. Therefore, it has no impact on the sensitivity analysis.

Analysis of sensitivity of the obligations - actuarial assumptions
(Millions of euros)

	Spain		Portugal	
	+1 year	-1 year	+1 year	-1 year
Mortality tables	(17)	17	(56)	53

The estimate of the fair value of insurance contracts related to pensions taken out directly by CaixaBank with VidaCaixa or other entities, and the estimate of the value of assets of Pension Funds (mainly also insurance policies), consider the value of discounted future payments guaranteed following the same rates curve used for obligations. Thus, given that the expected flows of payments are matched to those that will be derived from the policies, potential reasonable changes at year-end in the discount rate would have a similar impact on the fair value of the insurance contracts linked to pensions and the fair value of the assets held through Pension Funds.

Consistent with the provision of Note 2.12, the sensitivity of the obligations has only been calculated when certain commitments are not insured by CaixaBank or the pension fund, for example, certain aforementioned longevity queues for business in Spain.

The estimated payment of the provisions planned is stated below:

Estimated schedule for payment of obligations
(Millions of euros)

	2025	2026	2027	2028	2029	2030-2034
Spain *	49	48	46	44	43	186
Portugal	95	97	96	96	96	471

(*) Excluding insured provisions to be paid directly by VidaCaixa to the Pension Funds.

24.2. Provisions for other employee benefits

The Group has funds to cover the commitments of its discontinuation programmes, both in terms of salaries and other social costs, from the moment of termination until reaching the age established in the agreements. Funds are also in place covering length of service bonuses and other obligations with existing personnel. The main programmes with outstanding funds are listed below:

Severance schemes
(Millions of euros)

	Year recognised	Number of people	Initial provision
Labour agreement for Barclays Bank personnel restructuring 2015	2015	968	187
Paid early retirements and resignations 16-04-2016	2016	371	160
Labour agreement 29-07-2016	2016	401	121
Labour agreement 27-04-2017 - BPI	2017	613	107
Labour agreement 08-05-2019	2019	2,023	978
Labour agreement 31-01-2020 - Disassociations 2020	2020	226	109
Labour agreement for restructuring 1-07-2021	2021	6,452	1,884

The breakdown of the changes of the balance under this heading is as follows:

Reconciliation of balances of other long term employee benefits
(Millions of euros)

	Obligations		
	2024	2023	2022
OPENING BALANCE SHEET	**2,083**	**2,582**	**3,452**
Service cost for the current year	9	5	3
Past service cost	3	6	96
Interest net cost (income)	30	39	2
Revaluations (Gains)/Losses	42	17	(163)
COMPONENTS OF COST OF DEFINED BENEFIT RECOGNISED IN PROFIT OR LOSS	84	67	(62)
1st application IFRS 17			(32)
Contributions and redemptions			
Plan payments	(434)	(557)	(595)
Transactions	(39)	(9)	(181)
OTHER	(473)	(566)	(808)
CLOSING BALANCE SHEET	**1,694**	**2,083**	**2,582**
Of which: With pre-retired personnel	*18*	*33*	*119*
Of which: Termination benefits	*1,607*	*1,983*	*2,395*
Of which: Length of service bonuses and other	*66*	*64*	*65*
Of which: Other commitments	*3*	*3*	*3*

24.3. Provisions for pending legal issues and tax litigation

24.3.1. Legal contingencies

Litigiousness in the field of banking and financial products is subject to comprehensive monitoring and control to identify risks that may lead to the outflow of funds from the Entity, making the necessary allocations and taking the appropriate measures in terms of adaptation and improving procedures, products and services. The 2023 financial year was affected by repeated strikes by civil servants in the Administration of Justice, which have had an impact on admissions, notifications and the development of a large number of legal proceedings; but this situation gradually returned to normal in the course of 2024.

The ever-evolving landscape of legal disputes, coupled with wide variations in judicial interpretations and ongoing legislative changes affecting the industry, often lead to shifting scenarios. However, the Group has implemented monitoring systems to track the development of claims, lawsuits, and varying judicial approaches. This enables the identification, assessment, and estimation of risks based on the most current and comprehensive information available.

In the case of disputes under general conditions, generally linked to the granting of mortgage loans to consumers (e.g. floor clauses, multi-currency clauses, mortgage expenses, advance maturity, etc.), the necessary provisions are held and the Group maintains ongoing dialogue with customers in order to explore agreements on a case-by-case basis. Similarly, CaixaBank leads the adherence to extrajudicial dispute resolution systems promoted by certain judicial bodies that resolve these matters, in order to promote amicable solutions that avoid litigating with customers and help alleviate the judicial burden.

In the same way, CaixaBank and its Group companies have adapted their provisions to the risk of ongoing actions arising from claims for the amounts of payments on account for the purchase of off-plan housing, banking, financial and investment products, excessive and abnormal price of interest rates, right to reputation or statements of subsidiary civil liability arising from the potential conduct of persons with employment links.

Lastly, a criterion of prudence is adopted for constituting provisions for possible punishable administrative procedures, for which hedging is allocated in accordance with the economic criteria that may be laid down by the specific administration regarding the procedure, without prejudice to the full exercise of the right of defence in instances, where applicable, in order to reduce or annul the potential sanction.

The content of the main sections of this heading is set out below. The expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

Mortgage Loan Reference Index (IRPH, by its acronym in Spanish)

The five rulings handed down to date by the Court of Justice of the European Union (CJEU) have shed light on the litigation concerning the transparency of loans linked to the IRPH index. These include the judgment from 3 March 2020, two orders dated 17 November 2021, an order from 28 February 2023, and a judgment dated 12 December 2024. The judgments issued by the First Chamber of the Spanish High Court have also implemented the CJEU doctrine.

The chief legal conclusion of the current judicial framework and without prejudice to its eventual change, is the validity of mortgage loans that include such an index.

Pre-contractual and contractual information provided to consumers of mortgage loans including such an index should be examined on a case-by-case basis, in order to determine whether or not they suffer from lack of transparency, since there are no assessed means of testing material transparency. In any case, the important thing is that any declaration of lack of transparency requires the Spanish High Court —according to repeated legal principle of the CJEU— to make a judgment of abuse, and such abuse —due to the existence of bad faith and major imbalance— has no place in such cases. The CJEU has identified key factors stating that the calculation method of the IRPH index is akin to other market indices, which holds true, and that the Annual Percentage Rate of Charge (APR) of the contract in question matches the market rates at the time of signing, a result of market supply and demand dynamics.

While we await further clarification from the Spanish High Court, it appears that the CJEU's recent decision does not modify the implications of the Spanish High Court's ruling regarding the contract's full enforceability and the negligible risk of appeals being dismissed due to potential transparency issues.

In accordance with the current legal validity and reasonableness of the foregoing, in addition to the best information available to date, the Group does not maintain provisions for this item, without prejudice to the availability of a fund to cover potential isolated disbursements in specific cases where the Court applies a doctrine that conflicts with that established by the Spanish High Court.

Litigation linked to the formalisation costs clause in mortgage loans

The ruling of the First Chamber of the Spanish High Court of 23 December 2015 led to an increase in claims and lawsuits relating to the general conditions regulating the application of origination fees in mortgage loans.

The Group has aligned its conduct with the relevant rulings handed down by the Spanish High Court and analyses customer claims on a case-by-case basis.

Similarly, it maintains a consolidated approach to agreements and has signed several protocols of express agreements in Courts and Provincial Courts specialising in this matter, in order to reach agreements with its customers and de-judicialise this matter. The agreements are reached in accordance with the distribution of expenses doctrine established by the Spanish High Court.

The average amount linked to claims and lawsuits has been gradually reduced with the gradual consolidation of the doctrine recognising the attribution of the expense of the Stamp Duty Tax to the borrower (until the entry into force of Royal Decree Law 17/2018, of 8 November, which amended the revised text of the Law on Property Transfer and Stamp Duty Tax).

An ongoing debate regarding the statute of limitations has led to an increase in claims and lawsuits since the third quarter of 2023.

Specifically, in this area, the CJEU handed down three judgments, one on 25 January 2024 and two on 25 April 2024, which resolved the questions referred for a preliminary ruling by the County Court of Barcelona, the Spanish High Court and Barcelona Court of First Instance 20 (joined cases C-810/21, C-811/21, C-812/21, C-813/21, Cases C-481/21 and C-561/21 and Cases C-481/21 and C-561/21). The Spanish High Court interpreted these decisions in accordance with national law, ruling on 14 June 2024, establishing that the starting date of the limitation period for the action for restitution of mortgage expenses unduly paid by a consumer will be the date on which the judgment declaring the nullity of the clause obliging such payments becomes final, except in those cases where the lender proves that, within the framework of its contractual relations, that specific consumer could have known at an earlier date that this stipulation (expenses clause) was abusive.

At 31 December 2024, the Group has set aside a provision of EUR 381 million for this issue, listed under 'Provisions for pending tax litigation and proceedings'. Based on our best estimate based on the information available to date, we consider the provisions currently made by the Group to be sufficient.

Litigation concerning consumer credit agreements, specifically revolving credit cards

The Spanish High Court has made various rulings on revolving credit from 2020 to 2024. The Spanish High Court has gradually shaped the legal framework for evaluating when interest rates on this particular type of financing significantly exceed market rates and has clarified guidelines on transparency in marketing.

This ongoing development of the legal framework has resulted in a wide variety of legal interpretations, leading to substantial litigation under conditions of considerable legal ambiguity for this type of financing.

Currently the legal framework defined by the Spanish High Court is determined by the following factors, namely i) revolving cards are a specific market within credit facilities, ii) the Bank of Spain publishes a specific reference interest rate for this product in its Boletín Estadístico, which is the initial reference for determining what the "normal interest rate of money" is, iii) the Bank of Spain publishes the so-called TEDR (Restricted Denomination Cash Rate), iv) in order to establish whether an interest rate is "grossly disproportionate", the Annual Percentage Rate of Charge (APR) should be compared, v) a contract will be deemed usurious if the interest exceeds by six percentage points the APR that can be deemed as the normal interest rate, which will be the average interest rate in the credit card and revolving section of the Bank of Spain's statistics, and if the TEDR is published and not an APR (as is the case so far), it will have to be increased by 20 or 30 hundredths of a percentage point, vi) with regard to revolving card contracts prior to June 2010, when determining the "normal interest rate" as a benchmark, the most recent specific information from the Bank of Spain statistics (credit card and revolving card section) should be used as the closest point in time, vii) in cases where an open-ended financial services contract provides for the possibility of unilaterally changing the interest rate of the credit operation (with prior notification to the borrower and with the option for the borrower to terminate the contract and simply pay what is due at the agreed interest rate), each interest change is to be deemed to entail the conclusion of a new contract fixing a new interest rate.

Specific regulations on APR limits for revolving and deferred payment following Judgment 258/2023 of the Spanish High Court

On 25 February 2023, the Plenary of the First Chamber of the Spanish High Court handed down a ruling (258/2023) that offers greater certainty and legal certainty in the application of the criteria of the Usury Repression Act to revolving credit, by establishing that revolving card interest is "notably higher" – and therefore usurious – if the difference between the average market rate (TEDR) and the agreed rate exceeds 6 percentage points, with an additional range of 0.20/0.30 additional points to equate TEDR and APR. This is a criterion that is close to other standards within the European Union (in Germany 12 points are applied, in France a margin of 33%, in Denmark a margin of 35%, in Sweden a margin of 40%).

This new criterion, in addition to providing greater certainty and legal certainty, places the validity of drawdowns made at APRs of less than 24-27%, depending on the date of the applicable economic conditions.

Dismissal of ASUFIN class action

There have been no new developments in the collective action brought by ASUFIN against CaixaBank and its card-issuing subsidiary, CaixaBank Payments & Consumer (CPC). The cassation appeal filed by ASUFIN before the High Court is still pending.

The process was reduced to an action of eventual cessation of general conditions; the possibility of claiming refunds of amounts was rejected for the ASUFIN and in favour of CaixaBank. Later, the ruling reaffirms this situation, rejects the claim against CaixaBank in its entirety and only asks CaixaBank to cease the early maturity clause, rejecting all the other requests regarding the lack of transparency in the operation of the cards, the methods of calculating interest, the right to offset debts or the change of conditions in contracts of indefinite duration. After both parties appealed the judgment, the 9th Section of the Valencia Provincial Court issued ruling no. 1152/2021 of 3 October 2021, by virtue of which it dismissed ASUFIN's appeal and upheld CPC's appeal, and consequently dismissed the claim in its entirety, partially overturning the first instance judgment.

Spanish High Court rulings on transparency control

On 3 April 2025, the First Chamber of the Spanish High Court issued rulings 154 and 155/2025 regarding revolving credit cards. These decisions provide guidelines for assessing the transparency of such products. The contracts under scrutiny were from credit financial institutions not part of the CaixaBank Group, and they deal with circumstances related to the marketing of revolving credit cards outside traditional financial establishments.

The Spanish High Court addresses two distinct aspects in each ruling. One ruling focuses on the requirement of "sufficient notice" for the delivery of pre-contractual information, specifically within the document known as "European Standardised Information (ESI)". The other ruling addresses how the revolving credit system should be explained in contracts to ensure consumers understand its nature and implications.

CaixaBank has been actively enhancing the transparency of these products over the years and will review these rulings to further refine its information and marketing practices, adhering to the standards set by the Bank of Spain and the Spanish High Court's doctrine.

Additionally, CaixaBank will closely monitor the interpretation of these rulings in various courts to take necessary steps for client protection and to manage potential resource outflows prudently.

Scenario analysis

Estimating the exact financial impact from lawsuits and claims related to these credit facilities is particularly challenging due to their dynamic and unique consumption patterns.

Following on from this, the potential payment amount for each contract or subject to reimbursement varies based on several factors: the total amount of provisions utilized by each client since the contract's inception (sometimes over 20 years); the specific type of credit card involved, which could offer options like payment at the end of the month, in installments, or deferred payment; the payment method chosen by the client for each transaction if multiple options are available (end of the month, installments, or deferred payment); any changes to the contract terms under Article 33 of Royal Decree Law 19/2018, dated 23 November, concerning payment services and other urgent financial measures, or any other agreements impacting the contract's price.

It should also be recalled that the actual legal risk of the perimeter involved is not based solely on the thresholds currently set by the Spanish High Court. The case law also takes into account, whenever it is subject to proof, the specific circumstances of the case that may justify departing from these thresholds (e.g. refinancing cases, behaviour with previous defaults, etc.).

Due to these complexities and in accordance with IAS 37.92, the Group does not reveal the maximum potential amounts related to contracts with active revolving provisions that might lead to customer claims or legal actions.

To date, the Group has been —and will continue to be— conducting ongoing monitoring of the risk and evolution of litigation associated with this specific kind of financing, as well as establishing a provision to cover the potential outflow of funds in terms of financial prudence, according to the best estimate at any given time. It also adopted a series of effective measures in the field of contracting and customer service with a view to improving transparency, risk prevention and understanding of customers' concerns. It will continue in this endeavour, taking into consideration that the legal framework now in place facilitates greater legal certainty regarding the concretisation and implementation of any specific action.

Based on the best information available to date, the heading "Provisions for litigation and outstanding tax liabilities" includes the estimate of present obligations that could arise from legal proceedings, including those relating to revolving and/or deferred payment cards or, to a lesser extent, from personal loans at the interest rate subject to judicial review under these jurisprudential considerations, the occurrence of which has been considered probable. In any case, any disbursements that may ultimately be necessary will depend on the specific terms of the judgments which the Group must face, and/or the number of claims that are brought, among others. Given nature of these obligations, the expected timing of the outflow of financial resources is uncertain, and, in accordance with the best available information today, the Group also deems that any responsibility arising from these proceedings will not, as a whole, have a material adverse effect on the Group's businesses, financial position or the results of its operations.

At 31 December 2024, the Group has set aside a provision of EUR 98 million for this issue, listed under "Provisions for pending tax litigation and proceedings". Based on our best estimate based on the information available to date, we consider the provisions currently made by the Group to be sufficient.

Coral Homes

On 28 June 2018, CaixaBank, S.A., the Company and Coral Homes Holdco, S.L.U., a company belonging to the Lone Star group, executed an investment agreement for the purpose of establishing the terms on which the Company and Coral Homes Holdco, S.L.U. would be —through a newly created company called Coral Homes, S.L.— the owners and managers of the business consisting of a specific group of real estate assets owned by the Company and 100% of the share capital of Servihabitat Servicios Inmobiliarios, S.L., a company dedicated to the provision of real estate management services. As part of the operation, Servihabitat Servicios Inmobiliarios, S.L. will go on servicing the Group's property assets during a period of 5 years under a new contract concluded on market terms.

The sale entered into with Lone Star contemplated a representations and warranties clause in relation to, among other matters, the ownership of the real estate assets transferred to Coral Homes, S.L. which, under specific circumstances, could give rise to claims against the Company until June 2020.

In July 2020, Coral Homes Holdco, S.L.U. brought arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce in order to unwind the contribution of a small group of real estate assets included in the business transferred to Coral Homes, S.L. and to claim alleged damages.

The arbitration proceedings that are currently underway and their resolution, after certain vicissitudes that have led to their prolongation, are expected for the first half of 2025. An unfavourable outcome of such arbitration is not expected to have a material impact on equity not included in the financial statements at 31 December 2024.

Sareb Bonds

Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (Sareb) requests the Court to declare "that the Senior Bonds issued by Sareb from the 2017-3 and 2018-1 and successive Issues, may generate negative yields, as well as to oblige the defendant Financial Institutions to comply with said declaration".

The Group deems that this dispute has already been finally and bindingly resolved in law by the Decision, favourable to the Entities, rendered on 30 October 2018 by the College of Arbitrators (the "Decision"), and therefore the matter is res judicata. This and other arguments well-founded in law that have been raised by the defendant entities in their defence and the absolute reasonableness of the arbitrators' conclusions (the bonds cannot generate interest in favour of Sareb), lead the Group to consider the risk of this claim being upheld to be remote. In the proceedings, a ruling has been handed down rejecting the claim filed by Sareb, which has been appealed by SAREB.

Mapfre, proceedings after termination of insurance banking alliance with Bankia

There are two proceedings related to the termination of Mapfre's insurance banking alliance with Bankia.

The first involves an arbitration in which Mapfre and CaixaBank agreed to submit the issue of whether CaixaBank was required, under the bancassurance agreements between Bankia and Mapfre, to pay Mapfre an additional amount equivalent to 10% of the valuations of the life and non-life business as calculated by the independent expert chosen by both parties (Oliver Wyman). The arbitration was concluded in July 2023, with an award that found that the merger of Bankia and CaixaBank should be interpreted —according to the contractual provisions— as a change of control of Bankia and that, consequently, the price to be paid for the life and non-life insurance business should be increased by 120% (and not 110%) over the valuation given to these businesses. This amount (10%) over and above the amount that had been paid at the time, with interest and costs (a total of EUR 52.9 million) was paid to Mapfre after notification of the Award.

The second process comprises a lawsuit filed by Mapfre against Oliver Wyman and CaixaBank because the former disagrees with Oliver Wyman's valuation of the Bankia Vida (BV) shares (life business). Mapfre requests the Court to declare the Oliver Wyman's breach of the order received to conduct the valuation of the BV shares and that this valuation be replaced by a higher valuation to be fixed in court, condemning CaixaBank to pay the difference between the price already paid for 51% of the BV shares and the price arising from the new valuation fixed in court. The proceedings are still at a very early stage. The lawsuit has been contested by the co-defendants and a pre-trial hearing has been set for October 2025. The Group understands that Oliver Wyman complied with the assignment and has a strong case to dispute this claim, and therefore no provision has been made.

Judicial proceedings relating to the Bankia rights offering

Claims are currently still being processed, although in a very small number, requesting both the cancellation of share purchases in the rights offering made in 2011 on the occasion of the listing of Bankia and those relating to subsequent purchases, in relation to the latter scenario, however, they are residual claims.

On 19 July 2016, Bankia was notified of a collective claim filed by ADICAE; the processing of the proceedings is currently suspended.

In a judgment of 3 June 2021, the Court of Justice of the European Union resolved a preliminary question raised by the Spanish High Court, clarifying that in cases of issuances intended both for retail investors and to qualified investors, the latter may bring an action for damages based on inaccuracies of the prospectus, although the national court will have to take into account whether such investor had or should have knowledge of the economic situation of the issuer of the public offer of subscription of shares and besides the prospectus. After applying this criterion in the proceedings that gave rise to this question, the Spanish High Court considered that, in the specific case in question, it was not proven whether the plaintiff had access to information other than the prospectus, which is why it upheld the claim. In other judgments handed down later, however, the SC understood that the decision to subscribe the shares was not based on the information in the prospectus, and therefore considered the dismissal of the claims to be justified.

At 31 December 2024, there is already residual litigation for civil proceedings for claims arising from the Bankia IPO and subsequent ongoing purchases (corresponding to institutional, retail and secondary market claims). Based on our best estimate based on the information available to date, we consider the provisions currently made by the Group to be sufficient.

Legal proceedings brought by Banco de Valencia shareholders

Very few individual claims have been brought in civil courts, and they have been brought late, as claims for damages are time-barred, and therefore, CaixaBank does not consider this to constitute a material contingency requiring the creation of a specific provision (it is a residual claim). This provision expressly lays down a three-year statute of limitations period for liability actions arising from damages caused to holders of securities as a result of the annual and half-yearly financial information not providing a true and fair view of the issuer, and determines the *dies a quo* for calculating the statute of limitations on the day on which the claimant could have become aware that the information does not provide a true and fair view of the issuer. Our case law, and in particular the Provincial Court of Valencia, has consistently held that the three-year limitation period provided for in this rule must be calculated as from 28 February 2012, which is when Banco de Valencia's accounts for 2011 were approved (Sentence of the Provincial Court of Valencia, section 8, of 11 June 2020, decision number 340/2020; Sentence of the Provincial Court of Valencia, section 7, number 164/2018 of 16 April; Sentence of the Provincial Court of Valencia, section 9, number 728/2018 of 16 July; Sentence of the Provincial Court of Valencia, number 3/2018 of 5 January; Sentence of the Provincial Court of Valencia, section 11, number 252/2019; Sentence of the Provincial Court of Valencia, section 11, number 146/2018 of 18 April). As a result, CaixaBank does not deem it necessary to set up a specific provision for this type of claim.

Banco de Valencia shareholders criminal proceedings

In 2012, the Banco de Valencia Small Shareholders' Association "Apabankval" filed a lawsuit against the members of the Board of Directors of Banco de Valencia and the external auditor for corporate offences. No amount of civil liability has been determined.

Subsequently, a second claim was brought by several individuals (“Banco de Valencia”) against various directors of Banco de Valencia, the external auditor and Bankia, S.A. (“as a substitute for Bancaja"), for a corporate crime of falsification of accounts set out in article 290 of the Criminal Code.

On 13 March 2017, the Criminal Chamber, section 3 of the National Court, issued an order confirming that i) Bankia cannot be held liable for criminal acts and, ii) Bankia must be continue to be the secondary civilly liable party.

On 2 December 2019, the Central Investigation Office no. 1 issued the conversion order agreeing to the continuation of these previous proceedings through the abridged procedures for the alleged participation in an ongoing corporate crime of falsehood in the annual accounts of Banco de Valencia for the fiscal years 2009-2010, punishable under art. 290 paragraphs 1 and 2 and art. 74 of the Criminal Code, against the members of the board of directors of Banco de Valencia and against various companies as secondary civilly liable parties, which include: BFA, Bankia, Bankia Hábitat S.L. and Valenciana de Inversiones Mobiliarias, S.L.

On 31 October 2022, an order was issued to open the oral hearing, confirming the subsidiary civil liability of the former companies. The National Court declared CaixaBank the successor in Bankia's position as a consequence of the merger of Bankia (acquired company) with CaixaBank (acquiring company).

After the defense arguments were submitted and the trial took place from September to December 2024, on 13 January 2025, Central Criminal Court number 1 of the National Court issued a verdict acquitting all defendants. The court found no evidence of falsification in the 2009 and 2010 annual accounts, hence no civil liability was attributed. This decision can be appealed.

CaixaBank has considered the outcome of this lawsuit as a contingent liability given that it deems it unlikely that CaixaBank will be convicted of an outflow of resources, in accordance with IAS 37 paragraph 10.1. It is unlikely that the Group will have to pay any amount for these criminal proceedings given that it deems that there is no “alleged” accounting crime relating to the accounts of Banco de Valencia for 2009 and 2010 of which the members of the Board of Directors are accused, as established in the abovementioned sentence handed down by the National Court on 13 January 2025.

Ongoing investigation in Central Investigation Office No. 2 (PD 16/18)

In April 2018, the Anti-Corruption Prosecutor's Office started legal proceedings against CaixaBank, the Entity's former head of Regulatory Compliance and 11 employees, for events that supposedly constitute a money laundering offence, with regard to the activity carried out in 10 branches of CaixaBank by alleged members of certain organisations formed of Chinese nationals, who – according to the authorities – conducted fraud against the Spanish Treasury between 2011 and 2015. The judge has asked the Public Prosecutor's Office to instigate the next steps. In addition, as of today, the filing of proceedings has already been agreed for four employees. Neither CaixaBank nor its legal advisers consider the risk associated with these criminal proceedings as being likely to arise. The potential impact of these events is not currently considered material, although CaixaBank is exposed to reputational risk due to these ongoing proceedings.

Investigation dismissed before the Central Investigation Office No. 6 (PD 96/17) Separate part No. 21. Potential subsidiary civil liability

Investigation for alleged bribery and disclosure of secrets relating to the Cenyt merger. The potential criminal liability of the legal person was dismissed, and the Public Prosecutor’s Office sought subsidiary civil liability from CaixaBank amounting to EUR 3,000. This was strictly a financial and subsidiary liability, for a non-material amount.

The National Court has recently decided to exclude CaixaBank from the trial after the Public Prosecutor's Office retracted its claim for civil liability against the bank. Consequently, the case has concluded without any repercussions for CaixaBank.

Environmental litigation

CaixaBank conducts continuous monitoring to identify potential litigation or claims relating to this area.

At 31 December 2024, there were no signs of a trend towards litigation in this area in the various areas identified in relation to different international operators, such as claims for damages, preventive requests for the adoption of measures or claims for the prosecution of cases of greenwashing or climate washing.

BPI penalty from the Portuguese Competition Authority

In 2019, the Portuguese Competition Authority fined 14 banks a total of EUR 225 million. This penalty was imposed after it was found that, between 2002 and 2013, these banks engaged in a monthly and reciprocal exchange of sensitive information regarding interest rate spreads, loan risk variables, and individualized production volumes. BPI’s share of the fine was EUR 30 million, which they contested in court.

At that time, a question was referred for a preliminary ruling, which the CJEU resolved by determining that the banks conduct – specifically, the exchange of information on spreads, debtor risk variables, and past production volumes – constituted an “infringement by object.” This means it was considered a violation of competition law without the need to examine or prove its negative effects on competition.

Upon resuming proceedings before the Portuguese Court of Competition, Regulation, and Supervision (TCRS), the court upheld the EUR 30 million fine against BPI at first instance. The decision was appealed to the Lisbon Court of Appeal, which reversed the initial ruling, nullifying the sanction on grounds of prescription.

The Group believes it has a strong and well-founded legal case for the sanction to be overturned, and thus considers the risk of this contingency unlikely. Regardless, any potential impact from a possible confirmation of the sanction is not deemed material.

24.3.2. Provisions for taxes

The detail of the balance of this heading in the balance sheet is as follows:

Provisions for taxes
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Income Tax assessments	1	7	16
Tax on deposits	22	22	22
Other	271	270	279
TOTAL	**294**	**299**	**317**

The main tax procedures ongoing at 2024 year-end are as follows:

- In 2020, the activities to verify financial years 2013 to 2015 were finalised, and due provisions were provided for their impacts. Disputed Corporation Tax assessments and disputed Value-Added Tax assessments are subject to resolution by the Central Economic-Administrative Court.

  In the current financial year, with regard to Corporation Tax, the Tax Agency has executed the Court's partially favourable decision, having released the unused provision. Additionally, a lawsuit has been filed with the Spanish High Court in relation to one of the issues, with no impact on its financial results, whose regularisation has been confirmed by the Court.

  As regards Value Added Tax, the Court has dismissed the lawsuit in its entirety.

- In 2017, the review actions for 2010 to 2012 were completed with no significant impact. The non-conformity assessments for Corporation Tax were the subject of a partially upheld ruling by the National Court, which was enforced in 2023 by the Tax Agency, releasing the unused provision.

The Group has allocated provisions to cover the maximum contingencies that may arise in relation to income tax and VAT assessments signed under protest.

24.4. Provisions for commitments and guarantees given

This heading includes the provisions for credit risk of the guarantees and contingent commitments given (Note 27).

24.5. Other provisions

The content of the main sections of this heading is set out below. The expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

Class action brought by the ADICAE association (floor clauses)

The legal case through which a class-action suit was brought by ADICAE due to the application of the minimum interest rate clause that is present in some of the Group's mortgages, is currently being appealed on procedural grounds to the Spanish High Court. A ruling dated 29 June 2022 agreed to raise several issues for preliminary rulings in which the Spanish High Court considers if, as part of a class-action suit as complex as this one, it is possible to analyse separately the transparency of how minimum-rate clauses are marketed, keeping in mind the need to evaluate any concurrent circumstances at the time the mortgage is signed, as well as other parameters, such as the evolution of the average consumer. On 4 July 2024, the CJEU ruled that it is indeed possible to judge transparency in a collective action and to consider that the concept of the average consumer can evolve over time depending on the level of information and attention the consumer has at the time of the contract’s conclusion. The Spanish High Court will have to decide on the appeals raised taking into account the criteria of the CJEU ruling. The Group does not foresee any change in risk in this matter, nor does it foresee any material adverse impact as a result of this CJEU ruling.

With the available information, the risk derived from the disbursements that could arise due to these litigation proceedings is reasonably covered by the corresponding provisions.

Contingent liabilities linked to deposit for irrevocable payment commitments (IPCs) of the SRF

Since 2016, the CaixaBank Group's banking companies have opted to pay a percentage of the annual contribution to the Single Resolution Fund in the form of irrevocable payment commitments (IPCs), for which cash collateral has been provided. At 31 December 2024, the accumulated amount of CPIs amounted to EUR 240 million without any provision having been recognised. Since the first quarter of 2018, the IPCs of the Single Resolution Fund have been deducted from CET1.

Procedures of the Portuguese Resolution Fund (PRF)

On 3 August 2014, the Bank of Portugal applied a resolution procedure to Banco Espírito Santo, SA (BES) through the transfer of its net assets and under the management of Novo Banco, SA (Novo Banco). Within the framework of this procedure, the PRF completed a capital increase in Novo Banco for an amount of EUR 4,900 million, becoming the sole shareholder. The increase was financed through loans to the PRF for an amount of EUR 4,600 million, EUR 3,900 million of which was granted by the Portuguese State and EUR 700 million granted by a banking syndicate through the Portuguese financial institutions, including BPI with EUR 116 million.

On 19 December 2015, the Bank of Portugal initiated a procedure to put Banco Internacional do Funchal (Banif) into resolution, which came to a head with i) the partial sale of its assets for EUR 150 million to Banco Santander Totta, S.A.; and ii) the contribution of the rest of its assets that were not sold to Oitante, SA. The resolution was financed through the issuance of EUR 746 million of debt, guaranteed by the PRF and the Portuguese State as a counter-guarantee. The operation also included the ultimate guarantee of the Portuguese State amounting to EUR 2,255 million intended to cover future contingencies.

For the reimbursement of the PRF obligations with the Portuguese State (in the form of loans and guarantees) in relation to resolution measures adopted, the PRF has contributed ordinary instruments through the various contributions of the banking sector. Along these lines, the conditions of the loans with the PRF have been amended to bring them in line with the collection of the aforementioned contributions; there is no foreseen need to turn to additional contributions from the banking sector.

In 2017, the Bank of Portugal chose Lone Star to conclude the sale of Novo Banco, after which the PRF would hold 25% of the share capital and certain contingent capital mechanisms would be established by the shareholders. To cover the contingent risk, the PRF has the financial means of the Portuguese State, the reimbursement of which — where applicable— would have repercussions on the contributory efforts of the banking sector.

On 31 May 2021, the PRF signed a credit facility with a group of Portuguese financial institutions amounting to EUR 475 million, in which BPI participated with the amount of EUR 87.4 million. On 4 June 2021, the PRF made a provision of EUR 317 million to comply with Novo Banco's capital quota mechanism, of which EUR 58.3 million corresponded to BPI. On 23 December, the PRF made an additional payment of EUR 112 million that was pending following a favourable external opinion on the payment associated with the non-application of hedge accounting for interest rate risk management, of which EUR 20.6 million was made to BPI.

At this time, it is not possible to estimate the possible effects for the Resolution Funds deriving from: i) the sale of the shareholding in Novo Bank; ii) the application of the principle that none of the creditors of a credit institution under resolution may assume a loss greater than that which it would have assumed if that entity had gone into liquidation; iii) the guarantee granted to the bonds issued by Oitante and iv) other liabilities that – it is concluded – must be assumed by PRF.

Notwithstanding the possibility considered in the applicable law for the collection of special contributions, given the renegotiation of the terms of the loans granted to the PRF, which include BPI, and the public statement made by the PRF and the Office of the Minister of Finance of Portugal, declaring that this possibility will not be used, the consolidated financial statements of 2024 reflect the expectation of the Administrators that the Bank will not have to make special contributions or any other type of extraordinary contributions to finance the resolution measures applied to BES and Banif or any other contingent liability or liabilities assumed by the PRF.

Any change in this regard may have material implications for the financial statements of the Group.

25. Equity

25.1. Shareholders' Equity

Share capital

Selected information on the figures and type of share capital figures is presented below:

Information about share capital

	31-12-2024	31-12-2023	31-12-2022
Number of fully subscribed and paid up shares (units) (1)	7,174,937,846	7,502,131,619	7,502,131,619
Par value per share (euros)	1	1	1
Closing price at year-end (euros)	5.236	3.726	3.672
Market cap at year-end, excluding treasury shares (millions of euros) (2)	37,269	27,450	25,870

(1) All shares have been recognised by book entries and provide the same rights.

(2) CaixaBank's shares are traded on the continuous electronic trading system, forming part of the Ibex-35.

The breakdown of the changes of the balance under this heading is as follows:

Changes in capital
(Millions of euros)

	Number of shares	Date of first listing	Nominal amount
BALANCE AT 31-12-2021	**8,060,647,033**		**8,061**
Capital reduction	(558,515,414)		(559)
BALANCE AT 31-12-2022	**7,502,131,619**		**7,502**
BALANCE AT 31-12-2023	**7,502,131,619**		**7,502**
Capital reduction	(327,193,773)		(327)
BALANCE AT 31-12-2024	**7,174,937,846**		**7,175**

The Board of Directors, having obtained the relevant regulatory authorisations, approved a series of share buy-back programmes to reduce CaixaBank's share capital by redeeming the shares acquired under the programme. The characteristics of the various programmes are as follows:

Share buy-back programmes
Euros / No. of shares

Programme	Start date	Maximum amount (Millions of euros)	Status	No. of shares purchased	% of share capital	No. of shares after Programme	Share capital after Programme (euros)	Date of entry in the Commercial Register
SBB II	September 2023	500	Completed	129,404,256	1.72 %	7,372,727,363	7,372,727,363	03-05-2024
SBB III	March 2024	500	Completed	104,639,681	1.42 %	7,268,087,682	7,268,087,682	13-06-2024
SBB IV	July 2024	500	Completed	93,149,836	1.28 %	7,174,937,846	7,174,937,846	04-12-2024
SBB V	November 2024	500	In progress (1)					

(1) As at 31 December 2024, operations were carried out for EUR 259 million, buying back a total of 49,501,868 own shares, equivalent to 51.71% of the maximum monetary amount (75,236,440 shares for EUR 406 million, representing 81.18% of the maximum amount, based on the most recent public information before the preparation of this annual Report, as at 20 February 2025).

Additionally, on 29 January 2025, the Board of Directors approved the SBB VI share buyback program for EUR 500 million, following the receipt of necessary regulatory approval. This program will commence sometime after the completion of SBB V.

For the purposes of calculating regulatory capital, and pursuant to applicable prudential regulations, CaixaBank has deducted the maximum monetary amount of the share buyback programmes (see Note 4).

Capital authorisations

Section "03 - Corporate governance - Corporate governance - Ownership" of the Consolidated Management Report includes information regarding the authorisations granted at the Annual General Meeting for the Board of Directors to increase the share capital.

The breakdown of instruments issued under this agreement is presented in Note 23.3.

Share premium

The breakdown of the changes of the balance under this heading is as follows:

Changes in share premium
(Millions of euros)

	Carrying amount
BALANCE AT 31-12-2021	**15,268**
Capital reduction	(1,798)
BALANCE AT 31-12-2022	**13,470**
BALANCE AT 31-12-2023	**13,470**
Capital reduction	(1,161)
BALANCE AT 31-12-2024	**12,309**

Retained earnings, revaluation reserves and other reserves

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

Breakdown of reserves
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Reserves attributable to the parent company of CaixaBank Group	**18,143**	**17,378**	**16,262**
Legal reserve (1)	1,435	1,500	1,612
Restricted reserves (2)	887	560	561
Unrestricted reserves	5,417	5,706	5,207
Other consolidation reserves assigned to the parent	10,404	9,612	8,882
Reserves of fully-consolidated subsidiaries	**(5,256)**	**(5,083)**	**(5,046)**
Reserves of companies accounted for using the equity method	**592**	**596**	**571**
TOTAL	**13,479**	**12,891**	**11,787**

(1) At 2024 year-end, the legal reserve has reached the minimum amount required by the Spanish Capital Companies Law.
(2) Mainly through the redemption of own shares (see "Share capital" section)

Other equity instruments

The value of shares included in variable share-based remuneration plans (see Note 36) not delivered is as follows:

Breakdown of other equity instruments
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Value of shares not delivered	42	46	46

Treasury shares

The breakdown of the changes of the balance under this heading is as follows:

Changes in treasury shares

(Millions of euros / Number of shares)

	2024			2023			2022		
	No. of treasury shares	% Share capital (1)	Cost/ Sales	No. of treasury shares	% Share capital (1)	Cost/ Sales	No. of treasury shares	% Share capital (1)	Cost/ Sales
OPENING BALANCE	**135,005,666**	**1.787 %**	**519**	**7,676,276**	**0.090 %**	**25**	**7,218,511**	**0.090 %**	**19**
Acquisitions and other	255,883,307		1,292	132,847,483		513	564,323,848		1,818
Disposals and other (2)	(333,766,369)		(1,512)	(5,518,093)		(19)	(563,866,083)		(1,812)
CLOSING BALANCE	**57,122,604**	**0.796 %**	**299**	**135,005,666**	**1.787 %**	**519**	**7,676,276**	**0.090 %**	**25**

(1) Percentage calculated on the basis of the total number of CaixaBank shares at the end of the respective years.

(2) In 2024, 2023 and 2022, the results of treasury share transactions generated were not significant, being recognised under "Other reserves".

Note: At 31 December 2024, 2023 and 2022, this does not include 274,292, 281,192 and 7,515 VidaCaixa shares, respectively, associated with unit-links, registered under the heading "Financial assets designated at fair value through profit or loss" (see Note 12).

Note: as regards the evolution of treasury shares, please refer to the section on Share capital in this Note and Note 6.1.

Additionally, the number of treasury shares accepted as financial guarantees given by the Group and treasury shares owned by third parties and managed by a Group company were as follows:

Treasury shares accepted as financial guarantees and owned by third parties

(Millions of shares / Millions of euros)

	Treasury shares accepted as financial guarantees			Treasury shares owned by third parties managed by the Group		
	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022
Number of treasury shares	13	19	18	13	14	19
% of share capital	0.187 %	0.249 %	0.237 %	0.184 %	0.182 %	0.249 %
Nominal amount	13	19	18	13	14	19

25.2. Accumulated other comprehensive income

Changes under this heading are contained in the statement of recognised income and expenses.

25.3. Minority interests

The following table shows the Group subsidiaries in which certain non-controlling interests held a stake of 10% or more:

Subsidiaries with minority shareholders with stakes greater than 10%

(Percentage)

		Non-controlling interests		
Subsidiary	Minority shareholders	31-12-2024	31-12-2023	31-12-2022
Inversiones Inmobiliarias Teguise Resort	Metrópolis Inmobiliarias y Restauraciones	40 %	40 %	40 %
Coia Financiera Naval	Construcciones Navales P. Freire	21 %	21 %	21 %
El Abra Financiera Naval	Astilleros Zamakona			21 %
Arrendadora de Equipamientos Ferroviarios	CAF Investment Projects, S.A.	15 %	15 %	15 %
Telefonica Consumer Finance	Telefónica	50 %	50 %	50 %
Telefónica Renting	Telefónica	50 %	50 %	

26. Tax position

26.1. Tax consolidation

The consolidated tax group for Corporation Tax includes CaixaBank, as the parent, and subsidiaries include Spanish companies in the commercial group that comply with the requirements for inclusion under regulations, including the "la Caixa" Banking Foundation and CriteriaCaixa. The other companies in the commercial group file taxes in accordance with applicable tax legislation.

Similarly, CaixaBank and some of its subsidiaries have belonged to a consolidated tax group for value added tax (VAT) since 2008, the parent company of which is CaixaBank.

26.2. Years open for review

On 3 May 2023, CaixaBank received notification of the initiation of general tax audits for the main taxes for the periods from 2016 to 2020, inclusive. These tax audits have not been completed and also concern certain companies belonging to the consolidated tax group of which CaixaBank is the parent company.

CaixaBank has 2016 and subsequent years open for review for Corporation Tax and the last four years for other taxes applicable to it, and BPI has 2018 and subsequent years open for the main taxes applicable to it.

The various interpretations that can be drawn from the tax regulations governing transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. The Group's management considers that the provision under “Provisions - Pending legal issues and tax litigation” in the balance sheet is sufficient to cover these contingent liabilities.

26.3. Reconciliation of the accounting profit to the taxable profit

The Group's reconciliation of accounting profit to taxable profit is presented below:

Reconciliation of accounting profit to taxable profit
(Millions of euros)

	2024	2023	2022
Profit/(loss) before tax (A)	**8,319**	**6,924**	**4,320**
Adjustments to profit/(loss)	**(354)**	**(435)**	**(375)**
Return on equity instruments (1)	(93)	(154)	(153)
Share of profit/(loss) of entities accounted for using the equity method (1)	(261)	(281)	(222)
Taxable income/(tax loss)	**7,965**	**6,489**	**3,945**
Tax payable (taxable income * tax rate)	**(2,390)**	**(1,947)**	**(1,184)**
Adjustments:	**(120)**	**(161)**	**(6)**
Changes in taxation of sales and gains/(losses) of portfolio assets	19	(6)	(5)
Changes in portfolio provisions excluding tax effect and other non-deductible expenses	(7)	(14)	(6)
Cancellation of deferred tax assets and liabilities	5	10	3
Recognition of deferred tax assets and liabilities		2	(13)
Effect on tax expense of jurisdictions with different tax rates (2)	(4)	(4)	6
Tax effect of issues	86	83	78
Levy on banks and similar activities	(155)	(120)	(8)
Other non-deductible expenses	(60)	(84)	(56)
Taxation of dividends and other	(4)	(28)	(5)
Income tax (B)	**(2,525)**	**(2,108)**	**(1,189)**
Income tax for the year (revenue/(expense))	(2,509)	(2,107)	(1,188)
Tax rate (3)	31.5 %	32.5 %	30.1 %
Income tax adjustments	(16)	(1)	(1)
PROFIT/(LOSS) AFTER TAX (A) + (B)	**5,794**	**4,816**	**3,131**

(1) Income to a large extent exempt from tax due to already having been taxed at source.

(2) Practically all of CaixaBank’s income and expense is taxed at the general Corporation Tax rate of 30% in the case of the businesses in Spain, however other jurisdictions are taxed at a different tax rate with a very low impact.

(3) The effective tax rate is calculated by dividing income tax for the year by taxable income.

26.4. Deferred tax assets and liabilities

The changes in the balance of these headings is as follows:

Changes in deferred tax assets

(Millions of euros)

	31-12-2021	1st application IFRS 17 / IFRS 9 (Appendix 8)	Regularisations **	Additions	Disposals	31-12-2022	Regularisations **	Additions	Disposals	31-12-2023	Regularisations **	Additions	Disposals	31-12-2024
Contributions to pension plans and employee funds for pre-retirement liabilities	**883**		1		(11)	**873**	12		(25)	**860**	14		(38)	**836**
Credit loss provisions	**9,354**		1		(107)	**9,248**	121		(275)	**9,094**	(791)		(362)	**7,941**
Provision for foreclosed property	**2,668**				(27)	**2,641**	31		(78)	**2,594**	1		(110)	**2,485**
Other temporary differences *	**3,721**	7	(65)	515	(1,352)	**2,826**	(134)	46	(434)	**2,304**	94	132	(440)	**2,090**
Unused tax credits	**822**		4		(87)	**739**	5		(426)	**318**	296	30	(303)	**341**
Tax loss carryforwards	**2,045**		90		(158)	**1,977**	23		(216)	**1,784**	(24)	62	(291)	**1,531**
TOTAL	**19,493**	**7**	**31**	**515**	**(1,742)**	**18,304**	**58**	**46**	**(1,454)**	**16,954**	**(410)**	**224**	**(1,544)**	**15,224**
Of which: monetisable	*12,905*		*2*		*(145)*	*12,762*	*164*		*(378)*	*12,548*	*(776)*		*(510)*	*11,262*

(*) Includes, inter alia, eliminations from intra-group operations and those corresponding to different provisions, and other adjustments due to differences between accounting and tax rules.

(**) Includes the change in deferred tax assets corresponding to the annual corporate tax settlement.

Changes in deferred tax liabilities

(Millions of euros)

	31-12-2021	1st application IFRS 17 / IFRS 9 (Appendix 8)	Regularisations	Additions	Disposals	31-12-2022	Regularisations	Additions	Disposals	31-12-2023	Regularisations	Additions	Disposals	31-12-2024
Revaluation of property on first time adoption of IFRS	**173**		126		(10)	**289**			(28)	**261**			(12)	**249**
Intangible assets from business combinations	**96**			118		**214**		11	(15)	**210**			(33)	**177**
Others from business combinations	**246**				(65)	**181**			(57)	**124**	(1)		(46)	**77**
Other *	**1,633**	(176)	(151)	2	(512)	**796**		8	(53)	**751**	(1)	4	(191)	**563**
TOTAL	**2,148**	**(176)**	**(25)**	**120**	**(587)**	**1,480**		**19**	**(153)**	**1,346**	**(2)**	**4**	**(282)**	**1,066**

(*) Includes, inter alia, eliminations from intra-group operations and those corresponding to different provisions, and other adjustments due to differences between accounting and tax rules.

At 31 December 2024, the the Group has a total of EUR 3,157 million of tax assets deferred by unregistered tax credits, of which EUR 2,853 million correspond to tax loss carryforwards and EUR 304 million to deductions.

Twice per year, in collaboration with an independent expert, the Group assesses the recoverable amount of its recognised deferred tax assets in the balance sheet, on the basis of a budget consisting in a 6-year horizon with the forecasted results used to estimate the recoverable value of the banking CGU (see Note 20) and forecast, subsequently, applying a sustainable net interest income (NII) to the average total assets and a normalised cost of risk (CoR) of 1.50% and 0.40%, respectively.

The type of deferred tax assets segregated by jurisdiction of origin are set out below:

Nature of the deferred tax assets recognised in the consolidated balance sheet- 31-12-2024

(Millions of euros)

	Temporary differences	Of which: Monetisable *	Tax loss carryforwards	Unused tax credits
Spain	13,216	11,236	1,529	341
Portugal	136	26		
Others			2	
TOTAL	**13,352**	**11,262**	**1,531**	**341**

(*) These correspond to monetisable timing differences with the right to conversion into a credit with the Treasury.

In keeping with the projections and the assessment exercise, the maximum timeline for recovering the tax assets recognised in the balance sheet in their entirety remains below 15 years.

The Group carries out sensitivity analyses on the key flow projection assumptions of the recovery model (see Note 20) with no significant variations concluded in the estimated term in the baseline scenario.

The exercises to evaluate the recoverability of tax assets, which have been carried out since 2014, are strengthened by backtesting exercises, which show stable behaviour.

In light of the existing risk factors (see Note 3.1) and the reduced deviation with respect to the estimates used to elaborate the budgets, the Administrators consider that, despite the limitations for applying different monetisable timing differences, tax loss carryforwards and unused tax credits, the recovery of all activated tax credits is still probable with future tax benefits.

26.5. Other

Banking sector levy

Under Law 38/2022 of 28 December to establish, inter alia, temporary levies on the banking sector of 4.8% on net interest income and net fee and commission income, CaixaBank and certain Group entities are subject to this law and, at 1 January 2024 and 2023, recognised a total of EUR 493 million and EUR 373 million under "Other operating expenses" in the income statement (see Note 34).

Tax on net interest income and commissions

On 21 December 2024, Law 7/2024, dated 20 December, was published in the Official State Gazette. This law introduces a supplementary tax aimed at ensuring a minimum global level of taxation for multinational and large national groups (Pillar Two), imposes a tax on the interest margin and fees of specific financial institutions, and includes other modifications. Following this, Royal Decree-Law 9/2024 modified some elements of the tax on net interest income and fee and commission income established by Law 7/2024. Nonetheless, this Royal Decree-Law was revoked on 22 January 2025.

There has been no impact from this tax reflected in the 2024 Financial Statements.

Pillar 2

Law 7/2024 transposes the Pillar 2 Directive, establishing a supplementary tax aimed at ensuring a minimum global level of taxation for multinational and large national groups.

With the approval of this Directive, the Group commenced a specific project to assess the impact and implementation of this reform, which is not expected to have a significant impact on Entity.

The Group has applied the temporary and mandatory exception to the requirements to recognise and disclose deferred tax assets and liabilities relating to income taxes of Pillar 2.

27. Guarantees and contingent commitments

The breakdown of "Guarantees and contingent commitments given" included as memorandum items is set out below:

Breakdown of exposure and hedging on guarantees and contingent commitments - 31-12-2024
(Millions of euros)

	Off balance sheet exposure			Hedge		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial guarantees given	9,074	498	197	(6)	(5)	(101)
Loan commitments given	118,242	2,873	364	(67)	(13)	(18)
Other commitments given	34,086	1,600	336	(15)	(37)	(160)

Breakdown of exposure and hedging on guarantees and contingent commitments - 31-12-2023
(Millions of euros)

	Off balance sheet exposure			Hedge		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial guarantees given	9,202	986	131	(7)	(11)	(117)
Loan commitments given	113,178	3,584	407	(78)	(13)	(28)
Other commitments given	29,884	1,874	339	(17)	(55)	(120)

Breakdown of exposure and hedging on guarantees and contingent commitments- 31-12-2022
(Millions of euros)

	Off balance sheet exposure			Hedge		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial guarantees given	10,067	668	189	(22)	(41)	(173)
Loan commitments given	108,527	3,920	353	(57)	(12)	(18)
Other commitments given	36,705	1,333	403	(16)	(17)	(191)

The Group only needs to pay the amount of contingent liabilities if the guaranteed counterparty breaches its obligations. It believes that most of these risks will reach maturity without being settled.

With respect to contingent liabilities, it is estimated that a significant portion will expire before being utilised and therefore cannot be considered as a future funding requirement for the Group.

The breakdown of "Loan commitments given" included as memorandum items in the balance sheet, is set out below:

Loan commitments given
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Available	Limits	Available	Limits	Available	Limits
Drawable by third parties						
Credit institutions	1,431	2,179	831	1,118	85	362
Public administrations	5,397	6,708	5,422	6,524	4,755	5,609
Other sectors	114,651	125,592	110,916	124,553	107,960	127,364
TOTAL	**121,479**	**134,479**	**117,169**	**132,195**	**112,800**	**133,335**
Of which: conditionally drawable	*5,588*		*5,463*		*6,313*	

28. Other significant disclosures

28.1. Operations on behalf of third parties

The breakdown of off-balance sheet funds managed on behalf of third parties is as follows:

Breakdown of Operations on behalf of third parties
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Off-balance sheet customer funds	**605,911**	**547,003**	**508,778**
Assets under management	182,946	160,827	144,831
Mutual funds, portfolios and SICAVs	133,102	114,821	101,519
Pension funds	49,844	46,006	43,312
Others *	6,534	6,179	8,186
Financial instruments held in trusteeship for third parties	**233,485**	**219,170**	**210,930**

(*) Includes temporary funds associated with transfers and collections, in addition to other funds distributed by CaixaBank and Banco BPI.

28.2. Transferred financial assets

The Group converted a portion of their homogeneous loan and credits into fixed-income securities by transferring the assets to various securitisation special purpose vehicles set up for this purpose.

The balances classified in "Financial assets at amortised cost" corresponding to the outstanding amounts of securitised loans on the balance sheet are as follows:

Breakdown of securitised assets
(Millions of euros)

	31-12-2024	31-12-2023	31-12-2022
Securitised mortgage loans	15,296	19,046	22,987
Other securitised loans	4,932	7,199	4,761
Loans to companies	2,847	4,303	2,995
Leasing arrangements	181	263	408
Consumer financing	1,771	2,435	1,134
Others	133	198	224
TOTAL	**20,228**	**26,245**	**27,748**

The breakdown of securitisations arranged, with the amounts outstanding and the amounts corresponding to credit enhancements granted to the securitisation funds is provided below:

Loan securitisation - issues on on-balance-sheet securitised loans
(Millions of euros)

Issue date		Acquired by:	Initial exposure securitised	Asset securitised			Repo securitisation bonds			Credit enhancements		
				2024	2023	2022	2024	2023	2022	2024	2023	2022
November	2004	TDA 22 Mixto, FTH	388	16	19	23	6	8	9	2	2	2
April	2005	Bancaja 8 FTA	1,650		142	171		44	58		14	28
June	2005	AyT Génova Hipotecario VI, FTH	700		57	72		36	45		5	5
November	2005	AyT Génova Hipotecario VII, FTH	1,400	116	142	178	47	57	73	8	8	8
February	2006	Bancaja 9 FTA	2,000	211	250	294	114	141	165	25	25	25
April	2006	MBS Bancaja 3 FTA	800		71	87		39	46			
June	2006	AyT Génova Hipotecario VIII, FTH	2,100	168	204	255	97	116	143	9	9	9
July	2006	AyT Hipotecario Mixto V, FTA	873	51	60	74	26	31	37	4	4	4
October	2006	Caixa Penedés 1 TDA	23	1	1	2						
November	2006	Valencia Hipotecario 3, FTA	901	88	106	129	35	42	52	5	5	5
November	2006	AyT Génova Hipotecario IX, FTH	1,000	119	143	177	48	61	73	5	5	5
November	2006	Madrid RMBS I, FTA	2,000	343	409	491	273	317	375	71	71	71
December	2006	Madrid RMBS II, FTA	1,800	305	356	427	243	284	337	69	69	69
December	2006	TDA 27, FTA	290	24	28	34	14	14	14	6	6	6
January	2007	Bancaja 10, FTA	2,600	442	510	591	401	467	546	35	35	35

Loan securitisation - issues on on-balance-sheet securitised loans
(Millions of euros)

Issue date		Acquired by:	Initial exposure securitised	Asset securitised			Repo securitisation bonds			Credit enhancements		
				2024	2023	2022	2024	2023	2022	2024	2023	2022
April	2007	MBS Bancaja 4 FTA	1,850	182	218	264	142	164	193			1
June	2007	AyT Génova Hipotecario X, FTH	1,050	137	162	198	138	165	201	8	8	8
June	2007	AyT Caja Granada Hipotecario I	400	52	59	68	44	50	58	5	5	5
June	2007	Caixa Penedés Pymes 1 TDA	48	2	2	3						
July	2007	Madrid RMBS III, FTA	3,000	680	787	914	590	705	840	129	129	129
July	2007	Bancaja 11, FTA	2,000	422	479	547	388	445	515	28	28	28
November	2007	FonCaixa FTGENCAT 5, FTA	1,000	75	91	111	38	38	38	27	27	27
December	2007	AyT Génova Hipotecario XI, FTH	1,200	169	199	244	173	205	252	30	30	30
December	2007	Madrid RMBS IV, FTA	2,400		573	678		537	628		242	242
July	2008	FonCaixa FTGENCAT 6, FTA	750	58	68	82	23	23	23	19	19	19
July	2008	AyT Génova Hipotecario XII, FTH	800	124	148	180	125	149	183	30	30	30
August	2008	Caixa Penedés FTGENCAT1 TDA	6	2	2	2						
December	2008	Madrid RMBS Residencial I, FTA	805		255	296		120	140		178	202
December	2008	Bancaja 13, FTA	2,895	882	997	1,119	886	994	1,107	179	179	179
June	2010	Madrid RMBS Residencial II,FTA	600		244	278		122	142		153	169
December	2010	AyT Goya Hipotecario III, FTA	4,000	874	1,021	1,224	879	1,026	1,233	103	106	124
April	2011	AyT Goya Hipotecario IV, FTA	1,300	275	325	396	290	344	417	36	39	44
December	2011	AyT Goya Hipotecario V, FTA	1,400	299	354	433	315	376	461	41	43	49
February	2016	CaixaBank RMBS 1, FT	14,200	6,173	7,092	8,160	6,227	7,155	8,240	568	568	568
June	2016	CaixaBank Consumo 2, FT	1,300			136			139			52
November	2016	CaixaBank Pymes 8, FT	2,250			363			382			71
March	2017	CaixaBank RMBS 2, FT	2,720	1,331	1,500	1,691	1,367	1,540	1,734	105	105	107
July	2017	CaixaBank Consumo 3, FT	2,450			265			265			12
November	2017	CaixaBank Pymes 9, FT	1,850			270			272			12
December	2017	CaixaBank RMBS 3, FT	2,550	1,165	1,336	1,530	1,171	1,342	1,540	64	64	64
May	2018	CaixaBank Consumo 4, FT	1,700			109			133			7
November	2018	CaixaBank Pymes 10, FT	3,325	383	552	822	408	596	892	28	31	39
June	2019	CaixaBank Leasings 3, FT	1,830	181	263	408	184	269	424	10	15	23
November	2019	CaixaBank Pymes 11, FT	2,450	411	633	962	453	690	1,045	23	37	53
June	2020	CaixaBank Consumo 5, FT	3,550	185	486	997	233	579	1,155	15	35	68
November	2020	CaixaBank Pymes 12, FT	2,550	525	875	1,304	560	900	1,339	31	50	73
September	2021	Caixabank Corporates 1 FT	2,302		156	689		214	833		42	115
June	2023	CaixaBank Consumo 6, FT	2,000	1,585	1,950		1,620	2,000		101	101	
November	2023	CaixaBank Pymes 13, FT	3,000	2,172	2,920		2,349	3,000		151	162	
TOTAL			**94,056**	**20,228**	**26,245**	**27,748**	**19,907**	**25,405**	**26,797**	**1,970**	**2,684**	**2,822**

The amounts outstanding of derecognised securitisation transactions were not significant.

Securitisation bonds placed in the market are recognised under "Financial liabilities at amortised cost - Debt securities issued" in the balance sheets.

Furthermore, the Group maintains the following synthetic securitisation transactions, by means of which it partially transfers the credit risk of a group of borrowers:

Synthetic securitisation transactions
(Millions of euros)

Issue date		Fund	Initial exposure securitised	Carrying amount securitised		
				31-12-2024	31-12-2023	31-12-2022
August	2018	Gaudí II	2,025	10	119	367
April	2019	Gaudí III	1,282	132	299	544
June	2022	Gaudí IV	1,500	709	977	1,317
June	2024	Ter 1	2,000	2,000		
TOTAL			**6,807**	**2,851**	**1,395**	**2,228**

The transfer of credit risk takes the form of a financial guarantee and it is not considered a substantial transfer of risk and profit. Therefore, the underlying exposure is maintained on the balance sheet.

28.3. Financial assets derecognised due to impairment

Changes in the items derecognised from the balance sheet because recovery was deemed remote are summarised below. These financial assets are recognised under "Suspended assets" in the memorandum accounts supplementing the balance sheet:

Changes in written-off assets
(Millions of euros)

	2024	2023	2022
OPENING BALANCE	**18,053**	**18,276**	**18,534**
Additions:	1,711	2,052	2,189
Disposals:	827	2,275	2,447
Cash recovery of principal (Note 38)	262	249	382
Disposal of written-off assets **	449	782	1,037
Due to expiry of the statute-of-limitations period, forgiveness or any other cause	116	1,244	1,028
CLOSING BALANCE	**18,937**	**18,053**	**18,276**
*Of which: interest accrued on the non-performing loans **	*6,639*	*6,331*	*6,425*

(*) Primarily includes interest on financial assets at the time of derecognition from the consolidated balance sheet.

(**) Corresponds to the sale of non-performing and written-off assets and includes interest related to these portfolios.

29. Interest income

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of interest income
(Millions of euros)

	2024		2023		2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Central banks	**1,723**		**1,410**		**358**	
Credit institutions	**664**	**1**	**403**		**114**	
Debt securities	**1,317**	**1,943**	**1,211**	**1,729**	**880**	**1,385**
Financial assets held for trading	25		13		7	
Financial assets compulsorily measured at fair value through profit or loss				1		
Financial assets at fair value with changes in other comprehensive income	160	1,818	186	1,641	333	1,352
Financial assets at amortised cost	1,132	125	1,012	87	540	33
Loans and advances to customers and other financial income	**15,421**		**13,535**		**6,541**	
Public administrations	549		516		128	
Trade credits and bills	858		760		312	
Mortgage loans	6,696		5,809		2,477	
Loans secured by personal guarantee	6,520		5,730		3,371	
Others	798		720		253	
Adjustments to income due to hedging transactions	**(143)**	**(30)**	**(79)**		**(679)**	
Interest income - liabilities	**1**		**14**		**598**	
TOTAL	**18,983**	**1,914**	**16,494**	**1,729**	**7,812**	**1,385**
Of which: interest on exposures in stage 3	*371*		*311*		*227*	

The average effective interest rate of the various financial assets categories calculated on average net balances (excluding rectifications) are as follows:

Average return on assets
(Percentage)

	2024	2023	2022
Deposits at central banks	3.43 %	3.37 %	0.30 %
Financial assets held for trading – debt securities	3.29 %	2.74 %	1.14 %
Financial assets compulsorily measured at fair value through profit or loss - Debt securities		6.64 %	3.14 %
Financial assets measured at fair value with changes in other comprehensive income / Available-for-sale financial assets - Debt securities	2.17 %	1.82 %	1.77 %
Financial assets at amortised cost			
Loans and advances to credit institutions	4.13 %	3.28 %	1.53 %
Loans and advances to customers	4.53 %	3.92 %	1.93 %
Debt securities	1.5 %	1.29 %	0.73 %

30. Interest expense

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of interest expense
(Millions of euros)

	2024	2023	2022
Central banks	(15)	(411)	(19)
Credit institutions	(930)	(1,435)	(275)
Money market transactions through counterparties	(11)	(19)	(51)
Customer deposits and other finance costs	(3,657)	(1,683)	(252)
Debt securities issued (1)	(1,432)	(1,063)	(537)
Adjustments to expenses as a consequence of hedging transactions	(1,983)	(1,857)	196
Asset interest expenses	(21)	(22)	(342)
Lease liability interest (Note 23.4)	(18)	(15)	(10)
Others	(18)	(13)	(8)
TOTAL BANKING ACTIVITY AND OTHER	(8,085)	(6,518)	(1,298)
Finance expenses from insurance contracts (2)	(1,692)	(1,582)	(1,347)
Other interest expenses	(12)	(10)	
TOTAL INSURANCE ACTIVITY	(1,704)	(1,592)	(1,347)
TOTAL	**(9,789)**	**(8,110)**	**(2,645)**

(1) Excluding interest from preference shares accountable as *Additional Tier* 1 capital (recognised in shareholder equity)

(2) Interest accrual expenses do not include those corresponding to direct participation products, which amount to EUR -2,425 million, EUR -1,968 million and EUR 1,678 million in 2024, 2023 and 2022, respectively, given that they are offset by income of the same nature. In these products, upon redemption, the policyholder receives the market value of the underlying assets, and there is no interest rate guarantee. Note 18 shows this interest accretion for the gross amount without offsetting.

The average effective interest rate of the various financial liabilities categories calculated on average net balances (excluding rectifications) is set out below:

Average return on liabilities
(Percentage)

	2024	2023	2022
Deposits from central banks	5.38 %	3.29 %	0.02 %
Deposits from credit institutions	3.85 %	3.47 %	0.99 %
Customer deposits	0.90 %	0.44 %	0.07 %
Debt securities issued (excluding subordinated liabilities)	2.58 %	1.99 %	1.02 %
Subordinated liabilities	2.34 %	1.87 %	1.03 %

31. Dividend income

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Dividend income
(Millions of euros)

	2024	2023	2022
Telefónica (see Note 14.1)	43	61	69
Banco Fomento de Angola	45	73	87
Others	12	29	7
TOTAL	**100**	**163**	**163**

32. Fee and commission income

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of fee and commission income
(Millions of euros)

	2024	2023	2022
Contingent liabilities	256	250	251
Credit facility drawdowns	151	133	116
Exchange of foreign currencies and banknotes	168	164	172
Collection and payment services	1,173	1,253	1,412
Of which: credit and debit cards	*591*	*611*	*616*
Securities services	149	126	115
Marketing of non-banking financial products	1,678	1,555	1,593
Other fees and commissions	624	556	567
TOTAL	**4,199**	**4,037**	**4,226**

Breakdown of fee and commission expense
(Millions of euros)

	2024	2023	2022
Assigned to other entities and correspondents	(156)	(141)	(136)
Of which: transactions with cards and ATMs	*(123)*	*(118)*	*(112)*
Securities transactions	(28)	(28)	(29)
Other fees and commissions	(237)	(210)	(206)
TOTAL	**(421)**	**(379)**	**(371)**

33. Gains/(losses) on financial assets and liabilities

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of gains/(losses) on financial assets and liabilities
(Millions of euros)

	2024		2023		2022	
	Banking and other business	Insurance activity (Note 18)	Banking and other business	Insurance activity (Note 18)	Banking and other business	Insurance business (Note 18)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**76**	**10**	**96**	**(2)**	**20**	**21**
Financial assets at amortised cost	44		3		1	
Debt securities	28		3			
Loans and advances	16				1	
Financial liabilities at amortised cost	20		100		6	
Financial assets at fair value with changes in other comprehensive income	12	10	(7)	(2)	13	21
Debt securities (Note 14.2)	12	10	(7)	(2)	13	21
Gains/(losses) on financial assets and liabilities held for trading, net	**(8)**		**(42)**		**463**	**7**
Equity instruments	69		108		18	
Debt securities	9		11		3	
Financial derivatives *	(86)		(161)		442	7
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net	**1**	**2**	**19**	**5**	**(9)**	**(2)**
Equity instruments	1	2	3	5	(9)	(2)
Loans and advances			16			
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net						
Gains/(losses) from hedge accounting, net	**(36)**	**41**	**(44)**	**74**	**155**	**(175)**
Ineffective portions of fair value hedges	(36)	41	(44)	74	155	(175)
Valuation of hedging derivatives (Note 16)	1,084	(49)	1,916	(168)	(4,950)	(444)
Valuation of hedged items (Note 16)	(1,120)	90	(1,960)	242	5,105	269
Others						
TOTAL	**33**	**53**	**29**	**77**	**629**	**(149)**

(*) The net profit/(loss) linked to financial derivatives should be considered together with the profit/(loss) recorded under "Exchange differences (net)" in the income statement since the Group manages the currency risk to which it is exposed by arranging financial derivatives, which partially hedge the currency exposure of foreign currency monetary items and the results generated on the purchase and sale of foreign currencies, the result of which is reported under the latter heading. The rest comprises primarily the margin for trading derivatives to customers and the change in valuation adjustments for credit risk (CVA/DVA) and funding (FVA) (see Note 42).

34. Other operating income and expense

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of other operating income

(Millions of euros)

	2024	2023	2022
Income from investment property and other income	84	91	94
Sales and income from provision of non-financial services	258	339	349
Other income	182	161	161
TOTAL	**524**	**591**	**604**

Breakdown of other operating expense

(Millions of euros)

	2024	2023	2022
Contribution to the Deposit Guarantee Fund/Single Resolution Fund *	(13)	(627)	(566)
Operating expenses from investment properties and other **	(96)	(152)	(167)
Changes in inventories and other expenses of non-financial activities	(193)	(270)	(291)
Expenses associated with regulators and supervisors	(21)	(25)	(26)
Equity provision associated with monetisable DTAs	(109)	(130)	(149)
Banking sector levy (Note 26.5)	(493)	(373)	
Other items	(412)	(351)	(368)
TOTAL	**(1,337)**	**(1,928)**	**(1,567)**

(*) **Single Resolution Fund**: The primary aim of the Single Resolution Mechanism (SRM) is to ensure the rapid and consistent resolution of failing banks in Europe with minimum costs. Its regulation establishes uniform rules and a standard procedure for the resolution of credit institutions and certain investment firms, and a Single Resolution Fund (SRF). This establishes a centralised decision-making power vested in the Single Resolution Board (SRB) and national resolution authorities.

Law 11/2015 and Royal Decree 1012/2015 established the requirements that banks would make at least one annual contribution to the National Resolution Fund (NRF) in addition to the annual contribution that will be made to the Deposits Guarantee Fund (DGF) by member institutions. The NRF was merged with the other national funds of the member States of the EU into the SRF in January 2016. By virtue of the provisions set forth in the SRM Regulation, the SRB replaced the national resolution authorities and assumed the administration of the SRF and the calculation of the banking contributions, which will be adjusted to the risk profile of each institution according to the criteria established in Royal Decree 1012/2015 and Commission Delegated Regulation 2015/63.

For the SRF, a minimum fundraising target equivalent to 1% of the covered deposits of credit institutions has been set to be reached by 31 December 2023 (i.e. at the end of the initial eight-year period starting on 1 January 2016).

On 15 February 2024, the SRB informed that, as the available financial resources of the SRF as at 31 December 2023 had already reached the 1% target level of guaranteed deposits of participating Member States as set out in Article 69.1 of the SRMR, the Board would not collect contributions from the entities subject to the SRF for the 2024 ex-ante contribution cycle.

Future contributions will depend on the results of the SRB's annual verification exercise.

For 2023, this includes a settlement of EUR 9 million corresponding to the cancellation by BPI of an irrevocable payment commitment associated with past contributions to the Deposit Guarantee Fund. This commitment pledged Portuguese sovereign debt instruments as collateral until their release.

(*) **Deposit Guarantee Fund**: With the disbursement by the member entities of the ordinary contributions for 2023, the minimum target level of 0.8% required by European regulations for deposit guarantee schemes, which had to be reached by 3 July 2024 at the latest, was reached somewhat ahead of schedule and with a certain margin of comfort. For this reason, the Management Committee of the Deposit Guarantee Fund for Credit Institutions (DGF) agreed not to request the annual contribution to the deposit guarantee compartment in 2024.

(**) Includes expenses related to leased investment property.

35. Insurance service result

A breakdown of this item in the accompanying income statement is shown below:

Reconciliation of insurance revenue and service expenses
(Millions of euros)

	2024				2023				2022			
	Risk	Savings	Direct partici-pation	Total	Risk	Savings	Direct partici-pation	Total	Risk	Savings	Direct partici-pation	Total
Contracts not measured under PAA	**568**	**1,187**	**265**	**2,020**	**520**	**1,449**	**242**	**2,211**	**474**	**1,219**	**209**	**1,902**
Amounts related to changes in the liability for the remaining coverage	568	1,187	265	2,020	520	1,449	242	2,211	474	1,219	209	1,902
Expected claims and other attributable expected insurance expenses	380	784	141	1,305	359	1,110	132	1,601	297	902	104	1,303
Changes in risk adjustment for non-financial risk	30	45	27	102	31	41	20	92	32	40	18	90
CSM recognised in PL for services rendered	158	358	97	613	130	298	90	518	145	277	87	509
Contracts measured under PAA - Amounts related to changes in liability for remaining coverage	1,033			1,033	952	1		953	882			882
TOTAL INSURANCE REVENUE (Note 18)	1,601	1,187	265	3,053	1,472	1,450	242	3,164	1,356	1,219	209	2,784
Incurred claims and other directly attributable expenses	(821)	(841)	(131)	(1,793)	(745)	(1,254)	(107)	(2,106)	(750)	(937)	(93)	(1,780)
Changes related to past service - Adjustments to liability for incurred claims	(46)	42	(16)	(20)	(36)	73	(11)	26	(15)	16	(20)	(19)
Changes related to future services - losses and loss reversals on onerous contracts	1	(8)	7	0	10	52	(2)	60	(1)	(48)	(5)	(54)
TOTAL INSURANCE SERVICE EXPENSES (Note 18)	(866)	(807)	(140)	(1,813)	(771)	(1,129)	(120)	(2,020)	(766)	(969)	(118)	(1,853)
INSURANCE SERVICE RESULT	**735**	**380**	**125**	**1,240**	**701**	**321**	**122**	**1,144**	**590**	**250**	**91**	**931**

Expenses directly attributable to the insurance contracts are recognised under the "Insurance service expense" item. The breakdown of these expenses, if recognised on the basis of their nature, is as follows:

Reconciliation of expenses directly attributable to insurance contracts by nature
(Millions of euros)

	2024	2023	2022
Fee and commission income	53	47	41
Personnel expenses	406	369	309
Other administrative expenses	176	169	164
Depreciation and amortisation	70	61	52
TOTAL	**705**	**646**	**566**

36. Personnel expenses

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of personnel expenses
(Millions of euros)

	2024	2023	2022
Wages and salaries	(2,607)	(2,413)	(2,435)
Social security contributions	(735)	(686)	(631)
Contributions to pension plans (saving and risk) *	(187)	(191)	(173)
Other personnel expenses	(247)	(226)	(92)
TOTAL	**(3,776)**	**(3,516)**	**(3,331)**

(*) Includes premiums paid

The expense recognised in 'Contributions to defined pension plans' includes mainly mandatory contributions stipulated which are made to cover retirement, disability and death obligations of serving employees.

“Other personnel expenses” includes, inter alia, training expenses, education grants and indemnities and other short term benefits. This heading also records the cost of the capital-instrument-based remuneration plans, recorded with a balancing entry under 'Shareholders' equity — Other equity items' of the accompanying balance sheet, net of the corresponding tax effect.

Share-based remuneration plans are specified in the Annual Corporate Governance Report – Remuneration.

The average number of employees, by professional category and gender, is set out below:

Average number of employees *
(Number of employees)

	2024			2023			2022		
	Male	Female	*Of which: with a disability ≥ 33%*	Male	Female	*Of which: with a disability ≥ 33%*	Male	Female	*Of which: with a disability ≥ 33%*
Directors	3,196	2,220	*42*	3,270	2,205	*35*	3,544	2,300	*36*
Middle management	4,156	4,339	*70*	3,985	4,175	*67*	3,907	4,103	*63*
Advisers	12,513	18,999	*538*	12,215	18,859	*491*	12,284	19,128	*479*
TOTAL	**19,865**	**25,558**	***650***	**19,470**	**25,239**	***593***	**19,735**	**25,531**	***578***

(*) The distribution, by professional category and gender, at any given time is not significantly different from that of the average number of employees.

37. Other administrative expenses

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of other administration expenses

(Millions of euros)

	2024	2023	2022
IT and systems	(566)	(544)	(509)
Advertising and publicity *	(170)	(156)	(164)
Property and fixtures	(120)	(134)	(151)
Rent **	(15)	(17)	(26)
Communications	(78)	(73)	(69)
Outsourced administrative services	(61)	(110)	(92)
Tax contributions	(32)	(61)	(69)
Surveillance and security carriage services	(48)	(48)	(44)
Representation and travel expenses	(67)	(66)	(52)
Printing and office materials	(11)	(13)	(15)
Technical reports	(88)	(79)	(67)
Legal and judicial	(14)	(11)	(11)
Governing and control bodies	(8)	(7)	(7)
Other expenses	(276)	(212)	(238)
TOTAL	**(1,554)**	**(1,531)**	**(1,514)**

(*) Includes advertising in media, sponsorships, promotions and other commercial expenses.

(**) The short-term amount of rental expenses in which IFRS 16 has not been applied is immaterial.

Information on the average payment period to suppliers

The following tables provide a breakdown of the required information relating to payments made and pending at the balance sheet date in Spain:

Payments made and outstanding at the reporting date

(Millions of euros)/Number of invoices

	2024				2023				2022			
	Amount	Per-cent	Number of invoices	Per-cent	Amount	Per-cent	Number of invoices	Per-cent	Amount	Per-cent	Number of invoices	Per-cent
Total payments made	3,260		1,334,986		3,366		1,238,560		3,481		1,553,353	
Of which: paid within the legal period (1)	*3,038*	*93.2 %*	*1,284,057*	*96.2 %*	*2,906*	*86.3 %*	*1,186,609*	*95.8 %*	*3,124*	*89.7 %*	*1,507,261*	*97.0 %*
Total payments pending	64		19,242		37		6,977		53		19,455	
TOTAL PAYMENTS (2)	**3,324**		**1,354,228**		**3,403**		**1,245,537**		**3,534**		**1,572,808**	

(1) In accordance with the Second Transitional Provision of Act 15/2010 of 5 July, covering measures to combat non-performing assets in trading operations, by default, the maximum statutory period for payments between companies is 30 calendar days, which may be extended to 60 calendar days, provided that both parties agree.

(2) In 2024, the criterion for determining payments to suppliers was changed to exclude payments brokered on behalf of customers with suppliers of the Group company Facilitea Selectplace, SA. Accordingly, 2023 and 2022 balances have been restated to exclude these payments.

Average supplier payment period and ratios

(Day)

	2024	2023	2022
Average payment period to suppliers	12.6	16.0	16.9
Ratio of transactions paid	12.4	16.0	16.7
Ratio of transactions pending payment	18.6	16.7	28.3

External auditor/verifier fees

The "Technical reports" section relates to fees and expenses, excluding the related VAT, paid to the auditor/verifier, broken down as follows:

Breakdown of external auditor/verifier fees (1)

(Thousands of euros)

	2024	2023	2022
Auditor / verifier of the Group (PwC (2))			
Audit - Verification	**6,861**	**6,424**	**6,227**
Audit of Financial Statements	6,861	6,424	6,227
Verification of sustainability status (3)			
Review services other than audit/verification	**3,104**	**3,039**	**2,822**
Review services prescribed by statutory or supervisory regulation	1,490	1,843	1,875
Limited review	559	969	936
Customer asset protection reports	152	147	138
Review of TLTRO III forms / other Eurosystem eligibility reports			180
Review of forms of indicators to calculate the contribution to the SRF	41	37	31
Report on the financial status and capital adequacy of insurance companies	430	412	428
Report on agreed procedures involving impairment of BPI credit portfolio	142	131	113
Other reports on agreed procedures	166	147	49
Other review services	1,614	1,196	947
Comfort letters for issues	463	654	469
Non-Financial Reporting Review Report (NFRD) (3)	525	237	162
Report on the Internal Control System for Financial Information	26	25	24
Sustainability metrics assurance reports	430	118	63
Other assurance services	170	162	229
Other services	**25**	**342**	**241**
Other auditors - (Grant Thornton)			
Audit	**235**		
Audit of Financial Statements	235		
Review services other than audit/verification	**50**		
Review services prescribed by statutory or supervisory regulation	50		
Limited review	50		
Other services	**34**		
TOTAL	**10,309**	**9,805**	**9,290**

(1) The services contracted with our auditors comply with the Spanish Auditing Act's requirements of independence, and none of the tax consultancy work or other performed is incompatible with auditing duties.

(2) CaixaBank's separate and consolidated financial statements for 2022, 2023 and 2024 were audited by PricewaterhouseCoopers Auditores, S.L., with registered address at Paseo de la Castellana 259 B, Torre PWC, 28046 Madrid. The financial statements have been filed in the corresponding public registers of the CNMV. The GSM on 6 April 2017, approved the appointment of the external auditor for the years 2018 to 2020, following Regulation 537/2014. This appointment was extended to include 2024 and 2025 at the meetings on 31 March 2023, and 22 March 2024, respectively. PricewaterhouseCoopers Auditores, S.L. has served as CaixaBank's auditor for the financial years 2022, 2023, and 2024 (up to the preparation of these financial statements) without resigning or being removed from their position.

(3) At the end of the 2024 financial year, the EU Directive 2022/2464 on Corporate Sustainability Reporting (CSRD) has not been transposed into Spanish and Portuguese law. Accordingly, the fees corresponding to the "Statement of Non-Financial Information" review remain classified as "Review services other than audit/verification - Other review services", which are not excludable for the purposes of calculating the regulatory ratio.

Note: The regulatory ratio, calculated as the sum of "Review services other than audit/verification — Other review services" and "Other services" over the average audit fees for the last three financial years, amounts to 25%. Pursuant to current regulations, CaixaBank has only excluded from the numerator the review services prescribed by legal regulations for the auditor, under the terms of Regulation (EU) No. 537/2014 of the European Parliament and of the Council in article 4 (2).

38. Impairment on financial assets not measured at fair value through profit or loss

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss
(Millions of euros)

	2024		2023		2022	
	Banking and other business	Insurance business	Banking and other business	Insurance business	Banking and other business	Insurance business
Financial assets at amortised cost	**(1,056)**		**(1,224)**		**(883)**	
Loans and advances	(1,056)		(1,224)		(883)	
Net allowances (Note 15)	(863)		(992)		(574)	
Credit institutions	1		(2)		5	
Customers	(864)		(990)		(579)	
Of which POCIs	*56*		*(12)*		*(140)*	
Write-downs	(455)		(481)		(691)	
Recovery of loans written off (Note 28.3)	262		249		382	
Financial assets at fair value with changes in other comprehensive income (Note 14)	**1**	**2**	**(1)**	**(3)**	**1**	
TOTAL	**(1,055)**	**2**	**(1,225)**	**(3)**	**(882)**	

39. Impairment on non-financial assets

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of the impairment/(reversal) of impairment on non-financial assets
(Millions of euros)

	2024	2023	2022
Tangible assets (Note 19)	**(9)**	**(22)**	**(86)**
Property, plant and equipment for own use	(19)	(31)	(81)
Provisions	(1)		(3)
Releases	13	6	3
Write-downs	(31)	(37)	(81)
Investment property	10	9	(5)
Provisions	(199)	(62)	(108)
Releases	209	71	103
Intangible assets (Note 20)	**(36)**	**(48)**	**(14)**
Provisions	(7)	(10)	(5)
Write-downs	(29)	(38)	(9)
Other (Note 21)	**(10)**	**(5)**	**(2)**
Inventories		(5)	(3)
Provisions		(5)	(5)
Releases			2
Other	(10)		1
TOTAL	**(55)**	**(75)**	**(102)**

40. Gains/(losses) on derecognition of non-financial assets

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of gains/(losses) on derecognition of non-financial assets

(Millions of euros)

	2024			2023			2022		
	Gains	Losses	Net profit/ (loss)	Gains	Losses	Net profit/ (loss)	Gains	Losses	Net profit/ (loss)
On disposals of tangible assets	25	(9)	16	38	(30)	8	33	(14)	19
On disposals of investments				1	(1)			(1)	(1)
On disposals of other assets	2		2	5	(3)	2	24	(1)	23
TOTAL	**27**	**(9)**	**18**	**44**	**(34)**	**10**	**57**	**(16)**	**41**

41. Gains or losses on non-current assets held for sale

The breakdown of this item in the accompanying statement of profit or loss is as follows:

Breakdown of profit/(loss) from non-current assets classified as held for sale
(Millions of euros)

	2024	2023	2022
Impairment losses on non-current assets held for sale (Note 22)	(129)	(116)	(229)
Impairment losses on non-current investments held for sale (Note 22)		(2)	(1)
Profit on disposals of investments (Note 17)	67	1	4
Of which: Global Payments Caixa Acquisition Holdco	*66*		
Profit/(loss) on disposal of non-current assets held for sale	85	89	216
Of which: Profit on the sale of the Paseo Castellana 51 property (Note 22)			*101*
TOTAL	**23**	**(28)**	**(10)**

42. Information on the fair value

The Group's process for determining fair value ensures that the assets and liabilities are measured according to applicable criteria. In that regard, the measurement techniques used to estimate fair value comply with the following aspects:

- The most consistent and appropriate financial and economic methods are used, which have proven to provide the most realistic estimate of the price of the financial instrument and are commonly used by the market.
- They maximise the use of available information, both in terms of observable data and recent transactions of a similar nature, and limit —to the extent possible— the use of unobservable data and estimates.
- They are widely and sufficiently documented, including the reasons for their choice compared to other alternatives.
- The measurement methods chosen are respected over time, provided that there are no reasons to change the reasons for their choice.
- The validity of measurement models is regularly assessed using recent transactions and current market data.

Assets and liabilities are classified into one of the following levels using the following method to obtain their fair value:

- Level 1: assets and liabilities measured using the price that would be paid for them on an organised, transparent and deep market (“quoted price” or “market price”). In general, the following are included at this level:
  - Quoted debt securities. The following are mainly classified at this level:
    - Spanish and foreign public debt bonds, as well as other debt instruments issued by Spanish and foreign issuers.
    - Spanish and foreign public debt bonds under the insurance business.
    - Own securities issued by the Group, mainly vanilla bonds and mortgage bonds.
  - Quoted equity instruments. Investments in quoted shares and investments in collective investment institutions are mainly classified at this level.
  - Derivatives traded in organised markets.
- Level 2: assets and liabilities in which the relevant data used in measurement are directly or indirectly observable on the market, such as quoted prices for similar assets or liabilities in the active markets, interest rate curves or credit differentials. In general, the following are included at this level:
  - Debt securities of quoted debt with a low volume and level of market activity. Public debt bonds of Spanish autonomous communities, as well as other private debt instruments, are mainly classified at this level.
  - Over-the-counter hedging and trading derivatives. Interest-rate swaps, as well as financial swaps on goods and other risks, are mainly classified at this level.
  - Real estate assets corresponding to real estate investments, inventories, as well as assets arising from credit regularisations.
- Level 3: assets and liabilities for which the relevant data used for measurement are not observable market data, for the measurement of which alternative techniques are used, including price requests submitted to the issuer or the use of market parameters corresponding to instruments with a risk profile that can be equated to that of the instrument being measured. In general, the following are included at this level:
  - Debt securities.
  - Unquoted equity instruments.
  - Loans and receivables.
  - Deposits.

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42.1. Fair value of financial assets and liabilities measured at fair value

The fair value of the financial instruments measured at fair value recognised in the balance sheet, broken down by associated carrying amount and level is as follows:

Fair value of financial assets (FA) measured at fair value (FV) - Banking and other
(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FA held for trading (Note 11)	**5,688**	**5,688**	**844**	**4,844**		**6,993**	**6,993**	**680**	**6,309**	**4**	**7,382**	**7,382**	**452**	**6,926**	**4**
Derivatives	4,867	4,867	23	4,844		6,344	6,344	35	6,309		6,963	6,963	37	6,926	
Equity instruments	415	415	415			303	303	303			233	233	233		
Debt securities	406	406	406			346	346	342		4	186	186	182		4
FA not designated for trading compulsorily measured at FV through profit or loss (Note 12)	**88**	**88**	**29**	**6**	**53**	**124**	**124**	**50**	**6**	**68**	**183**	**183**	**44**	**4**	**135**
Equity instruments	88	88	29	6	53	124	124	50	6	68	127	127	44	4	79
Debt securities											6	6			6
Loans and advances											50	50			50
FA at FV with changes in OCI (Note 14)	**9,630**	**9,630**	**9,053**		**577**	**9,378**	**9,378**	**8,752**		**626**	**12,942**	**12,942**	**12,275**		**667**
Equity instruments	578	578	1		577	1,340	1,340	714		626	1,351	1,351	684		667
Debt securities	9,052	9,052	9,052			8,038	8,038	8,038			11,591	11,591	11,591		
Derivatives - Hedge accounting (Note 16)	**359**	**359**		**359**		**526**	**526**		**526**		**641**	**641**		**641**	

Fair value of financial assets (FA) measured at fair value (FV) - Insurance activity
(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FA not designated for trading compulsorily measured at FV through profit or loss (Note 12)	**17,160**	**17,160**	**16,944**	**216**		**13,261**	**13,261**	**13,229**	**32**		**11,168**	**11,168**	**11,168**		
Equity instruments	17,160	17,160	16,944	216		13,261	13,261	13,229	32		11,168	11,168	11,168		
FA designated at FV through profit or loss (Note 13)	**6,498**	**6,498**	**6,468**	**12**	**18**	**7,240**	**7,240**	**7,219**	**3**	**18**	**8,022**	**8,022**	**7,930**	**42**	**50**
Debt securities	6,498	6,498	6,468	12	18	7,240	7,240	7,219	3	18	7,985	7,985	7,930	5	50
Loans and advances											37	37	0	37	
FA at FV with changes in OCI (Note 14)	**59,137**	**59,137**	**59,024**	**98**	**15**	**57,212**	**57,212**	**56,338**	**860**	**14**	**51,590**	**51,590**	**50,707**	**841**	**42**
Equity instruments	1	1			1										
Debt securities	59,136	59,136	59,024	98	14	57,212	57,212	56,338	860	14	51,590	51,590	50,707	841	42
Derivatives - Hedge accounting (Note 16)	**172**	**172**		**172**		**680**	**680**		**680**		**821**	**821**		**821**	

Fair value of financial liabilities (FL) measured at fair value (FV) - Banking and other business

(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL held for trading (Note 11)	**3,631**	**3,631**	**230**	**3,401**		**2,253**	**2,253**	**92**	**2,161**		**4,030**	**4,030**	**95**	**3,935**	
Derivatives	3,420	3,420	19	3,401		2,189	2,189	28	2,161		3,971	3,971	36	3,935	
Short positions	211	211	211			64	64	64			59	59	59		
Derivatives - Hedge accounting (Note 16)	**1,381**	**1,381**		**1,381**		**1,278**	**1,278**		**1,278**		**1,371**	**1,371**		**1,371**	

Fair value of financial liabilities (FL) measured at fair value (FV) - Insurance business

(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL designated at FV through profit or loss (Note 23.2)	**3,600**	**3,600**	**3,600**			**3,283**	**3,283**	**3,283**			**3,409**	**3,409**	**3,409**		
Deposits	3,594	3,594	3,594			3,281	3,281	3,281			3,409	3,409	3,409		
Other financial liabilities	6	6	6			2	2	2							
Derivatives - Hedge accounting (Note 16)	**3,328**	**3,328**		**3,328**		**6,399**	**6,399**		**6,399**		**6,398**	**6,398**		**6,398**	

The main valuation techniques, assumptions and inputs used in fair value estimation for levels 2 and 3 by type of financial instruments are as follows:

Instrument type		Assessment techniques	Observable inputs	Non-observable inputs
Derivatives	*Swaps*	> Present value method	> Interest rate curves > Probability of default for the calculation of CVA and DVA	
Derivatives	Exchange rate options	> Black-Scholes model > Stochastic local volatility model > Vanna-Volga model	> Interest rate curves > Quoted option price > Probability of default for the calculation of CVA and DVA	
Derivatives	Interest rate options	> Present value method > Normal Black model	> Interest rate curves > Quoted option price > Probability of default for the calculation of CVA and DVA	
Derivatives	Index and equity options	> Black-Scholes model > Local volatility	> Quoted option prices > Correlations > Dividends. > Probability of default for the calculation of CVA and DVA.	
Derivatives	Inflation rate options	> Normal Black model	> Interest rate curves > Credit Default Swap curves > Probability of default for the calculation of CVA and DVA.	
Derivatives	Credit	> Present value method > Intensity of default	> Interest rate curves > Credit Default Swap curves > Probability of default for the calculation of CVA and DVA.	
Equity instruments		> DCF (Discounted cash flow) > ECF (Equity cash flow) > DDM (Dividend Discount Method) > Underlying carrying amount	> Macroeconomic inputs > Risk premia and market premia > Market peers	> Business planes > Perpetual growth (g) > Net equity
Debt securities		> Present value method	> Interest rate curves > Risk premia > Market peers > Observable market prices	> Risk premia
Loans and advances		> Present value method	> Interest rate curves > Early cancellation ratios	> Credit loss ratios (internal models)

(1) Present value method (net present value): this model uses the cash flows of each instrument, which are established in the different contracts, and deducts them to calculate the present value.

(2) Market peers (similar asset prices): market peer instrument prices, reference indices or benchmarks are employed to calculate the performance as of the entry price or its current valuation, making subsequent adjustments to take into account the differences between the measured asset and the one taken as reference. It can also be assumed that the price of an instrument is equivalent to another one.

(3) Black & Scholes model: this model applies a log-normal distribution of the securities prices in such a way that, under a neutral risk, the return expected is the risk-free interest rate. Under this assumption, the price of vanilla options can be calculated analytically, in such a way that the volatility of the price process can be obtained by inverting the BS formula for a premium quoted on the market.

(4) Normal Black model: when interest rates approach zero (or become negative), the Black & Scholes model is unable to model interest rate options. With the same assumptions as this model, but on the assumption that forward interest rates follow a normal distribution, we obtain the Normal Black Model, which is used to measure these interest rate options.

(5) Local stochastic volatility model: in this model volatility follows a stochastic process in time according to the degree of moneyness, reproducing the volatility smiles observed in the market. These models are appropriate for long-term exotic options using Monte Carlo simulation or the resolution of differential equations for valuation purposes.

(6) Vanna-Volga model: this model is based on building the local replica portfolio whose hedging costs of second derivatives, vanna (premium derivative with respect to the volatility and the underlying) and volga (premium's second derivative with respect to the volatility), are added to the corresponding Black-Scholes prices in order to reproduce the volatility smiles.

(7) Default intensity model: a model that extracts the instant probability of default from the market Credit Default Swaps quote of a given issuer/ contract. The survival function of the issuer with which credit swaps are measured is obtained using these default intensities.

(8) DCF (Discounted cash flow): This method analyses and estimates future flows for shareholders and creditors, and then updates them, discounting at a weighted average rate cost of capital (WACC).

(9) DDM (Dividend Discount Method): future dividend flows are estimated, and then updated, discounting at the cost of equity (ke). A method widely used in regulated entities with limitations, therefore, to the distribution of dividends since they must keep minimum own funds (e.g. Banking)

(10) ECF (Equity cash flow): This method analyses and estimates future flows for shareholders, and then updates them, discounting at the cost of equity (ke).

(11) Underlying carrying amount: Equity according to financial statements. A method used for holdings for which assets are considered to be measured at or near fair value.

The measurements obtained using internal models may differ if other techniques were applied or assumptions used regarding interest rates, credit risk spreads, market risk, exchange rate risk, or the related correlations and volatilities. Nevertheless, Group's directors consider that the models and techniques applied appropriately reflect the fair values of the financial assets and financial liabilities recognised in the balance sheet, and the gains and losses on these financial instruments.

The main measurement methods used by the Group to determine recurring fair value have not been changed during the year (the main measurement methods were not changed during the years 2023 and 2022).

Significant inputs used for financial instruments measured at fair value classified at Level 2

- Dividends: future equity dividends in index and stock options are derived from estimated future dividends and dividend futures quotes.
- Correlations: they are used as input in the measurement of share basket options and are extracted using the historical closing prices of the various components of each basket.
- Probability of default for the calculation of CVA and DVA: Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are added to the valuation of Over The Counter (OTC) derivatives due to the risk associated with the counterparty's and own credit risk exposure, respectively. In addition, Funding Valuation Adjustment (FVA) is a valuation adjustment of derivatives of customer transactions that are not perfectly collateralised that includes the funding costs related to the liquidity necessary to perform the transaction.

  The CVA is calculated bearing in mind the expected exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculating by estimating exposure at default (EAD), the probability of default (PD) and loss given default (LGD) for all derivatives on any underlying at the level of the legal entity with which the Group has exposure. Similarly, DVA is calculated by multiplying the expected negative exposure given the probabilities of default by the Group's LGD.

  The data necessary to calculate PD and LGD come from the credit market prices (Credit Default Swaps). Counterparty data are applied where available. Where the information is not available, the Group performs an exercise that considers, among other factors, the counterparty's sector and rating to assign the PD and the LGD, calibrated directly to market or with market adjustment factors for the probability of default and the historical expected loss. With FVA, the adjustment shares part of the CVA/DVA approaches, since it is also based on the future credit exposure of the derivatives, but in this case the exposures are not netted by counterparty, but rather at aggregate level in order to recognise the joint management of the liquidity. The data necessary to calculate funding cost are also based on prices taken from its issuance and credit derivatives markets.

  The change in the value of the CVA/FVA and DVA/FVA adjustments are recognised in “Gains/(losses) on financial assets and liabilities held for trading, net” in the statement of profit or loss.

  The table below shows the changes to these adjustments:

Changes in CVA/FVA AND DVA/FVA

(Millions of euros)

	2024		2023		2022	
	CVA/FVA	DVA/DFVA	CVA/FVA	DVA/DFVA	CVA/FVA	DVA/DFVA
OPENING BALANCE	**(53)**	**65**	**(44)**	**77**	**(113)**	**26**
Additions due to business combinations (Note 7)						
Additions/changes in derivatives		(12)	(9)	(12)	69	51
Cancellation or maturity of derivatives						
CLOSING BALANCE	**(53)**	**53**	**(53)**	**65**	**(44)**	**77**

Given the low net exposure of derivatives classified as Level 2 under the fair value hierarchy, the sensitivity to various market inputs is not significant to the Entity's overall financial position. See Note 3.4.3 Interest Rate Risk in the Banking Book and Note 3.4.5 Market Risk.

Significant inputs used for financial instruments measured at fair value classified at Level 3

Taking into account Group's risk profile, exposure to level 3 assets and liabilities is reduced, chiefly focusing on equity instruments with a fair value based on multiple measurement models. The inputs used for estimating fair value take into account observable variables (macroeconomic inputs, risk and market premiums and comparable market variables) and unobservable variables (business plans, growth rates (g) according to estimates of institutions with recognised experience and net book equity according to the annual accounts of the measured company).

Transfers between levels

Transfers between asset and liability levels are made primarily when there is:

- A significant increase or decrease in the liquidity of the asset in the market in which it is traded.
- A significant increase or decrease in market activity related to an observable input or
- A significant increase or decrease in the relevance of unobservable inputs, classified as Level 3 if an unobservable input is considered significant.

There were no material transfers among levels in 2024, 2023 and 2022.

Given Group's risk profile regarding its portfolio of debt securities measured at fair value (see Note 3.4.1), the change in fair value attributable to credit risk is not expected to be significant.

Changes and transfers of financial instruments in Level 3

There were no significant movements in Level 3 fair value financial instruments in 2024, 2023 and 2022.

42.2. Fair value of assets and liabilities measured at amortised cost

The methodology for estimating the fair value of financial instruments at amortised cost on a recurring basis is consistent with the provisions of Note 42.1. It is worth highlighting that the fair value presented for certain instruments may not correspond to their realisable value in a sales or settlement scenario, since it was not determined for that purpose; in particular:

- Loans and advances: Fair value is estimated using the present value method.
  - The first step is to conduct a projection of all principal and interest flows associated with the contractual terms of these products. This forecast is refined through an in-house early termination model, which is tuned using our historical data.
  - The fair value is calculated by discounting those flows to a risk-free rate curve.
  - Lastly, the resulting amount is adjusted for the estimated expected life-time losses due to the impairment of the credit quality of each of the counterparties.

  As a result, the fair value incorporates the effect of updating market interest rates and the credit risk associated with loans and advances.

  In loans benchmarked to a floating interest rate, the variation of the fair value based on the variation of the interest rates therefore depends on the variation of the contractual interest rates as they are adapted to the market conditions and on the evolution of the spread set in the contract. In fixed-interest loans, the fair value directly depends on the difference between the contractual interest rate and the market interest rate.
- Deposits: The fair value is obtained by using the present value method:
  - A projection is made of the expected cash flows laid down in the various contracts.
  - For current accounts and other demand deposits, the expected cash flows are estimated using an internal model calibrated based on available internal historical information. The factors estimated by this

modelling include the sensitivity of the remuneration of these products to market interest rates and the level of permanence of these balances on the balance sheet.

- These estimated flows are discounted using an interest rate curve constructed by adding a credit spread to the risk-free curve, which is derived from the generic probabilities of loss of credit ratings.

- Debt securities issued: For instruments classified in Level 3, the fair value is obtained using the present value method based on the expected cash flows established in the different issues and subsequently discounted using:
  - Market interest rate curves as of the appraisal date.
  - Own credit risk
- Other financial liabilities: The fair value has been assimilated to carrying amount, as these are mainly short-term balances. In the case of liabilities associated with right-of-use assets, the present value of future lease payments during the mandatory period of the contract is presented.

For further information on financial assets and liabilities valued at amortised cost, see Notes 15 and 23.

The main valuation techniques, assumptions and inputs used in fair value estimation for levels 2 and 3 by type of financial instruments are as follows:

Instrument type	Assessment techniques	Observable inputs	Non-observable inputs
Loans and advances	> Present value method	> Interest rate curves	> Early cancellation ratios (internal model) > Provisions for credit risk
Debt securities	> Present value method	> Interest rate curves > Risk premia > Market peers > Observable market prices	> Risk premia
Deposits	> Present value method	> Interest rate curves > Credit spread	> Estimated maturity of demand deposit accounts (internal model)
Debt securities issued	> Present value method	> Interest rate curves	> Own credit risk

The fair value of the financial instruments at amortised cost recognised in the balance sheet, broken down by associated carrying amount and level is as follows:

Fair value of financial assets (FA) measured at amortised cost - Banking activity and other

(Millions of euros)

	31-12-2024 *					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FA at amortised cost (Note 15)	**441,957**	**453,950**	**48,691**	**16,997**	**388,262**	**433,091**	**441,627**	**49,444**	**17,617**	**374,566**	**442,574**	**442,495**	**43,983**	**18,044**	**380,468**
Debt securities	75,654	72,502	48,691	16,997	6,814	77,336	73,196	49,444	17,617	6,135	77,733	70,998	43,983	18,044	8,971
Loans and advances	366,303	381,448			381,448	355,755	368,431			368,431	364,841	371,497			371,497

FA: Financial assets

(*) At 31 December 2024, the difference between book value and fair value is EUR 11,993 million (EUR 12,072 million adjusted for macro interest rate hedges).

Fair value of financial assets (FA) measured at amortised cost - Insurance activity

(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
FA at amortised cost (Note 15)	**4,833**	**4,794**	**4,267**	**81**	**446**	**4,090**	**3,991**	**3,449**	**2**	**540**	**3,594**	**3,433**	**2,762**	**281**	**390**
Debt securities	4,387	4,348	4,267	81		3,580	3,481	3,449	2	30	3,204	3,043	2,762	281	
Loans and advances	446	446			446	510	510			510	390	390			390

FA: Financial assets

Fair value of financial liabilities (FL) measured at amortised cost - Banking activity and other

(Millions of euros)

	31-12-2024 *					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL at amortised cost (Note 23)	**497,822**	**474,419**	**50,259**	**2,289**	**421,871**	**479,374**	**447,413**	**49,524**	**2,314**	**395,575**	**482,151**	**451,929**	**43,739**	**2,286**	**405,904**
Deposits **	434,664	411,229			411,229	416,172	385,671			385,671	421,870	395,511			395,511
Debt securities issued	56,563	56,595	50,259	2,289	4,047	56,755	55,295	49,524	2,314	3,457	52,608	48,745	43,739	2,286	2,720
Other financial liabilities	6,595	6,595			6,595	6,447	6,447			6,447	7,673	7,673			7,673

FL: Financial liabilities

(*) At 31 December 2024, the difference between carrying amount and fair value is EUR 23,403 million (EUR 22,093 million adjusted for macro interest rate hedges).

(**) Under IFRS 13.47, the fair value of demand liabilities such as current accounts must not be less than the amount payable to the customer, i.e. their amortised cost. However, taking into account the stability of the customer liability base under normal operating conditions, an estimate of the fair value is made, particularly on demand deposits, based on liquidity risk management criteria.

Fair value of financial liabilities (FL) at amortised cost - Insurance business
(Millions of euros)

	31-12-2024					31-12-2023					31-12-2022				
	Carrying amount	Fair value				Carrying amount	Fair value				Carrying amount	Fair values			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
FL at amortised cost (Note 23)	**998**	**998**			**998**	**1,076**	**1,134**			**1,134**	**896**	**896**			**896**
Deposits	752	752			752	738	742			742	574	574			574
Other financial liabilities	246	246			246	338	392			392	322	322			322

FL: Financial liabilities

At 31 December 2024, the methodology for determining the fair value of financial assets and liabilities at amortised cost in the banking sector was standardised across all companies in the Group. The alignment has been carried out based on the methodology that had been applied at CaixaBank.

This standardisation led to the restatement of the fair values for the years ending 31 December 2023, and 2022. As a result, the fair value of financial assets increased by EUR 3,048 million in 2023 and EUR 1,285 million in 2022, while the fair value of financial liabilities decreased by EUR 125 million in 2023 and EUR 2,323 million in 2022.

42.3. Fair value of property assets

In the particular case of real estate assets, their fair value is obtained by requesting the appraisal value from external appraisal agencies. These agencies maximise the use of observable market data and other factors that market participants would consider when pricing, limiting the use of subjective considerations and unobservable or contrasted data. Along these lines, its fair value, based on the fair value hierarchy, is classified as Level 2.

The Group has a corporate policy that guarantees the professional competence and independence and objectivity of external valuation agencies, under which these agencies must comply with neutrality and credibility requirements so that use of their estimates does not undermine the reliability of their valuations. This policy stipulates that all valuation agencies and appraisers used by the Group in Spain must be included in the Bank of Spain's Official Registry and that their valuations be performed in accordance with the methodology set out in Ministerial Order ECO/805/2003, of 27 March. Accordingly, the Group worked with the following appraisal companies in 2024: Tasaciones Inmobiliarias, SA, , Gloval Valuation, S.A.U., Gesvalt, SA, UVE Valoraciones, S.A., CBRE Valuation Advisory, S.A. and Sociedad de Tasación, SA, among others.

The Group has established the following criteria to obtain the appraisal values of real estate assets.

- Statistical appraisals are used for properties that have a fair value of EUR 300 thousand or less and whose characteristics are susceptible to repeated production.
- For foreclosed real estate with a fair value of more than EUR 300 thousand, appraisals have been requested in accordance with the criteria established by Order ECO/805/2003:
    - Appraisals under 2 years old are used for real estate investments, using the rental update method.
    - Appraisals under one year old are used for stock, using the cost method application.
    - Appraisals under one year old are used for properties from credit regularisations, using the comparison method application.

For the specific case of properties from credit regularisations (foreclosed assets) classified as non-current assets for sale, the Group has developed an internal methodology that determines the discount to be applied: to the appraisal value (obtained from companies and appraisal agencies), based on recent experience in sales of Group's assets over the past 3 years. This methodology is chiefly based on the following drivers:

- Type of property: The model categorises the type of property, differentiating between residential, commercial, land and ongoing.
- Location. The model categorises property by zones, according to the commercial interest of their geographical location.
- The time that the property has been on the market. The model categorises property based on the time from the date of ownership of the property to the date of sale.

According to the drivers described above, for each sale made the Group calculates the ratio between the difference between the amount of the last current updated appraisal and the sale price, in the numerator, and the amount of the last current updated appraisal, in the denominator. Thus, it determines the adjustment to be made to the measurement value in order to obtain fair value. The updating of the data used to calculate the adjustment based on appraisal values is conducted on a two-year basis.

In order to determine sale costs, the Group calculates the ratio between the assumed marketing costs and the total volume of sales of realised assets.

Furthermore, the Group has established a backtesting analysis between the adjustment calculated by the model and the price for which the properties were finally sold. This exercise is conducted on a biannual basis.

The measurement methods used by the Group to determine non-recurring fair value have not been changed during the year (measurement methods were not changed during the years 2023 and 2022).

The fair value of real estate assets by asset type along with their associated carrying amount is set out below:

Fair value of real estate assets by type of property

(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Carrying amount	Fair values	Carrying amount	Fair values	Carrying amount	Fair values
Tangible assets - Investment property	**1,263**	**1,696**	**1,423**	**1,959**	**1,556**	**2,217**
Homes, land and other	944	1,539	1,042	1,529	1,211	1,836
Industrial buildings	7	11	13	20	26	39
Offices and commercial premises	312	146	368	410	319	342
Other assets - Inventories	**12**	**15**	**32**	**43**	**39**	**44**
Homes, land and other	12	15	32	43	39	44
Industrial buildings						
Non-current assets for sale classified as held for sale *	**1,511**	**2,035**	**1,666**	**2,275**	**1,998**	**2,545**
Homes, land and other	1,339	1,825	1,448	1,994	1,719	2,210
Industrial buildings	54	67	68	90	100	123
Offices and commercial premises	118	143	150	191	179	212
TOTAL	**2,786**	**3,746**	**3,121**	**4,277**	**3,593**	**4,806**

(*) This includes only assets arising from credit adjustments.

43. Related-party transactions

Pursuant to the provisions of the rules of procedure of the Board of Directors, the Board of Directors, after the report of the Audit and Control Committee, will approve the operations conducted by the Entity or its subsidiaries with directors, with shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the Entity, or with any other related party as outlined in IAS 24 “Information to be disclosed on related parties", unless by law the competence of the Annual General Meeting is applicable.

For the purpose of this approval, the following will not be deemed related-party transactions: i) transactions conducted between the Entity and its wholly-owned subsidiaries, directly or indirectly; ii) transactions between the Entity and its subsidiaries or investee companies provided that no other party related to the Entity has an interest in such subsidiaries or investee companies; iii) execution by the Company and any executive director or member of senior management, of the contract regulating the terms and conditions of the executive functions they are to perform, including determining the specific amounts or remuneration to be paid under that contract, to be approved in accordance with the provisions of this Regulation; iv) transactions carried out based on measures to safeguard the stability of the Entity, taken by the competent authority responsible for its prudential supervision.

The Regulation establishes that the Board of Directors will be able to delegate the approval of: i) transactions between Group companies that are made in the field of the normal process and under market conditions; ii) transactions arranged under contracts whose standard terms and conditions are applicable to a large number of customers, that are signed at generally set rates or prices by whomever acting as the goods or service provider in question, and where the amount of the transaction does not exceed 0.5% of the annual net income of the Entity.

The granting by the Entity of credits, loans and other forms of financing and guarantees to Directors, or to persons associated with them, will be pursuant to —besides the provisions of this article— the regulations governing the organisation and discipline of credit institutions and the supervisory guidelines in this field.

Loan and deposit transactions or financial services arranged by CaixaBank with 'key management personnel', in addition to related-party transactions, were approved under normal market conditions. Moreover, none of those transactions involved a significant amount of money. Likewise, there was no evidence of impairment to the value of the financial assets or to the guarantees or contingent commitments held with 'key management personnel'.

The Spanish state constitutes a related party pursuant to the regulations in force through its indirect participation in excess of 10% of CaixaBank's shares through the FROB and BFA. In that regard, according to the exemption in paragraph 25 of IAS 24, the balances with Spanish Public Administration as a related party are not presented, although significant balances and transactions with them have been conveniently disclosed in the various notes in the report.

There are no related-party transactions, as defined in Article 529s of the CCA that have exceeded, either individually or aggregated, the established disclosure thresholds. However, in order to prepare the financial statements, the most significant transactions that have taken place during the year have been disclosed in detail.

The most significant balances between the Group and its related parties are set out below, complementing the other balances in the notes to this report.

Related-party balances and operations

(Millions of euros)

	Significant shareholder (1) (2)			Associates and joint ventures			Directors and senior management (3)			Other related parties (4)			Employee pension plan		
	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022	31-12-2024	31-12-2023	31-12-2022
ASSETS															
Loans and advances	14	15	17	567	976	878	7	8	10	19	22	25			
Mortgage loans	*13*	*14*	*16*				*7*	*8*	*10*	*11*	*10*	*11*			
Others	*1*	*1*	*1*	*567*	*976*	*878*				*8*	*12*	*14*			
Of which: valuation adjustments				*(1)*	*(2)*	*(2)*				*(2)*	*(1)*				
Equity instruments				1	1	1									
Debt securities	16,065	16,755	17,503									5			
TOTAL	**16,079**	**16,770**	**17,520**	**568**	**977**	**879**	**7**	**8**	**10**	**19**	**22**	**30**			
LIABILITIES															
Customer deposits	490	387	486	1,087	693	825	19	18	20	21	19	15	51	199	533
TOTAL	**490**	**387**	**486**	**1,087**	**693**	**825**	**19**	**18**	**20**	**21**	**19**	**15**	**51**	**199**	**533**
PROFIT OR LOSS															
Interest income				38	36	20									
Interest expense	(11)	(3)	(3)	(18)	(8)		(1)								
Fee and commission income		1	1	360	375	323									
Fee and commission expenses					(2)	(2)									
TOTAL	**(11)**	**(2)**	**1**	**380**	**401**	**341**	**(1)**								
OTHER															
Contingent liabilities	58	32	16	16	17	43				1	1				
Contingent commitments	1	1		337	99	555	1	1	1	3	2	4			
Assets under management (AUMs) and assets under custody (5)	34,504	28,287	27,169	1,277	1,142	1,632	44	31	30	29	24	20	3,259	3,351	3,218
TOTAL	**34,563**	**28,320**	**27,185**	**1,630**	**1,258**	**2,230**	**45**	**32**	**31**	**33**	**27**	**24**	**3,259**	**3,351**	**3,218**

(1) They refer to balances and transactions carried out with the "Fundación la Caixa" Banking Foundation, CriteriaCaixa, BFA Tenedora de Acciones, SAU, the FROB and its dependent companies. At 31 December 2024, the stake of CriteriaCaixa in CaixaBank is 31.22% (31.92% and 30.01% at 31 December 2023 and 2022, respectively), and at 31 December 2024, the stake of BFA Tenedora de Acciones, SAU in CaixaBank is 18.03% (17.32% and 16.12% at 31 December 2023 and 2022, respectively). The shareholdings at 31 December 2022 are shown not considering the effects of the capital reduction (see Note 25).

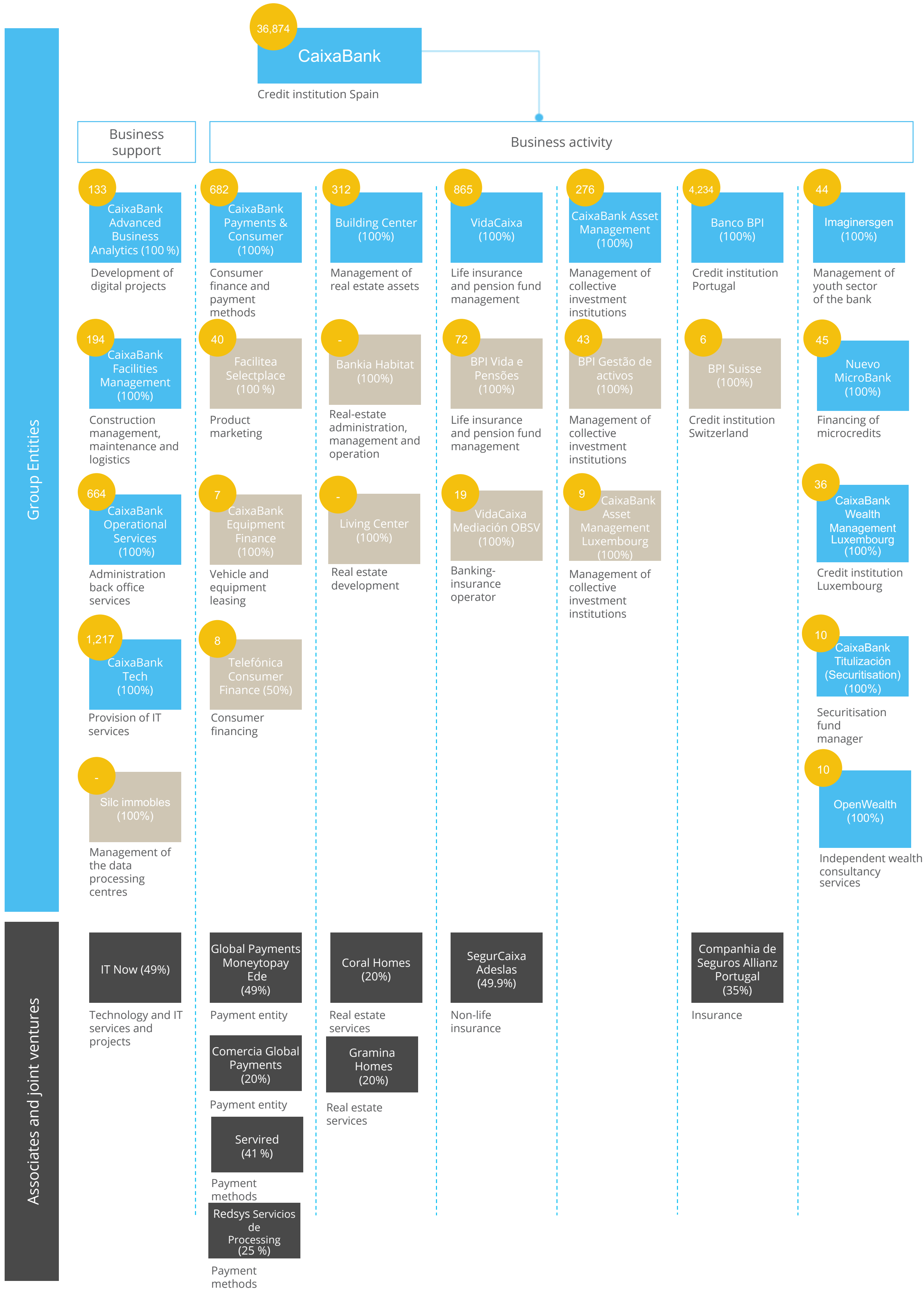
(2) As regards the cost of lawsuits relating to preferential shares and subordinate obligations of the former Bankia, pursuant to the agreement with BFA to distribute costs in this field, Bankia already assumed a maximum loss of EUR 246 million resulting from the costs related to the execution of the sentences in which it was convicted in the various proceedings against Bankia (now CaixaBank) due to the aforementioned issues. The potential contingency arising from current and future claims including interest and costs would be, where applicable, paid by BFA under the said agreement. In any case, litigation in this area is currently residual. In 2024, a total of 6 claims were received from individual investors with a negligible economic risk.

(3) Directors and Senior Management of CaixaBank.

(4) Family members and entities related to members of the Board of Directors and Senior Management of CaixaBank.

(5) Includes collective investment institutions, insurance contracts, pension funds and securities depositary.

The table below shows the main subsidiaries, joint ventures and associates, and their type of link.



● Number of employees. ■ Subsidiaries in which CaixaBank has a direct shareholding. ■ Subsidiaries in which CaixaBank has an indirect shareholding.

Note: This includes the most relevant entities in terms of their contribution to the Group, excluding operations of a shareholding nature (dividends) and extraordinary operations.

Linked companies		Nature of the link
CaixaBank	FBLC + CriteriaCaixa	> CaixaBank provides the FBLC Group (including CriteriaCaixa) certain services, under the Internal Protocol of Relationships subscribed by the parties.
CaixaBank	FBLC + CriteriaCaixa Business activity Business support	> CaixaBank, S.A. is the parent company of the tax group for the purpose corporation tax with regard to the majority of the consolidated group's subsidiaries with a tax address in Spain. The tax group includes CriteriaCaixa and the "la Caixa" Banking Foundation, in accordance with the current legislation.
CaixaBank	Business activity Business support	> CaixaBank fully or partially brokers the financial operations of the companies under its consolidated group and finances their activities. Similarly, CaixaBank holds BPI prudential issuances in its portfolio, within the framework of the management of the Group's joint liquidity. Additionally, VidaCaixa procures financial interest rate swaps with CaixaBank to adapt the flows of investments to insurance contract commitment derivatives. CaixaBank subsequently closes this risk with market.
CaixaBank	Business activity	> CaixaBank receives fees for the services of its subsidiaries and associates marketed via its network in Spain.
Banco BPI	BPI Vida e Pensões BPI Gestão de Activos Companhia de Seguros Allianz Portugal	> BPI receives fees for marketing the services marketed via its network in Portugal. Similarly it fully or partially brokers the financial operations of these companies and finances their activities.
IT Now – CaixaBank Tech	FBLC + CriteriaCaixa Business activity	> IT Now (*joint venture* between the Group and Kyndryl) provides to CaixaBank Tech technology and IT development services. In turn, CaixaBank Tech provides IT services to the FBLC Group (including CriteriaCaixa) and to the rest of CaixaBank Group's subsidiaries.
CaixaBank Advanced Business Analytics	CaixaBank	> CaixaBank Advanced Business Analytics provides digital project development services.
CaixaBank Operational Services CaixaBank Facilities Management	FBLC + CriteriaCaixa CaixaBank Business activity Business support	> CaixaBank Operational Services and CaixaBank Facilities Management provide the companies of the identified staff administrative back-office services and works management, maintenance and logistics services, respectively.
VidaCaixa	CaixaBank	> CaixaBank has outsourced certain employee commitments to VidaCaixa.
Silc immobles	CaixaBank	> Silc immobles maintains the real estate and carries out maintenance on the data processing centres, which are leased to CaixaBank.
Building Center Living Center Coral Homes Gramina Homes	CaixaBank Business activity Business support	> BuildingCenter is the owner of real estate that is leased to subsidiaries of the Group and it receives rental income through said real estate. Similarly, BuildingCenter provides management services on certain CaixaBank assets for which it receives a fee. Living Center is the owner of the properties from foreclosures from the businesses combination with Bankia.

Transactions between Group companies form part of the normal course of business and are carried out at arm's length.

The most significant transactions carried out in 2024, 2023 and 2022 between group companies, in addition, or complementary to those mentioned in the above notes in this report, are as follows:

2024

No significant operations were carried out in.

2023

- In 2023, the Group selected Solvía Intrum, Azzam and Haya Real Estate for property sales and maintenance and property rental management for a period of 3, 2 and 3 years, respectively (extendable between 12 and 18 months, depending on the case). This award, effective between February and April 2024, terminated the current servicing contracts held, inter alia, with Servihabitat Servicios Inmobiliarios, SLU (a subsidiary of Coral Homes HoldCo, SLU, an associate of the Group).

2022

- In March 2022, CaixaBank sold its stake in Bankia Vida to VidaCaixa SAU de Seguros y Reaseguros. The transaction did not have an impact on equity for the Group.
- In April 2022, the stakes in Redsys (4.2%), Servired (19.2%), Bizum (1.1%), Sistema de tarjetas y medios de pago (2.5%), Euro 6000 (10.3%) and Visa (15,141 class C shares) owned by CaixaBank, from the business combination with Bankia in 2021, were transferred to CaixaBank Payments & Consumer through a contribution from shareholders, with an approximate valuation of EUR 30 million. This transaction had no equity impact for .
- In November 2022, CaixaBank transferred its stake in Sa Nostra Vida to VidaCaixa SAU de Seguros y Reaseguros. The transaction did not have an impact on equity for the Group (see Note 7).

The most relevant operations of 2024, 2023 and 2022 with the significant shareholder, in addition to those mentioned in the previous notes of this report, are as follows:

- In November 2022, CaixaBank sold the property it owns (see Note 22) at Paseo de la Castellana 51 in Madrid to Inmo Criteria Patrimonio, S.L.U. (a wholly-owned subsidiary of Criteria Caixa, S.A.U.), which submitted the best offer.

Description of the relations with CriteriaCaixa and the 'la Caixa' Banking Foundation

The 'la Caixa' Banking Foundation (FBLC), CriteriaCaixa and CaixaBank have an Internal Protocol on Relations available on the CaixaBank website, last updated in 2021, which governs the mechanisms and criteria of relations between CaixaBank and FBLC and CriteriaCaixa, particularly in the following areas: i) management of related-party transactions, establishing mechanisms to avoid conflicts of interest; and ii) regulation of the information flows needed to fulfil reporting obligations in terms of trading and supervision.

The latest amendment to the Internal Protocol on Relations was made to adapt it to the entry into force of Act 5/2021, of 12 April, which amends the revised text of the Spanish Capital Companies Law, among other matters, with respect to the regime governing related-party transactions carried out by listed companies. This affects transactions between CaixaBank and CaixaBank Group companies, on the one hand, and the "la Caixa" Banking Foundation and "la Caixa" Banking Foundation Group companies, such as Criteria, on the other.

CaixaBank (as licensee) has a license agreement in effect with FBLC (as licensor) governing the use of certain trade names and the assignment of Internet domain names. The trade names licensed out under that agreement include the “la Caixa” brand and the star logo. The trade name license was granted in 2014 with an indefinite nature. However, it may be terminated by withdrawal or complaint by the licensor after 15 years have passed from signing, or in the event the stake held by FBLC in CaixaBank is less than 30 per cent of the share capital and voting rights of CaixaBank, or in the event there is a shareholder with a bigger stake in CaixaBank. The Company pays FBLC a fee for this licence that can be reviewed annually.

FBLC assigned to CaixaBank and CaixaBank Group companies, free of charge, the trade marks corresponding to their corporate names and the trade marks related to banking, financial, investment and insurance products and services, except for those that contain the “Miró Star” (Estrella de Miró) graphic design or the ”la Caixa” denominative sign, which are covered by the licence. It also assigned the domain names used relating to the same company names.

Beyond the provisions of the above paragraphs, Group's activities are not dependent on or significantly influenced by patents or licences, industrial contracts, new manufacturing processes or special commercial or financial contracts.

44. Other disclosure requirements

44.1. The environment

CaixaBank carries out periodic double materiality assessments to identify relevant issues for reporting purposes in terms of risks and opportunities for the Group and their impact on stakeholders. Accordingly, the environment and, in particular, the management of climate risks, opportunities and impacts is a material issue for the Group and is discussed in greater detail in the following sections:

- See Note 2.2 to the consolidated annual financial statements for the accounting treatment applicable to certain financial instruments indexed to ESG criteria.
- See Note 3 of the consolidated annual financial statements and section "06. Sustainability information - E - Environment - E1 - Climate change - Climate change risk management" of the consolidated management report for the risks associated with climate change to the Group's financial position.
- See Note 20 to the consolidated annual financial statements regarding the impact on the Group's financial projections of its commitments regarding decarbonisation, including the potential exposure to impairment of potentially obsolescent non-financial assets in climate transition scenarios.
- As regards the fixed assets detailed in Note 19, at year-end 2024, no significant amounts in the Group's fixed assets had been affected by any environmental aspect.
- As indicated in Note 24.3, in 2024, the Group was not subject to any significant fines or sanctions related to environmental compliance.
- See section "06. Sustainability information - ES - Sustainable Finance" of the consolidated management report for environmental financing and investment solutions and adaptation to climate change and energy transition in our value chain.
- See section "06. Sustainability information - E - Environment - E1 - Climate change - Risk management and monitoring" of the consolidated management report for environmental management and the carbon footprint of Group's activities, including the mitigation strategy involving renewable energy guarantees of origin.

44.2. Customer service

CaixaBank has a Customer Service Office charged with handling and resolving customer complaints and claims. This office has no connections with commercial services and performs its duties with independent judgment and according to the protection rules for financial services customers.

The number of claims and reports or resolutions issued by Customer Services and the Supervisors' Claims Services was as follows:

Claims and reports issued by customer services supervisors' claim services

(Number of reports)

	CSO			Bank of Spain			CNMV			DGS (Directorate General of Insurance)		
Procedure type	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Complaints received												
Preliminary claims	372,903	128,925	30,415	147	196	226						
Others	174,850	209,839	170,467	2,357	4,010	6,025	154	231	265	467	521	229
Reports issued												
Preliminary claims	390,757	110,469	50,405	201	223	184						
Others	175,752	204,599	203,474	2,780	4,594	3,108	186	237	219	334	136	131
Reports issued												
Resolved in favour of the claimant	332,800	182,924	145,409	624	819	954	66	68	64	237	81	57
Resolved in favour of the entity	233,709	132,144	108,470	1,097	1,458	831	76	92	64	72	51	56
Waivers and withdrawals				1,260	2,540	1,507	44	77	91	25	4	18
Inadmissions	118,688	48,494	57,220	204	176	2,407	2	2	1	113	43	29

The average resolution time in 2024 is 14 calendar days, whereas in 2023 and 2022,it was 7 and 11 calendar days, respectively.

For more information on the Customer Care Service (CCS), please see the "06 Sustainability information - S - Social - S4 - Customers - Customer Care" section of the consolidated management report.

44.3. Branches

The branches of the Group are specified below:

Branches of the Group
(No. of branches)

	2024	2023	2022
Spain	3,825	3,876	4,081
Portugal	303	315	323
Abroad	9	8	8
TOTAL	**4,137**	**4,199**	**4,081**

45. Statements of cash flows

The main cash flow variations corresponding to the financial year are set out below by type:

- Operating activities (EUR 16,846 million): based on the year's results, the change is mainly due to an increase in customer deposits (classified under financial assets measured at amortised cost).
- Investment activities (EUR 152 million): flows arising from additions and disposals of tangible and intangible assets, as well as sales of non-current assets held for sale.
- Financing activities (EUR 4,752 million): mainly from flows arising from debt issuances and maturities and share repurchase programmes, as well as interim and final dividends paid during the period.

Appendix 1 - CaixaBank investments in subsidiaries

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding Direct	% shareholding Total	Share capital	Reserves	Results	Cost of direct holding (net)
Aris Rosen, S.A.U.	Services	Barcelona-Spain	100.00	100.00	60	316	(61)	-
Arquitrabe Activos, S.L.	Holding of shares	Barcelona-Spain	100.00	100.00	98,431	8,163	2,428	106,623
BPI (Suisse), S.A. (1)	Financial services	Switzerland	-	100.00	3,000	8,097	246	-
BPI Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Management of collective investment institutions	Portugal	-	100.00	2,500	15,092	6,426	-
BPI Vida e Pensões - Companhia de Seguros, SA	Life insurance and pension fund management	Portugal	-	100.00	76,000	103,955	26,022	-
Banco BPI, S.A.	Banking	Portugal	100.00	100.00	1,293,063	2,579,262	588,242	2,060,366
Bankia Habitat, S.L.U.	Holding of shares	Madrid-Spain	-	100.00	755,560	(45,521)	(800)	-
BuildingCenter, S.A.U.	Holder of property assets	Madrid-Spain	100.00	100.00	100,003	1,126,118	(275,236)	1,353,994
Caixa Capital Biomed S.C.R. S.A.	Venture capital company	Barcelona-Spain	90.91	90.91	1,200	742	170	1,772
Caixa Capital Fondos Sociedad De Capital Riesgo S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	7,187	197	6,878
Caixa Capital Micro SCR S.A.	Venture capital company	Madrid-Spain	100.00	100.00	1,200	240	275	1,254
Caixa Capital Tic S.C.R. S.A.	Venture capital company	Barcelona-Spain	80.65	80.65	1,209	3,322	(1,325)	6,588
Caixa Emprendedor XXI, S.A.U.	Promotion of business and entrepreneurial initiatives	Barcelona-Spain	100.00	100.00	1,007	18,165	(494)	17,954
CaixaBank Advanced Business Analytics, S.A.U.	Development of digital projects	Barcelona-Spain	100.00	100.00	100	1,199	460	1,200
CaixaBank Asset Management, SGIIC, S.A.U.	Management of collective investment institutions	Madrid-Spain	100.00	100.00	86,310	52,474	172,240	119,475
CaixaBank Brasil Escritório de Representaçao Ltda. (2)	Representation office	Brazil	100.00	100.00	1,200	3,840	424	345
CaixaBank Equipment Finance, S.A.U.	Vehicle and equipment leasing	Madrid-Spain	-	100.00	10,518	56,771	16,459	-
CaixaBank Facilities Management, S.A.	Project management, maintenance, logistics and procurement	Barcelona-Spain	100.00	100.00	1,803	1,871	812	2,053
CaixaBank Notas Minoristas, S.A.U.	Finance	Madrid-Spain	100.00	100.00	60	4,093	(61)	4,113
CaixaBank Titulizacion S.G.F.T., S.A.U.	Securitisation fund management	Madrid-Spain	100.00	100.00	1,503	1,807	2,080	6,423
CaixaBank Wealth Management Luxembourg, S.A.	Banking	Luxembourg	100.00	100.00	12,701	35,930	9,119	65,725
Caixabank Asset Management Luxembourg, S.A.	Management of collective investment institutions	Luxembourg	-	100.00	150	3,748	644	-
Caixabank Operational Services, S.A.	Specialised services for back office administration	Barcelona-Spain	100.00	100.00	1,803	19,520	411	9,579
Caixabank Payments & Consumer, E.F.C., E.P., S.A.	Consumer finance	Madrid-Spain	100.00	100.00	135,156	1,695,031	289,826	1,602,028
Caixabank Tech, S.L.	Provision of IT services	Barcelona-Spain	100.00	100.00	15,003	101,501	3,698	166,362
Centro de Servicios Operativos e Ingeniería de Procesos, S.L.U.	Specialised services for back office administration	Madrid-Spain	100.00	100.00	500	14,825	(25)	17,306
Coia Financiera Naval, S.L.	Provision of financial services and intermediation in the shipbuilding sector	Madrid-Spain	76.00	76.00	3	31	(13)	2
Facilitea Selectplace, S.A.U.	Product marketing	Barcelona-Spain	-	100.00	60	23,333	32,775	-
Grupo Aluminios de Precisión, S.L.U. (*)	Smelting	Burgos-Spain	100.00	100.00	7,500	23,061	1,346	3,360
HipoteCaixa 2, S.L.	Mortgage loan management company	Barcelona-Spain	100.00	100.00	3	30,289	770	30,810
Hiscan Patrimonio, S.A.	Holding of shares	Barcelona-Spain	100.00	100.00	46,867	302,882	12,925	349,474

Appendix 1 - CaixaBank investments in subsidiaries

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding Direct	% shareholding Total	Share capital	Reserves	Results	Cost of direct holding (net)
Imaginersgen, S.A.	Digital business	Barcelona-Spain	99.99	100.00	60	4,867	8,335	1,858
Inter Caixa, S.A.	Services	Barcelona-Spain	99.99	100.00	60	4	(6)	-
Inversiones Inmobiliarias Teguise Resort, S.L. (*)	Hotels and similars	Las Palmas-Spain	60.00	60.00	7,898	12,234	3,473	8,618
Livingcenter Activos Inmobiliarios, S.A.U.	Real estate development	Barcelona-Spain	-	100.00	137,331	1,294,411	(41,057)	-
Líderes de Empresa Siglo XXI, S.L.	Private security of goods and people	Barcelona-Spain	100.00	100.00	378	1,439	23	754
Nuevo Micro Bank, S.A.U.	Financing of microloans and other loans with a social impact	Madrid-Spain	100.00	100.00	90,186	311,773	21,900	90,186
OpenWealth, S.A.	Other financial services, with the exception of n.c.o.p insurance and pension plans.	Barcelona-Spain	100.00	100.00	120	305	140	425
PremiaT Comunidad Online, S.L.	Marketing of cashless platform	Barcelona-Spain	-	100.00	100	2,059	(158)	-
Puerto Triana, S.A.U.	Real state of shopping centers	Seville-Spain	100.00	100.00	124,290	(4,207)	4,647	117,869
Silc Immobles, S.A.	Real-estate administration, management and operation	Madrid-Spain	-	100.00	40,070	89,368	471	-
Telefónica Consumer Finance E.F.C., S.A.	Consumer finance	Madrid-Spain	-	50.00	5,000	20,781	1,632	-
Telefónica Renting, S.A.	Equipment leasing	Madrid-Spain	-	50.00	800	9,338	8,126	-
Tenedora Fintech Venture, S.A.U.	Holding of shares	Madrid-Spain	100.00	100.00	60	1,604	4	369
Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, E.F.C., S.A.U.	Mortgage loans	Madrid-Spain	100.00	100.00	18,986	117,104	8,370	135,268
Valenciana de Inversiones Mobiliarias, S.L.U.	Holding of shares	Valencia-Spain	100.00	100.00	4,330	109,323	5	113,370
VidaCaixa Mediación, Sociedad de Agencia de Seguros Vinculada, S.A.U.	Insurance agency	Madrid-Spain	-	100.00	269	72,473	3,091	-
VidaCaixa, S.A. de Seguros y Reaseguros Sociedad Unipersonal	Insurance and reinsurance	Madrid-Spain	100.00	100.00	1,347,462	101,657	1,115,288	2,534,688

(*) Consolidated companies whose assets have been classified under the heading Non-current assets and disposal groups classified as held for sale.

(1) All data except cost are in local currency: Swiss franc (thousands)

(2) All data except cost are in local currency: Brazilian real (thousands).

Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Note: Besides the companies set out in the details of the Appendix, the Group holds a 100% share of the share capital of the following companies that are inactive and/or have no business activity: Cestainmob, S.L.U.; GDS Grupo de Servicios I, S.A.; Tot Caixa, S.A.; Web Gestión 1, S.A.; Web Gestión 2, S.A.; Web Gestión 3, S.A.; Web Gestión 4, S.A.; Cartera de Participaciones SVN, S.L.; Web Gestión 7, S.A.; Gestión Global de Participaciones, S.L.U.; Inmogestión y Patrimonios, S.A.; Valoración y Control, S.L.; Caixa Corp, S.A.; Estugest, S.A.; Gestión y Representación Global, S.L.U.; Inversiones Corporativas Digitales, S.L.; Participaciones y Cartera de Inversión, S.L.; Negocio de Finanzas e Inversiones II, S.L. and Sercapgu, S.L. Similarly, the following companies of which the Group wholly owns the share capital, are currently in liquidation: Inmobiliaria Piedras Bolas, S.A. de C.V.; Playa Paraíso Maya, S.A. de C.V.; Inmacor Desarrollos, S.A. de C.V.; Proyectos y Desarrollos Hispanomexicanos, S.A. de C.V.; Grand Coral Property and Facility Management, S.A., de CV; Tubespa, S.A. and Costa Eboris, S.L.U.. The company also holds subsidiaries including the investee companies Habitat Dos Mil Dieciocho, S.L.; Puertas de Lorca Desarrollos Empresariales, S.L.U., in liquidation; Arrendadora de Equipamientos Ferroviarios, S.A. and Abside Capital SICAV, S.A., which are currently in liquidation.

Appendix 2 – CaixaBank stakes in agreements and joint ventures of the Group

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding		Assets	Liabilities	Ordinary income	Share capital	Reserves	Results	Total comprehensive income	Cost of direct holding (net)	Dividends accrued on total ownership interest
			Direct	Total									
Arrendadora Ferroviaria, S.A.	Lessor of trains	Barcelona-Spain	54.15	54.15	133,727	134,280	10,223	60	(566)	(47)	47	-	-
FrauDfense, S.L.	IT Services	Madrid-Spain	-	33.33	3,275	302	-	3	4,806	(1,837)	(1,837)	-	-

Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Note: The company also has joint control over the subsidiaries Royactura, S.L. (in liquidation) and Inversiones Alaris, S.L. (in liquidation), which are currently under liquidation.

Appendix 3 - CaixaBank investments in associates of the Group

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding		Assets	Liabilities	Ordinary income	Share capital	Reserves	Results	Total comprehensive income	Cost of direct holding (net)	Dividends accrued on total ownership interest
			Direct	Total									
Ape Software Components S.L.	Computer programming activities	Barcelona-Spain	-	25.22	3,029	2,821	2,113	12	72	124	124	-	-
Banco Comercial de Investimento, S.A.R.L. (1)	Banking	Mozambique	-	35.67	232,828,332	199,251,546	31,161,494	10,000,000	15,811,436	7,765,350	7,765,350	-	-
Bizum, S.L.	Payment entity	Madrid-Spain	-	24.00	23,581	11,837	57,735	2,346	7,029	2,370	2,370	-	-
Brilliance-Bea Auto Finance Co., L.T.D. (2)	Automotive sector financing	China	-	22.50	2,903,873	1,205,622	114,731	1,600,000	128,726	(30,476)	(30,476)	-	-
Comercia Global Payments, Entidad de Pago, S.L.	Payment entity	Madrid-Spain	-	20.00	855,757	306,033	684,542	4,857	400,073	144,794	144,794	-	19,200
Companhia de Seguros Allianz Portugal, S.A.	assets	Portugal	-	35.00	1,401,463	1,196,953	604,035	31,636	118,922	53,952	53,952	-	-
Concessia, Cartera y Gestión de Infraestructuras, S.A.	Infrastructure construction and operations	Madrid-Spain	24.20	32.20	4,303	65	-	5,787	(1,291)	(257)	(257)	-	-
Coral Homes, S.L.	Real estate services	Madrid-Spain	-	20.00	1,380,474	44,631	453,194	270,774	1,175,614	(110,545)	(110,545)	-	-
Drembul, S.L.	Real estate development	Logroño-Spain	21.83	46.83	84,878	57,065	1,091	30	23,584	(958)	(958)	2,363	-
Girona, S.A.	Holding of shares	Girona-Spain	34.22	34.22	6,053	261	1,397	1,200	4,458	134	134	1,642	-
Global Payments Moneytopay, EDE, S.L.	Payment entity	Madrid-Spain	-	49.00	223,898	190,432	20,432	1,367	25,788	6,310	6,310	-	1,738
Gramina Homes, S.L.	Real estate services	Madrid-Spain	-	20.00	170,813	7,851	88,060	27,626	155,339	(20,003)	(20,003)	-	-
IT Now, S.A.	Services for IT technology projects	Barcelona-Spain	39.00	49.00	77,587	49,616	189,226	3,382	22,189	2,400	2,400	1,323	-
Murcia Emprende Sociedad de Capital Riesgo, S.A.	Venture capital company	Murcia-Spain	28.68	28.68	3,054	39	-	2,557	710	(242)	(242)	600	-
Parque Científico y Tecnológico de Córdoba, S.L.	Science park operation and management	Córdoba-Spain	15.58	35.69	27,359	19,452	534	23,422	(18,454)	(210)	(210)	-	-
Portic Barcelona, S.A.	Other services related to information technology and telecommunications	Barcelona-Spain	25.81	25.81	2,565	371	2,493	291	1,887	16	16	105	-
Redsys Servicios de Procesamiento, S.L.	Payment methods	Madrid-Spain	-	24.90	156,880	77,282	162,064	5,815	68,419	5,365	5,365	-	-
SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Non-life insurance	Madrid-Spain	-	49.92	5,150,697	2,832,691	4,616,054	469,670	1,235,282	423,139	442,771	-	160,276
Servired, Sociedad Española de Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	41.21	72,685	70,464	5,638	60	12	2,149	2,149	-	-

Appendix 3 - CaixaBank investments in associates of the Group

(Thousands of euros)

Corporate name	Business activity	Registered address	% shareholding Direct	% shareholding Total	Assets	Liabilities	Ordinary income	Share capital	Reserves	Results	Total comprehensive income	Cost of direct holding (net)	Dividends accrued on total ownership interest
Sistema de Tarjetas y Medios de Pago, S.A.	Payment methods	Madrid-Spain	-	20.61	399,898	391,394	8,903	240	6,593	1,672	1,672	-	-
Sociedad Española de Sistemas de Pago, S.A.	Payment entity	Madrid-Spain	26.30	26.30	14,251	4,313	13,002	524	8,448	965	965	2,012	140
Societat Catalana per a la Mobilitat, S.A.	Development and implementation of the T-mobilitat project	Barcelona-Spain	16.79	16.79	130,193	113,697	17,739	13,823	324	253	253	1,846	-
TFP, S.A.C. (5)	Factoring	Peru	16.20	16.20	27,136	4,145	12,017	5,924	9,722	7,344	7,344	920	232
Telefonica Factoring España, S.A.	Factoring	Madrid-Spain	20.00	20.00	219,867	202,525	54,011	5,109	1,740	10,494	10,494	2,525	2,069
Telefonica Factoring do Brasil, Ltda. (4)	Factoring	Brazil	20.00	20.00	127,431	102,368	54,161	5,002	37	20,024	20,024	2,029	615
Telefónica Factoring Colombia (3)	Factoring	Colombia	16.20	16.20	543,882,094	531,587,601	39,851,351	4,000,366	2,125,413	6,168,714	6,168,714	543	242
Zone2Boost, S.L.	Holding company for business acquisition	Barcelona-Spain	-	40.00	3,850	154	1,165	3	4,119	(426)	(426)	-	-

(1) All data except cost are in local currency: New Mozambique metical (thousands).

(2) All data except cost are in local currency: Renmimbi (thousands).

(3) All data except cost are in local currency: Colombian pesos (thousands).

(4) All data except cost are in local currency: Brazilian real.

(5) All data except the cost are in local currency: Peruvian sol (thousands).

Note: The information corresponding to non-listed companies is based on the most recent data available (actual or estimated) at the time of preparation of the notes to these financial statements.

Note: The Company also has significant influence in the investee Guadapelayo, S.L. (in liquidation), S.L., which is currently in liquidation.

Appendix 4 - Disclosure on the acquisition and disposal of ownership interests in subsidiaries in 2024

(Article 155 of the Capital Companies Law and Article 105 of Law 6/2023 of 17 March on Securities Markets and Investment Services).

On 2 April 2024, CaixaBank, S.A. filed a communication with the Spanish National Stock Market Commission (CNMV) reporting the crossing of the 3% threshold in Telefónica, S.A. (to 2.51%) as a result of the partial settlement of a hedge on its stake, previously announced on 25 March 2024.

Subsequently, on 10 June 2024, CaixaBank, S.A. announced that its remaining stake in Telefónica, S.A. had been transferred in full.

Appendix 5 - Annual banking report

In accordance with Article 87 of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, credit institutions are required to publish the following information on a consolidated basis for the last financial year ended, broken down by country where the credit institutions are established. Pursuant to the above, the information required is provided hereon:

Name, nature and geographic location of activity

In Note 1.1 to CaixaBank Group's consolidated Financial Statements the name, nature and geographical location of the activity is specified.

Appendices 1, 2 and 3 of CaixaBank Group's consolidated financial statements detail the subsidiaries, joint ventures and associates that make up CaixaBank Group.

Appendix 4 discloses notices on the acquisition and disposal of ownership interests in 2024, in accordance with Article 155 of the Capital Companies Law and Article 105 of Law 6/2023 of 17 March on Securities Markets and Investment Services.

Full-time workforce by country

The full-time workforce by country is as follows:

Full-time workforce by country
(Number of employees)

	31-12-2024	31-12-2023	31-12-2022
Spain	41,304	40,174	39,825
Portugal	4,426	4,441	4,570
Poland	26	24	21
Morocco	33	29	29
United Kingdom	33	28	25
Germany	35	25	18
France	30	27	23
Switzerland	6	9	17
Other countries - Representative offices	121	106	97
TOTAL FULL-TIME WORKFORCE	**46,014**	**44,863**	**44,625**

Business volume

CaixaBank, SA is established in Spain, and has 7 foreign subsidiaries (10 branches), specifically in Poland, Morocco (3 branches), the UK, Germany, France, Portugal (2 branches) and Italy.

CaixaBank also has 17 representative offices which do not carry out banking activities but provide information on the Company's services in the following 16 jurisdictions: Algeria, Australia, Brazil, Canada, China (2), Chile, Colombia, Egypt, United Arab Emirates, USA, Hong Kong, India, Turkey, Peru, Singapore and South Africa.

Banco BPI has 303 branches in Portugal.

Business volume by country on a consolidated basis is as follows:

Geographic information: Distribution of ordinary income from customers *

(Millions of euros)

	Banking and insurance			BPI			Corporate centre			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Spain	25,592	23,701	15,998				16	17	57	25,608	23,718	16,055
Portugal	184	183	161	1,972	1,685	972				2,156	1,868	1,133
Poland	118	106	93							118	106	93
Morocco	21	17	14							21	17	14
United Kingdom	285	214	77							285	214	77
Germany	403	286	66							403	286	66
France	285	218	62							285	218	62
Angola							39	30	105	39	30	105
Share of profit/(loss) accounted for using the equity method **							41	42	43	41	42	43
Others	36	30	21		1	7				36	31	28
ORDINARY INCOME	**27,052**	**24,790**	**16,492**	**1,972**	**1,686**	**979**	**96**	**89**	**205**	**29,120**	**26,565**	**17,676**

(*) These correspond to the following items on the CaixaBank Group public consolidated income statement:

1. Interest income
2. Dividend income
3. Share of profit/(loss) of entities accounted for using the equity method
4. Fee and commission income
5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net
6. Gains/(losses) on financial assets and liabilities held for trading, net
7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net
8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net
9. Gains/(losses) from hedge accounting, net
10. Other operating income
11. Insurance revenue

(**) of international associates and others. Mainly corresponds to the share of profit/(loss) of international associates accounted for using the equity method.

Gross profit/(loss) before tax

Gross profit before tax on a consolidated basis in 2024 amounted to EUR 8,319 million (EUR 4,320 million and EUR 4,320 million in 2023 and 2022, respectively), and includes ordinary income from the branches detailed in b) above.

Income tax

Profit taxes paid or refunded in the year in each jurisdiction include tax instalments and withholding taxes paid. Refunds collected for income tax from previous years are also considered. In addition, the results of the settlements for tax assessments paid during the year are included.

The amount of cash payments and refunds of corporate income tax does not correspond to the amount of the income tax expense recognised in the consolidated income statement. The amount of the payments includes the instalments and withholdings paid on the profit for the year. However, the refunds are not directly linked to the profit for the year since they correspond to profits earned in previous years minus the corresponding instalments and withholdings. The income tax expense recognised in the consolidated income statement if it is directly related to the profit before tax for the current financial year.

The net income tax expense recognised on consolidated profit in 2024 amounted to EUR (2,525) million (EUR 2,108 million and EUR 1,189 million in 2023 and 2022, respectively), as shown in the consolidated statement of profit or loss.

Income tax payments in 2024 amounted to EUR 2,036 million, of which mainly EUR 1,668 million in Spain, EUR 290 million in Portugal, EUR 24 million in the United Kingdom, EUR 24 million in France, EUR 13 million in Germany, EUR 8 million in Italy, EUR 7 million in Poland and EUR 3 million in Morocco. The refund for advance payments on account of corporate income tax for previous years totalled EUR 588 million in Spain.

Grants and public aid received

The Group received the following grants and public aid:

Grants and public aid
(Millions of euros)

		Subsidy amount		
Body	**Item**	**31-12-2024**	**31-12-2023**	**31-12-2022**
Ministry of Industry, Energy and Tourism - department of shipbuilding	Aid for shipbuilding	8.1	10.1	9.7
State Foundation for Training in Employment	Employee training courses under meeting certain conditions	4.2	3.7	3.7
Spanish regional governments	Installation of ATMs in certain areas	1.9	1.2	1.0

Indicators and ratios

The relevant indicators and ratios are shown in section "07 Shareholders and Investors - Key Group figures" of the Management Report for 2024. The return on assets in 2024, calculated as net profit (adjusted to reflect the amount of the Additional Tier 1 coupon, after tax, reported in equity) divided by average total assets over the last twelve months, was 0.9% and 0.7% in 2023 and 0.4% in 2022

Appendix 6 - Foreclosure assets

The table below shows foreclosed assets by source and type of property, relative to business in Spain:

Foreclosed real estate assets - 31-12-2024 *

(Millions of euros)

	Gross carrying amount	Allowances for impairment **	*Of which from foreclosure*	Net carrying amount
Acquired from loans to real estate constructors and developers	**773**	**(308)**	***(210)***	**465**
Buildings and other completed constructions	618	(213)	*(134)*	405
Homes	514	(171)	*(103)*	343
Others	104	(42)	*(31)*	62
Buildings and other constructions under construction	30	(16)	*(10)*	14
Homes	16	(7)	*(5)*	9
Others	14	(9)	*(5)*	5
Land	125	(79)	*(66)*	46
Consolidated urban land	94	(57)	*(47)*	37
Other land	31	(22)	*(19)*	9
Acquired from mortgage loans to homebuyers	**2,138**	**(612)**	***(404)***	**1,526**
Other real estate assets	**828**	**(287)**	***(225)***	**541**
TOTAL	**3,739**	**(1,207)**	***(839)***	**2,532**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 1,008 million, net, and foreclosure rights deriving from auctions in the amount of EUR 102 million, net. Excludes foreclosed assets of Banco BPI, with a gross carrying amount of EUR 1 million, as this is not included in business in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 5,135 million and total write-downs of this portfolio amounted to EUR 2,603 million, EUR 1,207 million of which are allowances for impairment recognised in the balance sheet.

Foreclosed real estate assets - 31-12-2023 *

(Millions of euros)

	Gross carrying amount	Allowances for impairment **	*Of which from foreclosure*	Net carrying amount
Acquired from loans to real estate constructors and developers	**849**	**(329)**	***(225)***	**520**
Buildings and other completed constructions	651	(213)	*(131)*	438
Buildings and other constructions under construction	45	(25)	*(16)*	20
Land	153	(91)	*(78)*	62
Acquired from mortgage loans to homebuyers	**2,470**	**(696)**	***(469)***	**1,774**
Other real estate assets	**799**	**(269)**	***(215)***	**530**
TOTAL	**4,118**	**(1,294)**	***(909)***	**2,824**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 1,127 million, net, and foreclosure rights deriving from auctions in the amount of EUR 115 million, net. Excludes foreclosed assets of Banco BPI, with a gross carrying amount of EUR 2 million, as this is not included in business in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 5,685 million and total write-downs of this portfolio amounted to EUR 2,862 million, EUR 1,294 million of which are allowances for impairment recognised in the balance sheet.

Foreclosed real estate assets - 31-12-2022 *

(Millions of euros)

	Gross carrying amount	Allowances for impairment **	*Of which from foreclosure*	Net carrying amount
Acquired from loans to real estate constructors and developers	**1,041**	**(406)**	***(273)***	**635**
Buildings and other completed constructions	815	(279)	*(169)*	536
Buildings and other constructions under construction	46	(25)	*(17)*	21
Land	180	(102)	*(87)*	78
Acquired from mortgage loans to homebuyers	**2,857**	**(786)**	***(536)***	**2,071**
Other real estate assets	**939**	**(326)**	***(265)***	**613**
TOTAL	**4,837**	**(1,518)**	***(1,074)***	**3,319**

(*) Includes foreclosed assets classified as "Tangible assets – Investment property" amounting to EUR 1,285 million, net, and foreclosure rights deriving from auctions in the amount of EUR 142 million, net. Does not include the foreclosed properties of Banco BPI, which have a total net book value of EUR 3 million, as this business is not in Spain.

(**) Cancelled debt associated with the foreclosed assets totalled EUR 6,662 million and total write-downs of this portfolio amounted to EUR 3,342 million, EUR 1,518 million of which are impairment losses recognised in the balance sheet.

Appendix 7 - Financing for property development and home purchasing

Financing for real estate construction and development

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

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

	31-12-2024		31-12-2023		31-12-2022	
	Total amount	*Of which: Non-performing*	Total amount	*Of which: Non-performing*	Total amount	*Of which: Non-performing*
Gross amount	4,307	*277*	4,388	*295*	4,825	*274*
Allowances for impairment	(164)	*(126)*	(205)	*(151)*	(244)	*(152)*
CARRYING AMOUNT	**4,143**	***151***	**4,183**	***144***	**4,581**	***122***
Excess gross exposure over the maximum recoverable value of collateral	1,061	*124*	935	*155*	943	*147*
Asset write-offs	1,793		1,823		1,885	
Loans to customers, excluding government agencies (business in Spain) (carrying value)	284,245		280,739		293,745	

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

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

	Gross amount		
	31-12-2024	31-12-2023	31-12-2022
Without mortgage collateral	**770**	**516**	**621**
With mortgage collateral	**3,537**	**3,872**	**4,204**
Buildings and other completed constructions	2,411	2,783	2,911
Homes	1,600	1,870	1,959
Others	811	913	952
Buildings and other constructions under construction	909	870	952
Homes	793	746	811
Others	116	124	141
Land	217	219	341
Consolidated urban land	126	104	156
Other land	91	115	185
TOTAL	**4,307**	**4,388**	**4,825**

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

Financial guarantees
Amounts in millions of euros

	31-12-2024	31-12-2023	31-12-2022
Financial guarantees given related to real estate construction and development	**64**	**113**	**210**
Amount recognised under liabilities	0	0	0

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

Guarantees received for real estate development transactions
Amounts in millions of euros

	31-12-2024	31-12-2023	31-12-2022
Value of collateral *	**10,180**	**11,037**	**11,921**
Of which: guarantees non-performing risks	*580*	*627*	*622*

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

Financing for home purchases

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

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

	2024	2023	2022
Financing granted in the year	114	170	330
Average percentage financed	89 %	90 %	93 %

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

Home purchase loans by LTV *
(Millions of euros)

	31-12-2024		31-12-2023		31-12-2022	
	Gross amount	*Of which: risk*	Gross amount	*Of which: risk*	Gross amount	*Of which: risk*
Not real estate mortgage secured	**960**	***9***	**971**	***8***	**1,077**	***10***
Real estate mortgage secured, by LTV ranges **	**118,246**	***3,492***	**117,925**	***3,338***	**124,836**	***3,151***
LTV ≤ 40%	34,791	*440*	36,474	*433*	37,650	*372*
40% < LTV ≤ 60%	36,345	*640*	36,954	*601*	40,317	*552*
60% < LTV ≤ 80%	33,021	*680*	30,539	*650*	31,824	*618*
80% < LTV ≤ 100%	7,800	*581*	6,885	*533*	7,337	*512*
LTV > 100%	6,289	*1,151*	7,073	*1,121*	7,708	*1,097*
TOTAL	**119,206**	***3,501***	**118,896**	***3,346***	**125,913**	***3,161***

(*) Includes financing for home purchases granted by subsidies Unión de Créditos para la Financiación Inmobiliaria, EFC, SAU (Credifimo) and Corporación Hipotecaria Mutual.

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

Appendix 8 - Reconciliation of impacts of the 1st application of IFRS 17

As indicated in this note, in the section "Comparison of information and changes in the scope of consolidation (see Note 1.4)", the Group applied IFRS 17 and IFRS 9 (in the insurance business) from 1 January 2023, with the transition date for IFRS 17 being 1 January 2022. Given the impracticability of applying IFRS 17 retroactively, the Group chose to apply the fair value approach provided for in that standard. To do so, the Group has calculated the contractual service margin (CSM) or the loss component of the remaining hedging liability by taking the difference between the fair value of a group of insurance contracts on the transition date (estimated as what those liabilities would be priced in an arm's length transaction at that time) and the cash flows from performance measured on that date.

When implementing this approach, the Group has taken the following considerations into account:

- Only future cash flows within the contract boundaries have been included in the fair value estimate, thereby excluding values of future renewals and new business.
- The requirements of IFRS 13 have been taken into consideration.
- Intangible assets related to future renewals that arose in business combinations have been recognised as insurance acquisition cash flow assets, given that these amounts are not included in the measurement of insurance contracts.
- Concerning the retrospective application:
  - It was determined that adequate, reliable data was not available to use the full retrospective method for calculating the liability for remaining coverage of contracts under the General Model (also known as the "Building Block Approach" or "BBA") and the Variable Fee Approach ("VFA") for insurance contracts issued before the transition date. Consequently, the fair value approach was adopted for these contracts.

    The full retrospective method was deemed impracticable due to the absence of the following: (i) Technical assumptions at the time the contracts were effective; (ii) Economic assumptions at the time the contracts were effective, and (iii) comprehensive data on the policies that constituted the unit of account. If significant costs were to be incurred in order to make this data available, this would require efforts far beyond what could be considered reasonable. This would have threatened the timely adoption of IFRS 17.
  - For products evaluated using the Premium Allocation Approach (PAA), a contract eligibility test was conducted to confirm that using the general Building Block Approach (BBA) would not result in a significant difference compared to the simpler PAA method for the liability of incurred claims.
  - Since this liability does not include an implicit future benefit (like a contractual service margin), it is deemed suitable to value it from the date of the last issuance or renewal. This is because the liability for incurred claims at each reporting date is independent and does not affect the contractual service margin.

Furthermore, when applying this approach, the Group has opted to:

- Group contracts that were issued more than one year apart into the same contract group.
- Calculate discount rates at the time of initial contract recognition, not at the transition date. The baseline for these rates is the original guaranteed interest rate of the policy, including any associated margin, except for short-term savings and unit-linked products, which apply a top-down rate. The guaranteed interest rate is used as the basis for the fair value rate, however, for unit-linked funds, the starting point is the market value of the fund itself.
- Retrospectively determine the cumulative amount of income or expense recognised in other comprehensive income at the date of transition.

The main differences as regards the measurement and classification of insurance contract liabilities between IFRS 4 and IFRS 17 are as follows:

NIIF 4	NIIF 17
▪ Insurance liabilities mainly consist of mathematical provisions.	▪ Insurance liabilities mainly consist of estimated future cash flows and future profit (CSM).
▪ Maintenance of pricing assumptions when calculating provisions at the various accounting closes.	▪ Use of current assumptions at each close.
▪ Existence of the liability adequacy test that enables offsetting.	▪ There is no adequacy test and if there are onerous contracts they should be immediately recorded in the income statement.
▪ The flows of redemption options are not included.	▪ Future flows include redemption options, expenses and risk margins
▪ Liability discount rate equivalent to the rate of return on the acquisition of the underlying financial investments. Provisions are capitalised at this technical interest rate but they are not updated due to changes in rates. Supplementary provisions are made for interest rates and tables, where necessary.	▪ Locked-in rate: liability discount rate at the inception of the transaction. This interest rate is the rate used to recognise the financial costs of insurance contracts. ▪ Furthermore, insurance liabilities are discounted for changes in rates at each closing (except for the expected CSM profit).
▪ Insurance contracts are presented net of reinsurance under the headings. ▪ The accounting technique named shadow accounting offsets asset and liability OCI effects, there is no volatility in assets.	▪ Insurance contracts should be accounted for under separate headings from reinsurance contracts. ▪ Impact on OCI includes two components: – Changes in value of the investment portfolio classified as FV-OCI. – Changes in the value of liabilities between the locked-in rate and the current rate. ▪ There may be limited volatility in the net amounts recognised in OCI.

The most relevant differences in the measurement and classification that affect income and expenses related to insurance contracts, according to the type of producer, between IFRS 4 and IFRS 17 are as follows:

NIIF 4	NIIF 17
Long-term life-savings contracts - measured under the general model	
▪ The margin on savings products is wholly recorded in net interest income. ▪ Personal administration costs and depreciation associated with their marketing and administration are not deducted.	▪ The majority of margin on savings products is recorded under profit/(loss) from the insurance service. ▪ This margin is net of expenses directly attributable to insurance contracts. ▪ In interest income, the return on the financial portfolio affected by these contracts is recognised (no difference with IFRS 4). In interest expense, the capitalisation of insurance liabilities is recognised using the locked-in rate in effect at the time the contract was issued.
Long-term life-risk contracts - measured under the general model	
▪ The margin on long-term life-risk products is recorded under income/(expense) from assets/liabilities under insurance and reinsurance contracts. ▪ There are no deductions for administration, personnel or depreciation costs associated with their marketing and administration.	▪ The majority of margin on long-term life-risk products is recorded under profit/(loss) from the insurance service. ▪ This margin is net of expenses directly attributable to insurance contracts. ▪ In interest income, the return on the financial portfolio affected by these contracts is recognised (no difference with IFRS 4). In interest expense, the capitalisation of insurance liabilities is recognised using the locked-in rate in effect at the time the contract was issued.

NIIF 4	NIIF 17
Unit-linked and similar life-type contracts – measured under the variable fee model	
▪ The margin on unit-linked products and the flexible part of annuities is recorded under fee and commission income. ▪ There are no deductions for administration, personnel or depreciation costs associated with their marketing and administration.	▪ The margin for unit-linked products and the flexible part of annuities is recorded under profit/(loss) from the insurance service. ▪ The margin is net of expenses directly attributable to insurance contracts.
Short-term life-savings contracts – measured under the simplified model	
▪ The margin on life-risk products is recorded under income/(expense) from assets/liabilities under insurance and reinsurance contracts. ▪ There are no deductions for administration personnel expenses.	▪ The margin on life-risk products is recorded under profit/(loss) from the insurance service. ▪ This margin is net of expenses directly attributable to insurance contracts.

Additionally, in relation to the suspension of the deferral of the application of IFRS 9 in the insurance business, as enabled by this standard, the Group decided not to restate comparative information on financial assets for prior periods. However, given that the transition date of IFRS 17 in the Group is 1 January 2022, with a view to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improve comparative information for users of the financial statements, the Group decided to use the classification overlay approach permitted by IFRS 17 for comparative reporting. This approach enables companies to submit comparative information on financial instruments in the initial application of IFRS 17 and IFRS 9 based on the expected classification according to IFRS 9, as if the classification and measurement requirements of IFRS 9 had been applied to these financial assets. This presentation can only be applied in comparison periods that have been restated for IFRS 17, which in the case of the Group solely includes 2022.

This situation led to classification and valuation changes for certain items in the consolidated financial statements for 2022 (only those balance sheet items that have changed are included):

Balance sheet reconciliation at 31-12-2022

Assets

(Millions of euros)

	Balance sheet at 31-12-2022		Reclassif. of fin. instrum. according to their nature IFRS 9 (a)	Other reclassifications according to IFRS 17 (b)	Valuation adjustments	Balance sheet at 31-12-2022
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	**183**		**11,168**			**11,351**
Equity instruments	127		11,168			11,295
Financial assets designated at fair value through profit or loss			**8,022**			**8,022**
Debt securities			7,985			7,985
Loans and advances			37			37
Financial assets at fair value with changes in other comprehensive income	**12,942**		**51,590**			**64,532**
Debt securities	11,591		51,590			63,181
Financial assets at amortised cost	**442,754**		**3,196**		**218**	**446,168**
Debt securities	77,733	c	2,986		218	80,937
Loans and advances	365,021		210			365,231
Credit institutions	12,187		210			12,397
Customers	352,834					352,834
Derivatives - Hedge accounting	**649**		**813**			**1,462**
Investments in joint ventures and associates	**2,034**				**20**	**2,054**
Associates	1,990				20	2,010
Assets under the insurance business	**68,534**		**(68,391)**	**(132)**	**(11)**	
Assets under reinsurance contract		b		**132**	**(69)**	**63**
Intangible assets	**5,219**	d			**(195)**	**5,024**
Goodwill	3,167					3,167
Other intangible assets	2,052				(195)	1,857
Tax assets	**20,457**	e			**7**	**20,464**
Deferred tax assets	18,297				7	18,304
Other assets:	**2,369**				**248**	**2,617**
Remaining other assets	2,268				248	2,516
TOTAL ASSETS	**592,234**		**6,398**		**218**	**598,850**

a) In the first-time application of IFRS 9 for financial instruments linked to the insurance business, the financial instruments grouped under the heading "Assets under the insurance business" on the asset side of the balance sheet that were recorded pursuant to the classification and measurement accounting policies of IAS 39 were reclassified to each of the IFRS 9 headings provided for, along with the other financial instruments of the banking business (and others) that did not apply this deferral. In particular, the balances corresponding to available-for-sale financial assets linked to the insurance business have been reclassified to "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost", while the value of the interest rate swaps previously reported jointly with the fixed-income instruments, have been reclassified to "Hedging derivatives" on the assets or liabilities side, where applicable.

b) The balances classified under "Liabilities under the insurance business" have been reclassified to "Reinsurance contract assets", based on the nature of those liabilities.

c) The valuation adjustment reflects the impact of the reversal of fair value adjustments of instruments reclassified to "Financial assets at amortised cost".

d) Certain intangible assets linked to the insurance business and recognised in business combinations prior to the entry into force of IFRS 17, which according to this standard are not eligible for capitalisation after being implicitly included in the contractual service margin (CSM) recognised on transition to IFRS 17, have been de-recognised.

e) Fiscal effect of the indicated valuation adjustments.

Balance sheet reconciliation at 31-12-2022
Liabilities
(Millions of euros)

	Balance sheet at 31-12-2022		Reclassif. of fin. instrum. according to their nature IFRS 9 (a)	Other reclassifications according to IFRS 17 (b)	Valuation adjustments	Balance sheet at 31-12-2022
Financial liabilities designated at fair value through profit or loss				**3,409**		**3,409**
Deposits				3,409		3,409
Financial liabilities measured at amortised cost	**482,501**			**546**		**483,047**
Deposits	421,870			574		422,444
Customers	393,060			574		393,634
Other financial liabilities	8,023			(28)		7,995
Derivatives - Hedge accounting	**1,371**		**6,398**			**7,769**
Liabilities under the insurance business	**65,654**	c		**(3,955)**	**(61,699)**	
Insurance contract liabilities		c			**62,595**	**62,595**
Provisions	**5,263**				**(32)**	**5,231**
Other long-term employee benefits	2,614				(32)	2,582
Tax liabilities	**2,113**	d			**(181)**	**1,932**
Current tax liabilities	457				(5)	452
Deferred tax liabilities	1,656				(176)	1,480
Other liabilities	**2,760**				**90**	**2,850**
TOTAL LIABILITIES	**557,972**		**6,398**		**773**	**565,143**

a) In the first-time application of IFRS 9 for financial instruments linked to the insurance business, the financial instruments grouped under the heading "Assets under the insurance business" on the asset side of the balance sheet that were recorded pursuant to the classification and measurement accounting policies of IAS 39 were reclassified to each of the IFRS 9 headings provided for, along with the other financial instruments of the banking business (and others) that did not apply this deferral. In particular, the balances corresponding to available-for-sale financial assets linked to the insurance business have been reclassified to "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost", while the value of the interest rate swaps previously reported jointly with the fixed-income instruments, have been reclassified to "Hedging derivatives" on the assets or liabilities side, where applicable.

b) Reclassifications of the heading "Liabilities the under insurance business" corresponding to specific 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 "Liabilities under the insurance business" have been reclassified to "Insurance contract liabilities" or "Reinsurance contract assets", based on the nature of those liabilities and pursuant to IFRS 17, thus, they include the measurement of the contractual service margin (CSM) amounting to EUR 3,155 million and the risk adjustment for non-financial risk amounting to EUR 477 million.

d) Fiscal effect of the indicated valuation adjustments.

Balance sheet reconciliation at 31-12-2022

Equity

(Millions of euros)

	Balance sheet at 31-12-2022		Valuation adjustments (b)	Balance sheet at 31-12-2022 restated
SHAREHOLDERS' EQUITY	**36,639**	a	**(731)**	**35,908**
Other reserves	**(1,152)**		**(714)**	**(1,866)**
Profit/(loss) for the period attributable to owners of the parent	**3,145**		**(17)**	**3,128**
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(2,409)**		**176**	**(2,233)**
Items that will not be reclassified to profit or loss	**(1,379)**			**(1,379)**
Items that may be reclassified to profit or loss	**(1,030)**	a	**176**	**(854)**
Foreign currency exchange	12		17	29
Hedging derivatives. Reserve of cash flow hedges [effective portion]	(499)		13	(486)
Fair value changes of debt securities measured at fair value with changes in other comprehensive income	(506)		(1,606)	(2,112)
Finance expenses from insurance contracts issued			1,704	1,704
Share of other recognised income and expense of investments in joint ventures and associates	(37)		48	11
TOTAL EQUITY	**34,262**		**(555)**	**33,707**

a) The impact on equity includes the impact relating to the transition date of 1 January 2022, as well as the differences in restated profit/(loss) for 2022 and the movement in other income and expenses recognised during the period. Overall, at 31-12-2022 it represents -20 basis points in CET1 and EUR -555 million net of tax broken down as follows:
- Impact on "Other reserves" of EUR -714 million, mainly due to the difference between existing insurance provisions under IFRS 4 and the new valuation of insurance contract liabilities 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 EUR 176 million, primarily attributable to the elimination of *shadow accounting* and the difference between the OCI of financial investments and the OCI of liabilities (difference between the historical rate at the time of issuance of the policy—the *locked-in rate*—used at the transition date and the current rate at that date).
- Restatement of "Profit/(loss) for the period attributable to owners of the parent" in 2022. Please see the reconciliation of the restatement of the Income Statement below for further clarification of the nature of these impacts.

b) The net valuation adjustment corresponding to the first-time application of IFRS 9 for the insurance business amounts to EUR 74 million, which primarily corresponds to the recognition of the expected loss for portfolios at amortised cost and the reversal of the fair value measurement of certain portfolios not affected by insurance contracts reclassified from “Financial assets at fair value through other comprehensive income”, as well as the related tax effects. The remaining impact relates to IFRS 17.

Consolidated Income Statement - Reconciliation of restatement 2022

(Millions of euros)

	2022		Valuation changes	2022 restated
Interest income	9,233		(36)	9,197
from banking and other business	7,812			7,812
Financial assets at fair value through other comprehensive income	333			333
Financial assets at amortised cost	7,440			7,440
Other interest income	39			39
from the insurance business	1,421		(36)	1,385
Financial assets at fair value through other comprehensive income	1,418	c	(66)	1,352
Financial assets at amortised cost	3		30	33
Interest expense	(2,317)		(328)	(2,645)
from banking and other business	(1,298)			(1,298)
from the insurance business	(1,019)		(328)	(1,347)
NET INTEREST INCOME	**6,916**	a	**(364)**	**6,552**
Dividend income	163			163
Share of profit/(loss) of entities accounted for using the equity method	264		(42)	222
Fee and commission income	4,406	b	(180)	4,226
Fee and commission expenses	(396)	c	25	(371)
Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	41			41
Gains/(losses) on financial assets and liabilities held for trading, net	476		(6)	470
Other gains or losses	476		(6)	470
Gains/(losses) on financial assets not designated for trading compulsorily measured at fair value through profit or loss, net	(9)		(2)	(11)
Other gains or losses	(9)		(2)	(11)
Gains/(losses) from hedge accounting, net	(18)	f	(2)	(20)
Exchange differences (gain/loss), net	(152)			(152)
Other operating income	604			604
Other operating expenses	(1,567)			(1,567)
Income from assets under insurance and reinsurance contracts	1,329	d	(1,329)	
Expenses from liabilities under insurance and reinsurance contracts	(463)	d	463	
Insurance service result		a, b, c, d, e	931	931
Insurance revenue			2,784	2,784
Insurance service expenses			(1,853)	(1,853)
Net result from reinsurance contracts held			5	5
GROSS INCOME	**11,594**		**(501)**	**11,093**
Administrative expenses	(5,263)	e	418	(4,845)
Personnel expenses	(3,620)		289	(3,331)
Other administrative expenses	(1,643)		129	(1,514)
Depreciation and amortisation	(807)	e	77	(730)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**4,326**		**(6)**	**4,320**
Tax expense or income related to profit or loss from continuing operations	(1,179)	g	(10)	(1,189)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**3,147**		**(16)**	**3,131**
PROFIT/(LOSS) FOR THE PERIOD	**3,149**		**(16)**	**3,133**
Attributable to minority interests (non-controlling interests)	4			4
Attributable to owners of the parent	3,145		(16)	3,129

a) The margin on savings products recognised under "Net interest income" is now mainly recognised under "Profit/(loss) from the insurance service".

b) The margin of unit-linked and similar products recorded under "fee and commission income" is now recorded under "profit/(loss) from the insurance service".

c) Fees paid to third parties on products under the scope of IFRS 17 recorded in "fee and commission expenses" are now recorded under "profit/(loss) from the insurance service".

d) The margin for risk products recorded under “income/(expense) from assets under insurance and reinsurance contracts” is now recorded under “profit/(loss) from the insurance service”.

e) "Administrative expenses" and "Depreciation and amortisation" have been reclassified to "profit/(loss) from the insurance service", insofar as they are directly attributable to insurance contracts.

f) Changes in fair value of swaps previously reported in "Accumulated other comprehensive income" are now reported under "Gains/(losses) from hedge accounting, net" in the income statement

g) Tax effect of adjustments that change the income statement.

Consolidated statements of recognised income and expense - Reconciliation of restatement 2022

(Millions of euros)

	2022		Valuation changes	2022 restated
PROFIT/(LOSS) FOR THE PERIOD	**3,149**	**a**	**(16)**	**3,133**
OTHER COMPREHENSIVE INCOME	**(790)**		**(308)**	**(1,098)**
Items that will not be reclassified to profit or loss	**518**			**518**
Items that may be reclassified to profit or loss	**(1,308)**	**b**	**(308)**	**(1,616)**
Foreign currency exchange	7		26	33
Translation gains/(losses) taken to equity	7		26	33
Cash flow hedges (effective portion)	(596)			(596)
Valuation gains/(losses) taken to equity	(636)			(636)
Transferred to profit or loss	40			40
Debt instruments classified as fair value financial assets with changes in other comprehensive income	(1,178)		(13,175)	(14,353)
Valuation gains/(losses) taken to equity	(1,172)		(13,175)	(14,347)
Transferred to profit or loss	(6)			(6)
Finance expenses from insurance contracts issued			12,620	12,620
Share of other recognised income and expense of investments in joint ventures and associates	(65)		47	(18)
Income tax relating to items that may be reclassified to profit or loss	524	c	174	698
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,359**		**(324)**	**2,035**
Attributable to minority interests (non-controlling interests)	4			4
Attributable to owners of the parent	2,355		(324)	2,031

a) See restatement of the Statement of Profit or Loss as at 31-12-2022.

b) Impact basically arising from the elimination of the shadow accounting figure and the difference in OCI from the financial investments and the OCI of the liabilities (difference between the locked-in rate, used on the transition date, and the current rate on said date).

c) Fiscal effect of the indicated valuation adjustments.

Statement of cash flows (indirect method) - Reconciliation of restatement 2022

(Millions of euros)

	2022	Reclassifications (b)	Valuation changes	2022 restated
A) CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**(79,875)**			**(79,875)**
Profit/(loss) for the period	3,149		(16)	3,133
Adjustments to obtain cash flows from operating activities	819			819
Depreciation and amortisation	807	(77)		730
Other adjustments	12	77		89
Net increase/(decrease) in operating assets	(14,823)			(14,823)
Financial assets held for trading	3,543	85		3,628
Financial assets designated at fair value through profit or loss	59	2,073		2,132
Financial assets not designated for trading compulsorily measured at fair value through profit or loss		(669)		(669)
Financial assets at fair value with changes in other comprehensive income	2,446	(585)		1,861
Financial assets at amortised cost	(24,385)	(278)		(24,663)
Other operating assets	3,514	(626)		2,888
Net increase/(decrease) in operating liabilities	(68,625)		16	(68,609)
Financial liabilities held for trading	(1,088)			(1,088)
Financial liabilities designated at fair value through profit or loss		(1,054)		(1,054)
Financial liabilities measured at amortised cost	(63,400)			(63,400)
Other operating liabilities	(4,137)	1,054	16	(3,067)
Income tax (paid)/received	(395)			(395)
B) CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**164**			**164**
C) CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(3,984)**			**(3,984)**
D) EFFECT OF EXCHANGE RATE CHANGES	**1**			**1**
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(83,694)**			**(83,694)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**104,216**			**104,216**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	**20,522**			**20,522**

a) See restatement of the Statement of Profit or Loss as at 31-12-2022.

b) The balances classified under "Liabilities under the insurance business" are reclassified to the headings corresponding to financial instruments of IFRS 9, based on their nature.

In accordance with IAS 8, considering that the transition date of IFRS 17 is 1 January 2022, without restating the Group's consolidated balance sheet as at 31 December 2021, the following is a reconciliation of the changes in measurement and classification due to the transition at that date:

Balance sheet reconciliation at 01-01-2022

Assets

(Millions of euros)

	Balance sheet at 31-12-2021		Reclassif. of fin. instrum. according to their nature IFRS 9 (a)	Other reclassifications according to IFRS 17 (b)	Valuation adjustments	Balance sheet at 01-01-2022
Financial assets not designated for trading compulsorily measured at fair value through profit or loss	**237**		**13,392**			**13,629**
Equity instruments	165		13,392			13,557
Financial assets designated at fair value through profit or loss			**7,336**			**7,336**
Debt securities			7,254			7,254
Loans and advances			82			82
Credit institutions			82			82
Financial assets at fair value with changes in other comprehensive income	**16,403**		**64,948**			**81,351**
Debt securities	14,757		64,948			79,705
Financial assets at amortised cost	**420,599**		**4,127**		**(381)**	**424,345**
Debt securities	68,206	c	4,064		(381)	71,889
Loans and advances	352,393		63			352,456
Derivatives - Hedge accounting	**1,038**		**797**			**1,835**
Investments in joint ventures and associates	**2,534**				**15**	**2,549**
Associates	2,490				15	2,505
Assets under the insurance business	**83,464**		**(83,454)**	**(120)**	**110**	
Assets under reinsurance contract		b		**120**	**(43)**	**77**
Intangible assets	**4,933**	d		**88**	**(221)**	**4,800**
Goodwill	3,455			(404)		3,051
Other intangible assets	1,478			492	(221)	1,749
Tax assets	**21,298**	e			**(11)**	**21,287**
Deferred tax assets	19,493				(11)	19,482
Other assets:	**2,137**			**6**	**(143)**	**2,000**
Remaining other assets	2,041			6	(143)	1,904
TOTAL ASSETS	**680,036**		**7,146**	**94**	**(674)**	**686,602**

a) In the first-time application of IFRS 9 for financial instruments linked to the insurance business, the financial instruments grouped under the heading "Assets under the insurance business" on the asset side of the balance sheet that were recorded pursuant to the classification and measurement accounting policies of IAS 39 were reclassified to each of the IFRS 9 headings provided for, along with the other financial instruments of the banking business (and others) that did not apply this deferral. In particular, the balances corresponding to available-for-sale financial assets linked to the insurance business have been reclassified to "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost", while the value of the interest rate swaps previously reported jointly with the fixed-income instruments, have been reclassified to "Hedging derivatives" on the assets or liabilities side, where applicable.

b) The balances classified under "Liabilities under the insurance business" have been reclassified to "Reinsurance contract assets", based on the nature of those liabilities.

c) The valuation adjustment reflects the impact of the reversal of fair value adjustments of instruments reclassified to "Financial assets at amortised cost".

d) Certain intangible assets linked to the insurance business and recognised in business combinations prior to the entry into force of IFRS 17, which according to this standard are not eligible for capitalisation after being implicitly included in the contractual service margin (CSM) recognised on transition to IFRS 17, have been de-recognised. To this end, the final allocation of the first consolidation difference recognised in the Bankia Vida business combination (with the corresponding tax effect) has been taken into account.

e) Fiscal effect of the indicated valuation adjustments.

Balance sheet reconciliation at 01-01-2022
Liabilities
(Millions of euros)

	Balance sheet at 31-12-2021		Reclassif. of fin. instrum. according to their nature IFRS 9 (a)	Other reclassifications according to IFRS 17 (b)	Valuation adjustments	Balance sheet at 01-01-2022
Financial liabilities designated at fair value through profit or loss				**3,766**		**3,766**
Deposits				3,766		3,766
Customers				3,766		3,766
Financial liabilities measured at amortised cost	**547,025**			**269**		**547,294**
Deposits	486,529			269		486,798
Customers	392,479			269		392,748
Other financial liabilities	6,812					6,812
Derivatives - Hedge accounting	**960**		**7,146**			**8,106**
Liabilities under the insurance business	**79,834**	c		**(4,035)**	**(75,799)**	
Insurance contract liabilities		c			**75,384**	**75,384**
Provisions	**6,535**				**(33)**	**6,502**
Other long-term employee benefits	3,452				(33)	3,419
Tax liabilities	**2,337**	d		**94**	**(56)**	**2,375**
Current tax liabilities	189				1	190
Deferred tax liabilities	2,148			94	(57)	2,185
Other liabilities:	**2,115**				**62**	**2,177**
TOTAL LIABILITIES	**644,611**		**7,146**	**94**	**(442)**	**651,409**

a) In the first-time application of IFRS 9 for financial instruments linked to the insurance business, the financial instruments grouped under the heading "Assets under the insurance business" on the asset side of the balance sheet that were recorded pursuant to the classification and measurement accounting policies of IAS 39 were reclassified to each of the IFRS 9 headings provided for, along with the other financial instruments of the banking business (and others) that did not apply this deferral. In particular, the balances corresponding to available-for-sale financial assets linked to the insurance business have been reclassified to "Financial assets at fair value through other comprehensive income" or "Financial assets at amortised cost", while the value of the interest rate swaps previously reported jointly with the fixed-income instruments, have been reclassified to "Hedging derivatives" on the assets or liabilities side, where applicable.

b) Reclassifications of the heading "Liabilities the under insurance business" corresponding to specific 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 "Liabilities under the insurance business" have been reclassified to "Insurance contract liabilities" or "Reinsurance contract assets", based on the nature of those liabilities and pursuant to IFRS 17, thus, they include the measurement of the contractual service margin (CSM) amounting to EUR 2,962 million and the risk adjustment for non-financial risk amounting to EUR 571 million.

d) Fiscal effect of the indicated valuation adjustments.

Balance sheet reconciliation at 01-01-2022

Equity

(Millions of euros)

	Balance sheet at 31-12-2021		Valuation adjustments (b)	Balance sheet at 01-01-2022
SHAREHOLDERS' EQUITY	**37,013**	a	**(715)**	**36,298**
Other reserves	**(1,343)**		**(689)**	**(2,032)**
Profit/(loss) for the period attributable to owners of the parent	**5,226**		**(26)**	**5,200**
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(1,619)**		**483**	**(1,136)**
Items that will not be reclassified to profit or loss	**(1,896)**			**(1,896)**
Items that may be reclassified to profit or loss	**277**	a	**483**	**760**
Foreign currency exchange	5		(1)	4
Hedging derivatives. Reserve of cash flow hedges [effective portion]	(94)			(94)
Fair value changes of debt securities measured at fair value with changes in other comprehensive income	337		7,617	7,954
Finance expenses from insurance contracts issued			(7,133)	(7,133)
Share of other recognised income and expense of investments in joint ventures and associates	29			29
MINORITY INTERESTS (non-controlling interests)	**31**			**31**
TOTAL EQUITY	**35,425**		**(232)**	**35,193**

a) Impact on equity of EUR -232 million net of tax, broken down as follows:

- Impact on "Other reserves" of EUR -689 million primarily as a result of the difference between existing insurance provisions under IFRS 4 as at 1 January 2022 and the remeasurement of insurance contract liabilities under IFRS 17, together with the derecognition of intangible assets from business combinations prior to 1 January 2022.
- EUR 483 million impact on "Accumulated other comprehensive income" due to the elimination of the *shadow accounting* figure and the difference in OCI from financial investments and the OCI from liabilities (difference between the *locked-in rate*, used on the transition date, and the current rate on said date).

b) The net valuation adjustment corresponding to the transition date for IFRS 9 for the insurance business amounts to EUR -2 million, which primarily corresponds to the recognition of the expected loss for portfolios at amortised cost and the reversal of the fair value measurement of certain portfolios not affected by insurance contracts reclassified from “Financial assets at fair value through other comprehensive income”, as well as the related tax effects. The remaining impact relates to IFRS 17.