

CONSOLIDATED ANNUAL
ACCOUNTS OF VIDACAIXA, S.A.U.
DE SEGUROS Y REASEGUROS
Y SOCIEDADES DEPENDIENTES
2022



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INDEPENDENT AUDIT REPORT



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

Independent auditor's report on the consolidated annual accounts

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

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Vida-Caixa, S.A.U. de Seguros y Reaseguros (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2022, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

PricewaterhouseCoopers Auditores, S.L., Avinguda Diagonal, 640, 08017 Barcelona, España
Tel.: +34 932 532 700 / +34 902 021 111, Fax: +34 934 059 032, www.pwc.es

R. M. Madrid, hoja 87 250-1, folio 75, tomo 9 267, libro 8 054, sección 3ª.
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Vida-Caixa, S.A. de Seguros y Reaseguros and subsidiaries

Key audit matter

Valuation of technical provisions for life insurance

The Group develops the life insurance business by selling protection, savings and unit-linked products.

The Group books the technical provisions related to these contracts in accordance with regulatory legislation applicable in Spain, where, in some cases, elements of certain judgment and estimates by the Management of the Group and subsidiaries are incorporated, to reflect the unearned amounts from the premiums written, the mathematical reserve and the reserve for claims.

In relation to protection products, the estimated cost of the claims outstanding and the claims incurred but not reported, as of the date of presentation of the consolidated annual accounts as of December 31, 2022, is included. In addition, the Group recognizes liabilities for the internal expenses necessary to settle outstanding claims, as well as an unearned premiums reserve and a reserve for premium deficiencies, if necessary.

In the case of savings products, the Group calculates the mathematical provision using actuarial techniques that include different complex calculation methodologies and are based on the use of numerous data and critical calculation assumptions, such as the type of technical interest, cost hypotheses, or mortality tables in accordance with applicable regulations, which in some cases incorporate judgements and estimates.

Additionally, IFRS 17 on insurance contracts coming into force on 1 January 2023 supersedes IFRS 4. The Group has disclosed the main impacts in the accompanying consolidated financial statements, stating the retrospective estimated effect at the transition date, 1 January 2022.

Given its relevance in the consolidated balance sheet and considering that certain management

How our audit addressed the key audit matter

We have gained an understanding of the process of estimating and recording liabilities for life insurance contracts, which has included an evaluation of the design and effectiveness of internal control related to this area including the controls of the main key information systems. Our procedures have focused on aspects such as:

- Understanding of the calculations methodology for calculating life insurance reserves according with the nature of the products and the reserve for claims, as well as their application in a consistent manner with respect to the prior financial year.
- Verifying the adequate accounting record of the reserves for insurance contracts, as well as their variations during the period.
- Performing tests in detail on the consistency of information on reserves established at the end of the period and payments made during the period.

Regarding, specifically, the mathematical reserve, we have performed additional procedures, carried out with our actuarial specialists, in relation to:

- Analysis of the integrity and reconciliation of the data of the technical-actuarial calculations.
- Verifying the application of biometric hypotheses appropriate to the applicable regulations (Article 34, not repealed, of the Private Insurance Regulation) and, in particular, the longevity hypotheses regarding the internal model of experience approved by the regulator and in accordance with its latest pronouncements on biometric assumptions, for a product sample. Regarding the Partial Internal Longevity and Mortality Model, a study of the validation parameters was carried out by the CaixaBank modeling team.

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INDEPENDENT AUDIT REPORT



Key audit matter

judgement and estimation are included in their determination, we have considered the valuation of life insurance technical provisions a key audit matter.

For more information about technical provisions for life insurance contracts, see Note 1.2 and note 19 of the consolidated annual accounts for the 2022-year end.

How our audit addressed the key audit matter

- Analysis of the sufficiency of real expenses according to article 35, not repealed, of the Regulations for the Regulation and Supervision of Private Insurance.
- Analysis of the compliance of the specific regulation regarding interest rates to be applied in the calculation of the mathematical reserve, including an analysis of the liabilities cash flows considered in the cashflow maturity portfolio for a selected sample.
- Actuarial recalculation of the mathematical reserve for a policy selection according to sampling procedures.
- Analysis of the liability adequacy test.

On the other hand, regarding specifically the reserve for claims, we have performed additional complementary procedures in relation to:

- Analysis of the sufficiency of reserves for outstanding and incurred but not reported claims reserves by a review of a sample of files and the analysis of the adequacy of the reserve established in the previous year.
- Analysis of the adequacy of the incurred but not reported reserve at the end of the period based on independent actuarial reprojections.

Regarding specifically to protection products, we have performed the following audit procedures:

- Analysis of the calculation basis and the unearned premiums provision calculation for a selected sample of protection products.
- Analysis, where appropriate, the need to book a reserve for premium deficiencies based on the stipulations of Article 31, not repealed, of the Regulations for the Regulation and Supervision of Private Insurance and additional legislation.



Key audit matter

Valuation of Financial Investments without an active market booked at fair value

Although most of the financial assets of the investment portfolio are quoted in active markets where liquid prices are obtained from market sources, the Group's financial investment portfolio includes certain structured financial assets that do not have an active market, mainly used for the immunization of long-term saving insurance liabilities.

Given that these financial assets do not have an active market, their valuation is performed by the Parent Company through valuation methodologies that incorporate certain judgment and estimates by the Management or by the related counterparty.

The instruments that are valued based on models and assumptions that are not observable by third parties are included in Note 26 of the accompanying consolidated financial statements for the year 2022.

How our audit addressed the key audit matter

- Analysis of information regarding the valuation of technical provisions for life insurance contracts included in the consolidated financial statements.

Regarding the disclosed information of the impacts derived from the coming into force of IFRS 17 on insurance contracts, we have assessed the information contained in note 1.2 of the consolidated financial statements and, in particular, the impacts in equity and contractual service margin (CSM) as of the transition date of 1 January 1, 2022.

As a result of the procedures described above, no relevant aspect to highlight has been revealed.

In the case of the valuation of illiquid investments where prices are not available in an active market, we have gained an understanding of the valuation process of this type of assets. Additionally, we have proceeded to evaluate the control environment of this area in terms of its design and its effectiveness.

The audit tests included the completion of the following procedures carried out with the participation of specialists in valuation of financial assets:

- Reconciliation of the accounting records with the underlying information of these assets.
- Evaluation of the methodology and assumptions used in the valuation models, in particular, interest rate curves and discounted cash flows, as well as obtaining the market value calculated, as the case may be, by the related counterparts.
- Analysis of the market value of a sample of assets recorded at fair value.
- Analysis of information regarding the valuation of financial investments without an active market recorded at fair value, included in the consolidated financial statements.

INDEPENDENT AUDIT REPORT



Key audit matter	How our audit addressed the key audit matter
	As a result of the procedures described above, no relevant aspect to highlight has been revealed.
Merger by absorption of Bankia Vida	
<p>On April 26, 2022, the project for the merger by absorption of the related entity Bankia Vida S.A.U de Seguros y Reaseguros (the target company) was signed by VidaCaixa S.A.U. de Seguros y Reaseguros (the acquiring company), being the reference date for the recognition of this business combination, in accordance with the applicable financial information framework, on 1 January, 2022.</p> <p>Additionally, the Group has recorded the identifiable assets incorporated and the liabilities assumed at provisional fair value in the allocation exercise of the price paid in the business combination. Likewise, management has had the support of an independent third-party expert to carry out an independent valuation of the insurance portfolio of the absorbed company.</p> <p>As a result of the aforementioned allocation of the price paid in the business combination, respecting the preceding values of the CaixaBank consolidated group in terms of the cost of the business combination given its status as a related entity, the Group's management has identified a finite-life intangible asset linked to the Bankia Vida policyholder portfolio as of 1 January, 2022, for an amount of 492 million euros, with its corresponding deferred tax liability.</p> <p>This intangible asset has been amortized in accordance with its useful life without observing signs of impairment at the end of the 2022 financial year.</p> <p>Given the relevance of the business combination that has required certain judgement and estimation by the Group's management, it has been considered as a key audit matter.</p> <p>See note 7 of the attached consolidated financial statements.</p>	<p>We have obtained an understanding of the process followed and the internal control framework regarding the process of identification and valuation at fair value of the assets acquired and liabilities assumed carried out by management.</p> <p>The audit tests included the completion of the following procedures:</p> <ul style="list-style-type: none"> • Audit procedures to obtain sufficient audit evidence on the incorporated balances, which includes both the understanding of the migration process and the evaluation of the associated IT general controls, reading of internal audit reports related to the migration of the absorbed Company, and substantive evidence on the integrity and accuracy of the financial information from the absorbed company. • Evaluation of the methodology to determine the integrity of the information used, the underlying hypotheses and the mathematical accuracy of the valuation of the intangible asset related to the defined useful life insurance portfolio executed by the independent expert. These procedures will be carried out with the collaboration of the actuarial specialist, particularly in the analysis of the adequacy of the underlying hypotheses applied and the non-existence of indications of impairment at the end of the fiscal year. • Analysis of the merger entry and its correct accounting treatment in accordance with the applicable regulations. • Analysis of the communications and authorizations to the management obtained from the regulators. <p>As a result of the procedures described above, no relevant aspect to highlight has been revealed.</p>

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Key audit matter	How our audit addressed the key audit matter
<p>Valuation of the ownership interest in SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, S.A.</p> <p>The Parent company holds a 49.92% stake in the share capital of SegurCaixa Adeslas, S.A. de Seguros y Reaseguros, an entity not listed on regulated markets whose activity is the commercialization of non-life insurance products.</p> <p>The Group performs annually the corresponding impairment test applying market hypotheses in order to verify that the recoverable value of the asset is not in an amount lower than its book value. This analysis requires judgments and estimates from the Management, such as business growth, margins or the discount rate to be used.</p> <p>As of December 31, 2022, the Company's management has considered in its assessment the current economic and business environment, the market conditions and the existing economic uncertainty in determining the recoverable value of such interest.</p> <p>The aforementioned aspects, as well as the relevance of the investment held, amounting to 1.256 million euros at 31 December, 2022, means that we consider the situation described as a key issue of our audit.</p> <p>See Note 14 to the accompanying consolidated financial statements.</p>	<p>We have gained an understanding of the process of evaluating the recoverability of the ownership interest, as well as the internal control environment of the process of testing the impairment of ownership interests.</p> <p>The audit tests included the completion of the following procedures with the participation of specialists in valuation of intangible assets and actuaries:</p> <ul style="list-style-type: none"> • Evaluation of the methodology used by the directors and the management for the evaluation of impairment indicators of the participation, including the evaluation of the supervision controls of the process and of the implicit approvals of the same. • Analysis of the adequacy of the valuation methodology used and analysis of the arithmetic correction of the calculations made. • Evaluation of the future cash flows with approved business plans. • Analysis of the reasonableness of the main hypotheses of the valuation model, such as growth rates and discount rates used. • Obtaining of the specific audit report of SegurCaixa Adeslas for the purposes of the consolidated group. • Analysis of the information regarding the investment of the ownership interest in SegurCaixa Adeslas included in the consolidated financial statements. <p>As a result of the procedures described above, no relevant aspect to highlight has been revealed</p>

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INDEPENDENT AUDIT REPORT

**Key audit matter****Valuation of the Goodwill and other intangible assets**

As a result of certain business combinations, the Group has intangible assets recorded as Goodwill and Other Intangible Assets originated on different acquisitions for a combined value of 1,238 million euros. The main highlights are the merger by absorption of VidaCaixa Group and the acquisition and subsequent merger of the Banca Cívica Vida y Pensiones S.A., CajaSol Vida y Pensiones, S.A. and CajaCanarias Vida y Pensiones, S.A., the acquisition of Sa Nostra Vida Compañía de Seguros de Vida S.A.U. and the intangible asset coming from the business combination of Bankia Pensiones, S.A.U., E.G.F.P. and Bankia Vida, S.A.U. de Seguros y Reaseguros.

The Group proceeds to identify the cash generating unit with the objective of annually perform an impairment test that integrates all of the Group's goodwill and other intangible assets.

The evaluation by the management of the Parent Company involves a complex process that requires the use of a high level of assumptions, estimates and judgments, mainly related to future dividend flows, discount rates applied and growth rates at perpetuity.

As of 31 December, 2022, the Company's management has considered in its assessment the current economic and business environment, the market conditions and the existing economic uncertainty in determining the recoverable value of such Goodwill and other intangible assets.

For more information on intangible assets, see Note 16 to the consolidated financial statements for the 2022 fiscal year.

How our audit addressed the key audit matter

We have gained an understanding of the evaluation process of the recoverability of intangible assets (goodwill and other intangible assets), as well as the internal control environment for the process of testing the impairment of intangible assets.

The audit tests included the completion of the following procedures with the participation valuation experts and, where appropriate, actuary specialists:

- Evaluation of the methodology used by the directors and the management for the evaluation of the existence of impairment indicators of the intangible assets, including the evaluation of the controls of the process supervision and of the implicit approvals thereof.
- Analysis of the adequacy of the valuation methodology used and analysis of the arithmetic correction of the calculations performed.
- Assessment of the consistency of future cash flows with approved business plans.
- Analysis of the reasonableness of the main hypotheses of the valuation model, such as growth rates and discount rates used.
- Analysis of the information regarding the valuation of the Goodwill and other intangible assets included in the consolidated financial statements.

As a result of the procedures described above, no relevant aspect to highlight has been revealed.

**Other information: Consolidated management report**

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated financial statements.

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

- Verify only that the statement of non-financial information, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

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

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

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

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

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

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

INDEPENDENT AUDIT REPORT



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

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

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

Report on other legal and regulatory requirements

Report to the Parent company's audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated March 23, 2023.

Appointment period

On June 10, 2021, the Sole Shareholder appointed us as auditors of the Group for a period of one year, as from the year ended December 31, 2022.

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

Additionally, on June 16, 2022, the Sole Shareholder appointed PricewaterhouseCoopers Auditores, S.L. as auditors of the Company for a period of one year, counting from the year ended December 31, 2023.

Services provided

Services provided to the Group for services other than the audit of the accounts are indicated in the Note 28 of the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Pedro Díaz-Leante Sanz (20488)

March 30th, 2023

CONSOLIDATED ANNUAL ACCOUNTS

- CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021 BEFORE DISTRIBUTION OF EARNINGS
- CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2022 AND 2021
- CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPONDING TO THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2022 AND 2021

Consolidated statements of recognised income and expenses

Total consolidated statements of changes in equity

- CONSOLIDATED CASH FLOW STATEMENTS CORRESPONDING TO THE FINANCIAL YEARS ENDING ON 31 DECEMBER 2022 AND 2021
- CONSOLIDATED REPORT CORRESPONDING TO THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2022

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS (Thousands of euros)

ASSETS	Accompanying notes	31-12-2022		31-12-2021 (*)	
1. Cash and equivalent liquid assets	Note 10		1,160,848		1,405,734
2. Financial assets held to trade			223		150
3. Other financial assets at fair value through profit and loss	Note 11		17,468,955		18,401,600
a) Equity instruments		5,208,168		6,460,381	
b) Debt securities		685,887		282,782	
c) Hybrid instruments		2,061		-	
d) Investments by policyholders who assume the risk of the investment		11,561,292		11,626,299	
e) Other		11,547		32,138	
4. Financial assets available for sale	Note 12		49,866,620		58,232,950
a) Equity instruments		85,047		2,181	
b) Debt securities		49,781,573		58,230,769	
c) Loans		-		-	
d) Deposits in credit institutions		-		-	
e) Other		-		-	
5. Loans and receivables	Note 13		792,279		352,174
a) Debt securities		309,267		169,163	
b) Loans and deposits		36,485		44,609	
c) Receivables		446,527		138,402	
6. Held-to-maturity investments			-		-

CONSOLIDATED ANNUAL ACCOUNTS

cont,

ASSETS	Accompanying notes	31-12-2022		31-12-2021 (*)	
7. Hedge derivatives			10,840		-
8. Share of the reinsurer in technical provisions	Note 19		109,608		117,679
9. Tangible fixed assets and property investments	Note 15		34,848		22,214
a) Tangible fixed assets		21,102		21,429	
b) Property investments		13,746		785	
10. Intangible fixed assets	Note 16		1,341,966		784,121
a) Goodwill		695,782		583,577	
b) Expenses for the acquisition of policy portfolios		-		-	
c) Other intangible fixed assets		646,184		200,544	
11. Shares in entities accounted for using the equity method	Note 14		1,256,543		1,193,321
12. Tax assets	Note 21		612,339		206,833
a) Current tax assets		-		-	
b) Deferred tax assets		612,339		206,833	
13. Other assets			1,100,230		932,654
14. Assets held for sale			-		-
TOTAL ASSETS			73,755,299		81,649,430

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

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31-12-2022		31-12-2021 (*)	
TOTAL LIABILITIES			69,577,106		77,845,808
1. Financial liabilities held to trade			-		-
2. Other financial liabilities at fair value through profit and loss			2,243		20,161
3. Debits and payables	Note 18		738,994		547,959
a) Subordinated liabilities		-		-	
b) Other debt		738,994		547,959	
4. Hedge derivatives			-		7,667
5. Technical provisions	Note 19		68,069,861		76,974,001
a) For unearned premiums		6,837		1,812	
b) For ongoing risks		2		-	
c) For life insurance		66,455,848		75,642,938	
- Provision for unearned premiums and ongoing risks		91,915		57,702	
- Mathematical provision		54,200,045		63,174,334	
- Provision for life insurance when the risk of the investment is assumed by the policyholder		12,163,888		12,410,902	
d) For benefits		1,551,173		1,256,167	
e) For profit sharing and rebates		56,001		73,084	
f) Other technical provisions		-		-	
6. Non-technical provisions	Note 17		1,312		2,166
7. Tax liabilities	Note 21		755,575		285,874
a) Current tax liabilities		5,589		2,533	
b) Deferred tax liabilities		749,986		283,341	
8. Other liabilities			9,121		7,980
9. Liabilities associated with assets held for sale			-		-

CONSOLIDATED ANNUAL ACCOUNTS

LIABILITIES AND EQUITY	Accompanying notes	31-12-2022		31-12-2021 (*)	
TOTAL EQUITY			4,178,193		3,803,622
Own funds			4,240,080		3,786,924
1. Capital	Note 20	1,347,462		1,347,462	
a) Authorised capital		1,347,462		1,347,462	
b) <i>Less</i> : Uncalled capital		-		-	
2. Issue premium		-		-	
3. Reserves	Note 20	2,447,732		2,015,635	
4. <i>Less</i> : Treasury stock or shares		-		-	
5. Profit and loss from previous years		-		-	
6. Other shareholder contributions		-		-	
7. Profit and loss for the financial year attributable to the parent		869,886		793,827	
a) Consolidated profit and loss		869,886		793,827	
b) Profit and loss attributable to external shareholders		-		-	
8. <i>Less</i> : Interim dividend	Note 5	(425,000)		(370,000)	
9. Other equity instruments		-		-	
Value adjustments	Note 20		(61,887)		16,698
1. Financial assets available for sale		(61,887)		16,698	
2. Hedging transactions		-		-	
3. Exchange differences		-		-	
4. Accounting asymmetry correction		-		-	
5. Entities accounted for using the equity method		-		-	
6. Other adjustments		-		-	

CONSOLIDATED ANNUAL ACCOUNTS

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LIABILITIES AND EQUITY	Accompanying notes	31-12-2022		31-12-2021 (*)	
Subsidies, donations and bequests received			-		-
EQUITY ATTRIBUTED TO THE PARENT COMPANY			4,178,193		3,803,622
MINORITY INTERESTS			-		-
1. Value adjustments		-		-	
2. Other		-		-	
TOTAL EQUITY AND LIABILITIES			73,755,299		81,649,430

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

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (Thousands of euros)

	Accompanying notes	2022	2021 (*)
1. Premiums allocated to the financial year, net of reinsurance		19,909	2,523
2. Revenue from tangible fixed assets and investments		200,146	209,498
3. Other technical revenue		-	-
4. Loss rate for the financial year, net of reinsurance		(3,625)	295
5. Variation in other technical provisions, net of reinsurance		-	-
6. Sharing in profits and rebates		(337)	(573)
7. Net operating expenses		(4,662)	22
8. Other technical expenses		(1,760)	(236)
9. Expenses from tangible fixed assets and investments		(14)	(87)
A) NON-LIFE INSURANCE PROFIT AND LOSS	Note 8	209,657	211,442
10. Premiums allocated to the financial year, net of reinsurance		7,540,073	8,388,201
11. Revenue from tangible fixed assets and investments		4,861,928	4,479,929
12. Revenue from investments subject to insurance when the policyholder assumes the risk of the investment		1,246,801	1,615,651
13. Other technical revenue		-	-
14. Loss rate for the financial year, net of reinsurance		(7,217,756)	(6,968,205)
15. Variation in other technical provisions, net of reinsurance		1,675,242	(4,330,454)
16. Sharing in profits and rebates		(39,341)	(54,057)
17. Net operating expenses		(455,045)	(337,093)
18. Other technical expenses		(54,173)	(25,530)

CONSOLIDATED ANNUAL ACCOUNTS

cont,

	Accompanying notes	2022	2021 (*)
19. Expenses from tangible fixed assets and investments		(4,401,464)	(1,338,199)
20. Expenses from investments subject to insurance when the policyholder assumes the risk of the investment		(2,274,063)	(728,646)
B) LIFE INSURANCE PROFIT AND LOSS	Note 8	882,202	701,597
21. Revenue from tangible fixed assets and investments		93,312	49,787
22. Negative consolidation difference		-	-
23. Expenses from tangible fixed assets and investments		(74,439)	(29,681)
24. Other income		349,162	343,607
25. Other expenses		(311,810)	(242,200)
C) PROFIT AND LOSS FROM OTHER ACTIVITIES		56,225	121,513
D) PRE-TAX PROFIT/LOSS		1,148,084	1,034,552
26. Corporation tax	Note 21	(278,198)	(240,725)
E) PROFIT AND LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		869,886	793,827
27. Profit and loss for the financial year from discontinued operations net of taxes		-	-
F) CONSOLIDATED PROFIT AND LOSS FOR THE FINANCIAL YEAR		869,886	793,827
a) Profit and loss attributed to the parent company		869,886	793,827
b) Profit and loss attributed to minority interests		-	-
PROFIT PER SHARE			
Basic and diluted profit per share (in euros)		4	4

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

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS BY SEGMENT AS OF 31 DECEMBER 2022 (Thousands of euros)

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
1. Cash and equivalent liquid assets	104,590	1,052,220	4,038	1,160,848
2. Financial assets held to trade	-	223	-	223
3. Other financial assets at fair value through profit and loss	-	17,468,955	-	17,468,955
4. Financial assets available for sale	-	49,866,620	-	49,866,620
5. Loans and receivables	136,924	655,347	8	792,279
a) Debt securities		309,267	-	309,267
b) Loans and deposits	-	36,485	-	36,485
c) Receivables	136,924	309,595	8	446,527
6. Held-to-maturity investments	-	-	-	-
7. Hedge derivatives	-	10,840	-	10,840
8. Share of the reinsurer in technical provisions	14,485	95,123	-	109,608
9. Tangible fixed assets and property investments	-	34,848	-	34,848
a) Tangible fixed assets	-	21,102	-	21,102
b) Property investments	-	13,746	-	13,746
10. Intangible fixed assets	-	1,341,966	-	1,341,966
a) Goodwill	-	695,782	-	695,782
c) Other intangible fixed assets	-	646,184	-	646,184
11. Shares in entities accounted for using the equity method	1,256,543	-	-	1,256,543

CONSOLIDATED ANNUAL ACCOUNTS

cont,

ASSETS	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
12. Tax assets		-		612,339		-	612,339
b) Deferred tax assets	-		612,339		-		612,339
13. Other assets		-		1,100,217		13	1,100,230
TOTAL ASSETS		1,512,542		72,238,698		4,059	73,755,299

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
TOTAL LIABILITIES		27,677		69,549,330		99	69,577,106
2. Other financial liabilities at fair value through profit and loss		-		2,243		-	2,243
3. Debits and payables		-		738,897		97	738,994
5. Technical provisions		27,677		68,042,184		-	68,069,861
6. Non-technical provisions		-		1,312		-	1,312
7. Tax liabilities		-		755,575		-	755,575
8. Other liabilities		-		9,119		2	9,121
9. Liabilities associated with assets held for sale		-		-		-	-
TOTAL EQUITY		1,466,200		2,711,790		203	4,178,193

CONSOLIDATED ANNUAL ACCOUNTS

cont,

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
Own funds		1,466,200		2,773,677		203	4,240,080
1. Capital		-		1,347,462		-	1,347,462
a) Authorised capital	-		1,347,462		-		1,347,462
2. Issue premium		-		-		-	-
3. Reserves		1,256,543		1,191,189		-	2,447,732
7. Profit and loss for the financial year attributable to the parent company		209,657		660,026		203	869,886
a) Consolidated profit and loss	209,657		660,026		203		869,886
8. <i>Less</i> : Interim dividend		-		(425,000)		-	(425,000)
Value adjustments		-		(61,887)		-	(61,887)
1. Financial assets available for sale		-		(61,887)		-	(61,887)
EQUITY ATTRIBUTED TO THE PARENT COMPANY		1,466,200		2,711,790		203	4,178,193
TOTAL EQUITY AND LIABILITIES		1,493,877		72,261,120		302	73,755,299

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS BY SEGMENT AS OF 31 DECEMBER 2021 (Thousands of euros)

ASSETS	NON-LIFE SEGMENT	LIFE SEGMENT	OTHER SEGMENT	TOTAL
1. Cash and equivalent liquid assets	228,909	1,172,986	3,839	1,405,734
2. Financial assets held to trade	-	150	-	150
3. Other financial assets at fair value through profit and loss	-	18,401,600	-	18,401,600
4. Financial assets available for sale	-	58,232,950	-	58,232,950
5. Loans and receivables	-	352,166	8	352,174
a) Debt securities		169,163	-	169,163
b) Loans and deposits	-	44,609	-	44,609
c) Receivables	-	138,394	8	138,402
8. Share of the reinsurer in technical provisionss	14,580	103,099	-	117,679
9. Tangible fixed assets and property investments	-	22,214	-	22,214
a) Tangible fixed assets	-	21,429	-	21,429
b) IProperty investments	-	785	-	785
10. Intangible fixed assets	-	784,121	-	784,121
a) Goodwill	-	583,577	-	583,577
c) Other intangible fixed assets	-	200,544	-	200,544
11. Shares in entities accounted for using the equity method	1,193,321	-	-	1,193,321

CONSOLIDATED ANNUAL ACCOUNTS

cont,

ASSETS	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
12. Tax asset		-		206,833		-	206,833
b) Deferred tax assets	-		206,833		-		206,833
13. Other assets		-		932,639		15	932,654
TOTAL ASSETS		1,436,810		80,208,758		3,862	81,649,430

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
TOTAL liabilities		17,466		77,828,236		106	77,845,808
2. Other financial liabilities at fair value through profit and loss		-		20,161		-	20,161
3. Debits and payables		-		547,856		103	547,959
4. Hedge derivatives		-		7,667		-	7,667
5. Technical provisions		17,466		76,956,535		-	76,974,001
6. Non-technical provisions		-		2,166		-	2,166
7. Tax liabilities		-		285,874		-	285,874
8. Other liabilities		-		7,977		3	7,980
TOTAL EQUITY		1,404,763		2,398,640		219	3,803,622

CONSOLIDATED ANNUAL ACCOUNTS

cont,

LIABILITIES AND EQUITY	NON-LIFE SEGMENT		LIFE SEGMENT		OTHER SEGMENT		TOTAL
Own funds		1,404,763		2,381,942		219	3,786,924
1. Capital		-		1,347,462		-	1,347,462
a) Authorised capital	-		1,347,462		-		1,347,462
3. Reserves		1,193,321		822,314		-	2,015,635
7. Profit and loss for the financial year attributable to the parent company		211,442		582,166		219	793,827
a) Consolidated profit and loss	211,442		582,166		219		793,827
8. <i>Less:</i> Interim dividend		-		(370,000)		-	(370,000)
Value adjustments		-		16,698		-	16,698
1. Financial assets available for sale		-		16,698		-	16,698
EQUITY ATTRIBUTED TO THE PARENT COMPANY		1,404,763		2,398,640		219	3,803,622
TOTAL EQUITY AND LIABILITIES		1,422,229		80,226,876		325	81,649,430

CONSOLIDATED ANNUAL ACCOUNTS

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (PART A)

Consolidated Statements Of Recognised Income And Expenses (Thousands of euros)

	2022	2021 (*)
PROFIT/LOSS FOR THE FINANCIAL YEAR	869,886	793,827
OTHER RECOGNISED INCOME AND EXPENSES	(78,585)	(16,386)
Elements that may be reclassified in profit and loss	(78,585)	(16,386)
Financial assets available for sale	(112,266)	(23,408)
Valuation gains and losses	(87,730)	(23,408)
Amounts transferred to the profit and loss account	(24,536)	-
Other reclassifications	-	-
Cash flow hedges	-	-
Hedging of net investments in foreign businesses	-	-
Exchange and conversion differences	-	-
Accounting asymmetry correction	-	-
Assets held for sale	-	-
Shareholding in other recognised income and expenses from investments in joint ventures and associates	-	-
Other recognised income and expenses	-	-
Corporation tax on elements that may be reclassified in profit and loss	33,681	7,022
TOTAL RECOGNISED INCOME AND EXPENSES	791,301	777,441
Attributable to minority interests (non-controlling shareholdings)	-	-
Attributable to the owners of the Parent	791,301	777,441

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

CONSOLIDATED ANNUAL ACCOUNTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (PART B)

(Thousands of euros)

OWN FUNDS						
	AUTHORISED CAPITAL OR MUTUAL FUND	RESERVES	PROFIT/LOSS FOR THE FINANCIAL YEAR	LESS: INTERIM DIVIDENDS	VALUE ADJUSTMENTS	TOTAL
BALANCE AS OF 31-12-2020	1,347,462	1,884,799	887,933	(675,000)	33,084	3,478,278
OPENING BALANCE AS OF 01-01-2021	1,347,462	1,884,799	887,933	(675,000)	33,084	3,478,278
Total recognised revenues and expenses	-	-	793,827	-	(16,386)	777,441
Transactions with partners or mutual associations	-	87,387	-	(539,484)	-	(452,097)
Increases in capital or mutual fund	-	-	-	-	-	-
(-) Reductions of capital or mutual fund	-	-	-	-	-	-
Conversion of financial liabilities into equity (conversion bonds, debt waivers)	-	-	-	-	-	-
(-) Distribution of dividends or supplementary returns	-	-	-	(539,484)	-	(539,484)
Transactions with treasury shares or stock (net)	-	-	-	-	-	-
Increase (reduction) in equity resulting from a business combination	-	87,387	-	-	-	87,387
Other transactions with partners or mutual associations	-	-	-	-	-	-
Other changes in equity	-	43,449	(887,933)	844,484	-	-
Payments based on equity instruments	-	-	-	-	-	-
Transfers between equity items	-	43,449	(887,933)	844,484	-	-
Other changes	-	-	-	-	-	-
BALANCE AS OF 31-12-2021	1,347,462	2,015,635	793,827	(370,000)	16,698	3,803,622

CONSOLIDATED ANNUAL ACCOUNTS

cont,

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

OWN FUNDS						
	AUTHORISED CAPITAL OR MUTUAL FUND	RESERVES	PROFIT/LOSS FOR THE FINANCIAL YEAR	LESS: INTERIM DIVIDENDS	VALUE ADJUSTMENTS	TOTAL
OPENING BALANCE AS OF 01-01-2022	1,347,462	2,015,635	793,827	(370,000)	16,698	3,803,622
Total recognised revenues and expenses	-	-	869,886	-	(78,585)	791,301
Transactions with partners or mutual associations	-	176,568	-	(593,298)	-	(416,730)
Increases in capital or mutual fund	-	-	-	-	-	-
(-) Reductions of capital or mutual fund	-	-	-	-	-	-
Conversion of financial liabilities into equity (conversion bonds, debt waivers)	-	-	-	-	-	-
(-) Distribution of dividends or supplementary returns	-	-	-	(593,298)	-	(593,298)
Transactions with treasury shares or stock (net)	-	-	-	-	-	-
Increase (reduction) in equity resulting from a business combination	-	176,568	-	-	-	176,568
Other transactions with partners or mutual associations	-	-	-	-	-	-
Other changes in equity	-	255,529	(793,827)	538,298	-	-
Payments based on equity instruments	-	-	-	-	-	-
Transfers between equity items	-	255,529	(793,827)	538,298	-	-
Other changes	-	-	-	-	-	-
CLOSING BALANCE AS OF 31-12-2022	1,347,462	2,447,732	869,886	(425,000)	(61,887)	4,178,193

CONSOLIDATED ANNUAL ACCOUNTS

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

	NOTE	2022	2021 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		(455,017)	1,694,465
Insurance activity		26,770	1,881,546
Cash receipts from the insurance activity		8,659,668	9,798,584
Cash payments for the insurance activity		(8,632,898)	(7,917,038)
Other operating activities		(273,648)	50,733
Cash receipts from other operating activities		349,930	348,170
Cash payments for other operating activities		(623,578)	(297,437)
Receipts and payments for corporation tax		(208,139)	(237,814)
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		874,749	(518,855)
Receipts from investment activities		56,867,964	43,802,169
Tangible fixed assets		-	-
Property investments		-	-
Intangible assets		-	-
Financial instruments		53,568,228	40,882,023
Shareholdings in joint ventures and associates		-	-
Interest earned		3,052,524	2,489,843
Dividends earned		163,896	247,031
Business unit		-	-
Other receipts related to investment activities		-	134,688
Other receipts related to investment activities from business combinations		83,316	48,584

CONSOLIDATED ANNUAL ACCOUNTS

cont,

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

	NOTE	2022	2021 (*)
Payments for investment activities		(55,993,215)	(44,321,024)
Tangible fixed assets		(268)	(58)
Property investments		-	(395)
Intangible assets		-	-
Financial instruments		(55,138,767)	(44,284,150)
Shareholdings in joint ventures and associates		(849,989)	(142)
Business unit		-	-
Other payments related to investment activities		(4,191)	(36,279)
C) CASH FLOWS FROM FINANCING ACTIVITIES		(664,618)	(670,665)
Receipts from financing activities		609,635	3,232,349
Subordinated liabilities		-	-
Receipts for issue of equity instruments and capital increase		-	-
Supplementary returns and contributions from partners y mutual associations		-	-
Disposal of treasury stock		-	-
Other receipts related to financing activities		609,635	3,232,349
Payments from financing activities		(1,274,253)	(3,903,014)
Dividends to shareholders		(593,298)	(750,597)
Interest paid		-	(68)
Subordinated liabilities		-	-
Payments for the return of contributions to shareholders		-	-

CONSOLIDATED ANNUAL ACCOUNTS

cont,

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

	NOTE	2022	2021 (*)
Supplementary calls and return of contributions of partners y mutual associations		-	-
Acquisition of treasury stock		-	-
Other payments related to financing activities		(680,955)	(3,152,349)
Effect of the variations in exchange rates		-	-
D) NET INCREASE/(DECREASE) OF CASH AND EQUIVALENTS (A+B+C)		(244,886)	504,945
E) CASH AND EQUIVALENTS AT THE START OF THE FINANCIAL YEAR		1,405,734	900,789
F) CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (D+E)		1,160,848	1,405,734
COMPONENTS OF CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR			
Cash and banks		1,160,848	1,405,734
Bank overdrafts refundable on demand		-	-
Other financial assets		-	-
TOTAL CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	1,160,848	1,405,734

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

REPORT

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

In accordance with the current regulations on the content of consolidated annual accounts, this consolidated Report completes, expands on and comments on the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement and forms a whole unit with them, in order to show the true and

fair view of the assets and financial position of Vida-Caixa, S.A.U. de Seguros y Reaseguros y Sociedades Dependientes as of 31 December 2022 as well as the results of its operations, changes in equity and cash flows that have occurred during the financial year ended on that date.

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REPORT

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

1. NATURE OF THE COMPANY, PRESENTATION RULES AND OTHER INFORMATION**1.1. Nature of the Company**

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

VidaCaixa's corporate purpose is defined as:

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

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

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

The Group forms part of the CaixaBank Group, whose parent company ("CaixaBank, S.A." or "CaixaBank") has a direct shareholding in the entire capital of VidaCaixa, CaixaBank, S.A. with registered address in Calle Pintor Sorolla nº 2- 4, in Valencia. The consolidated annual accounts of the CaixaBank Group are filed with the Mercantile Registry of Valencia and drawn up within the legally established period. The consolidated annual accounts of the CaixaBank Group for the 2022 financial year were drawn up by the Group's directors at their Board of Directors meeting held on 16 February 2023.

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

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

REPORT

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

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

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

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

Appendix I gives a breakdown of the main figures for the subsidiaries and associates that form the Group, as well as the Sole Shareholder of the Parent Company.

In light of the activity in which the Group engages, it has no liabilities, expenses, assets or provisions or contingencies of an environmental nature that may be material in relation to its capital, financial position and earnings. Therefore, specific disclosures regarding environmental issues are not included in this report on the annual accounts. Notwithstanding the foregoing, the comprehensive statement on the Parent Company's investment policy principles incorporates socially responsible investments as set forth in the 2022 Management Report.

As of 31 December 2022, the Group manages 229 pension funds and 3 Voluntary Social Welfare Entities (EPSV to use the Spanish name) with a consolidated rights volume of €43,257,174,000 (€47,638,688,000 as of 31 December 2021). The gross revenue accrued through management fees for the different funds amounted to

€346,842,000 in the 2022 financial year (€341,544,00 in the 2021 financial year), and this is accounted for under the 'Profit and loss from other activities - Other income' heading. Likewise, the expenses associated with this management were €214,877,000 (€230,180,000 in the 2021 financial year), presented under the 'Earnings from other activities - Other expenses' heading.

1.2. Reporting rules

The consolidated annual accounts have been drawn up by the Directors in accordance with the regulatory framework for financial reporting applicable to the Group as of 31 December 2022, which is that established in the International Financial Reporting Standards adopted by the European Union (hereinafter, IFRS-EU). Similarly, the following has also been considered in their preparation: (i) the Commercial Code and other trading legislation; (ii) Spanish Law 20/2015, of 14 July, on the Management. Supervision and Solvency of Insurance and Reinsurance Companies ("LOSSEAR"); (iii) Spanish Royal Decree 1060/2015, of 20 November, on the Management. Supervision and Solvency of Insurance and Reinsurance Companies ("ROSSEAR"), as well as the current articles of Spanish Royal Decree 2486/1998, of 20 November, approving the Insurance Management and Supervision Regulations (hereinafter, "ROSSP"); (iv) the mandatory standards approved by the Spanish Institute of Accounting and Account Auditing to implement the General Chart of Accounts and its supplementary standards; (v) and the provisions established by the Spanish General Directorate of Insurance and Pension Funds (DGSyFP in Spanish).

The accompanying consolidated annual accounts have been obtained from the accounting records of the Parent Company and the other companies making up the Group. They are prepared in accordance with the regulatory framework for

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financial reporting that is applicable and, in particular, the accounting principles and criteria contained therein, in order to show the true and fair view of the assets, the financial position, the earnings of the Group and the cash flows during the corresponding financial year. The accompanying annual accounts include certain adjustments and reclassifications intended to standardise the principles and criteria followed by the integrated companies with those of VidaCaixa. All mandatory accounting principles have been applied.

The figures are presented in thousands of euros unless the use of another alternative monetary unit is indicated. Certain financial information in this report has been rounded. Consequently, the figures shown as totals in this document may be slightly different to the exact arithmetic operation of the figures that precede them. Similarly, when determining the information that

must be disclosed in this report, its relative importance in relation to the annual accounting period has been taken into account.

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

Standards and interpretations issued by the IASB but not in force

On the date of drawing up these consolidated annual accounts, the most significant standards published by the IASB but that have not entered into force, either because their effective date is later than the date of the consolidated annual accounts or because they have still not been approved by the European Union, are as follows:

STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT IN FORCE

STANDARDS AND INTERPRETATIONS	TITLE	MANDATORY APPLICATION FOR FINANCIAL YEARS STARTING FROM:
IFRS 17	Insurance contracts	1 January 2023
Amendment to IFRS 17	Initial application of IFRS 17 and IFRS 9 - comparative information	1 January 2023

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• IFRS 17 “Insurance contracts”

The endorsement of the IFRS 17 Standard was published in the Official Journal of the European Union on 23 November 2021. This includes an exception with respect to the IFRS in relation to applying the annual cohort requirement for some types of contracts, such as those managed through different generations of contracts that meet the conditions established in article 77 ter of EC Directive 2009/138, on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), and have been approved by the supervisory authorities for the purpose of applying the matching adjustment. The Group will avail itself of this exception for the portfolios that meet the aforementioned requirements.

In addition, on 9 December 2021 the IASB issued an amendment to IFRS 17 on the comparative information in the initial application of IFRS 17 and IFRS 9 in order to help companies to avoid temporary accounting mismatches between financial assets and insurance contract liabilities and therefore improve the comparative information for users of these financial statements. This amendment allows companies to present comparative information on financial assets in the initial application of IFRS 17 and IFRS 9 based on the classification expected under IFRS 9, as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets. This presentation can only be applied in the comparative periods that have been restated for IFRS 17. The Group will avail itself of this option.

As previously set out in this note, the insurance companies in the Group have availed themselves of the temporary exemption of the application of IFRS 9, so this standard is not yet in force in the insurance business by virtue of the application of EU Regulation 2017/1988. This regulation has allowed the

application of IFRS 9 to be deferred for insurers that are part of a financial conglomerate as defined in article 2, section 14, of EC Directive 2002/87, an option that the VidaCaixa Group, for the financial investments of its insurance companies (VidaCaixa, Sa Nostra Vida and BPI Vida e Pensões), accepted as of 1 January 2018 due to meeting the conditions established by article 2 of EU Regulation 2017/1988. With respect to Bankia Vida and Sa Nostra Vida, from the date of taking control of the companies (see Note 7) the temporary exemption from the application of IFRS 9 has been applied up to their merger with VidaCaixa, in the case of Bankia Vida.

The VidaCaixa Group will apply IFRS 17 and IFRS 9 for the first time on 1 January 2023. These standards will mean significant changes to the accounting of insurance and reinsurance contracts and to financial instruments, respectively.

Estimated impacts of adopting IFRS 17 and IFRS 9

The VidaCaixa Group has estimated the impact of the first application of IFRS 17 and IFRS 9 on its consolidated financial statements. Using data referring to 31 December 2021, and based on the best estimates available to the VidaCaixa Group to date, there is an estimated negative impact on its equity of €224 million as of 1 January 2022.

This impact mainly derives from the fact that under the current IFRS 4, what is commonly known as the “liability adequacy test” is performed. This test makes it possible to determine the overall adequacy level of the provisions for the contract portfolios as a whole, with offsetting between them. With the entry into force of the new IFRS 17, this offsetting will not be allowed. As a result of the asymmetrical treatment of surpluses and deficits at the portfolio level, a liability deficit will be shown for some of them that cannot be offset with the surplus for

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others. This effect must be recognised with a charge to the first-time adoption reserves. Other elements that affect this capital impact are the derecognition of some intangible assets and the impact in other comprehensive income (OCI) derived from the elimination of shadow accounting and the difference between the OCI for financial investments and the OCI for liabilities (difference between the historical rate at the time the policy was issued, known as the locked-in rate, used on the transition date and the current rate on that date).

With regard to the impact as of 1 January 2023, the VidaCaixa Group is currently concluding the estimation of their impacts on equity, which will consider the changes in interest rates during 2022.

The impacts discussed previously all refer to the transition date taking the consolidated view for VidaCaixa and SegurCaixa (SCA). No significant impacts are expected for the rest of the insurance companies in the group, including specifically those related to the recent business combinations taking place in the year 2022. For these purposes, it must be considered that the CaixaBank Group (Sole Shareholder of the Parent Company) took control of Bankia Vida in December 2021 (after being acquired by VidaCaixa in April 2022) and Sa Nostra Vida in November 2022 (Note 7). The above impacts already consider the elimination of the intangible assets coming from the recent business combinations mentioned, which are different to the intangible assets related to future renewals and goodwill, since the first of these will be included in the aforementioned IFRS 17.

On the date of drawing up these consolidated annual accounts, these impacts are the best estimates of the most significant effects for the scope described, without being a full and exact breakdown of all the impacts referring to 1

January 2022. The impacts as of 1 January 2022 and 1 January 2023 of adopting both of the standards may vary due to:

- The VidaCaixa Group continuing to adjust the new accounting processes and internal controls required by IFRS 17 and IFRS 9.
- The new accounting policies, judgments and estimation techniques used are subject to change until the VidaCaixa Group finalises its first financial statements under these new standards.

• IFRS 17

A summary of the principles the VidaCaixa Group will use for the recognition, measurement, presentation and information to disclose for insurance contracts is set out below:

Definition and classification

The VidaCaixa Group has assessed whether its contracts comply with the definition of an insurance contract. In other words, whether significant insurance risk is accepted from another party, agreeing to compensate the insurance policy holder if an uncertain future event that has an adverse effect on them occurs. From this assessment, it has concluded that all the insurance contracts that were under the scope of IFRS 4 comply with the definition of an insurance contract and therefore, the introduction of IFRS 17 does not require any reclassification. The exception is certain BPI Vida e Pensões products that do not transfer significant insurance risk and are therefore valued under IFRS 9.

Unit of account

The VidaCaixa Group has analysed the principles for grouping insurance contracts, taking into account whether they are contracts subject to similar risks

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and are jointly managed, the degree of onerosity and that they are contracts that are no more than one year apart in relation to their issue date (yearly cohorts). From this analysis it has been concluded that the product groups currently used in Solvency II are appropriate.

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

For the contracts issued after the transition date, the grouping by year has been performed with the exception of those insurance contracts managed under Matching Adjustment techniques and the Unit Linked contracts. For these, the VidaCaixa Group has availed itself of Article 2 of Commission Regulation (EU) 2021/2036, of 19 November 2021, through which it is possible to not apply the annual cohort requirements to insurance contract groups managed through different generations of contracts that meet the conditions established in Article 77 ter of the EC Directive 2009/138 and that have been approved by the supervisory authorities for the purposes of the application of the matching adjustment and to the insurance contract groups with the features of direct participation and the investment contract groups with optional participation features, as defined in this Regulation.

Recognition and derecognition of accounts

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

- The start of the coverage period for the contract group
- The date on which the first payment of a holder of a group policy is due
- For a group of contracts of an onerous nature, the date on which the group

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

In general, the VidaCaixa Group uses the general model for the recognition and measurement of insurance contracts. However, for unit linked contracts and similar when the definition of insurance contracts with direct participation features is met, the variable fee approach (VFA) is used. In addition, for contracts whose coverage period is shorter than one year, the VidaCaixa Group uses the premium allocation approach. This is also used when the VidaCaixa Group expects that the use of this simplified approach will produce a measurement that does not significantly differ from that which would be produced by applying the general or VFA method.

An insurance contract is deregistered when:

- It is terminated
- The contract is modified and meets the requirements of the standard to be deregistered.

Measurement

• Initial recognition

For contract groups not measured using the premium allocation approach, in the initial recognition the VidaCaixa Group measures an insurance contract group as the sum of:

- * The future cash flows, which include:
 - Estimations of the future cash flows, The VidaCaixa Group estimates the present value of the future cash outflows less the present value of the

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future cash inflows which are within the contract limits. These estimations are based on the expected value of a full range of possible outcomes, in the VidaCaixa Group's opinion (although in keeping with the observable market prices for the variables used) and reflect the existing conditions on the measurement date.

These flows include expenses directly attributable to insurance contracts, Those expenses that the VidaCaixa Group has decided are not directly attributable are classified in accordance with their nature.

– An adjustment to reflect the time value of money and the financial risks related to the future cash flows, In general, the VidaCaixa Group has adopted a top-down approach for discount rates, meaning that the asset rate is taken as a reference and the credit risk is discounted. For contracts measured using the variable fee model and risk products, the discount rate is established using a bottom-up approach.

– An adjustment to risk for non-financial risk. This reflects the compensation that the VidaCaixa Group requires to deal with uncertainty about the amount and schedule of the cash flows as a result of non-financial risk. The VidaCaixa Group uses the cost of capital methodology, using the cost of capital established by Solvency II (6%) and the regulatory capital requirement currently reported by the entity for underwriting risks (underwriting SCR).

* The contractual service margin (CSM). This represents the future profit from the insurance contracts issued. This amount is not recognised in the profit and loss account in the initial recognition, but instead will be recognised as the services under the contract are provided. When this margin is negative, the

insurance contract is onerous and the loss must be recognised immediately in the profit and loss account, without the contractual service margin being recognised on the balance sheet. The VidaCaixa Group expects that on the transition date, the size of this CSM will be in the range of €2,600 to €3,000 million.

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

In the initial recognition, the VidaCaixa Group measures the liability for remaining coverage as the premiums received plus/minus any amount arising from the accounting derecognition of assets/liabilities previously recognised for the cash flows related to the contract group.

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

• Subsequent recognition

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

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

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* The liability for incurred claims, which consists of the cash flows derived from the fulfilment of past services assigned to the group on that date.

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

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

Changes from the measurement of cash flows at current rates are recognised in Other Comprehensive Income since the VidaCaixa Group has availed itself of this accounting policy to minimise the accounting asymmetries with the accounting recognition of financial assets. For contracts valued using the variable fee model, these amounts adjust the CSM.

In the earnings for the financial year, the transfer of insurance contract services in the period will be recognised as revenue from ordinary insurance activities.

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

The VidaCaixa Group does not adjust the liability for remaining coverage for the time value of money, since the insurance premiums are due within the coverage period of the contracts, which is one year or less. The measurement of the

liability for incurred claims is performed in a way that is similar to the general model.

- **Insurance contract revenue and expenses**

The revenue and expenses associated with insurance contracts are recognised using the following criteria:

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Results of the insurance service	<ul style="list-style-type: none"> • This includes income from ordinary insurance activities, showing the provision of services derived from the group of insurance contracts for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.
	<ul style="list-style-type: none"> • It also includes the expenses of the insurance service, consisting of the claims made (excluding the investment components) and other expenses for the insurance service, the amortisation of acquisition cash flows, changes in flows that relate to past service and changes that relate to the present service.
Financial income and expenses for insurance	<ul style="list-style-type: none"> • Financial income and expenses for insurance consists of the change in the book value of the group of insurance contracts caused by the effect of the time value of money and changes in this value and by the effect of financial risk and changes in this.
	<ul style="list-style-type: none"> • The Group has availed itself of the accounting policy of recognising the impact of changes in discount rates and other financial variables in Other Comprehensive Income to minimise the accounting asymmetries with the accounting recognition of financial assets.
	<ul style="list-style-type: none"> • For contracts valued using the premium allocation approach, the discount rate will not be used since the cash flows are expected to be received and paid within one year.
	<ul style="list-style-type: none"> • The Group breaks down changes in the risk adjustment for non-financial risk between the results of the insurance service and financial income and expenses for insurance.

The revenue and expenses associated with reinsurance contracts held are reported as a single amount and are reported separately from the revenue and expenses associated with insurance contracts issued in the “Net expenses from reinsurance contracts held” and “Financial revenue from reinsurance contracts held” headings.

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Reporting and breakdown

IFRS 17 will lead to significant changes in how insurance contracts are reported and broken down in the VidaCaixa Group's financial statements.

With regard to the balance sheet, the contract portfolios will be classified as assets or liabilities depending on their net balance. Reinsurance and insurance contracts will be reported separately.

With regards to the consolidated profit and loss account, the amounts recognised will be split between "Results of the insurance service", which will include the revenue and expenses from the insurance service, and "Financial revenue and expenses of insurance". As in the balance sheet, reinsurance contracts are reported separately. Given the above, the main changes expected with regard to IFRS 4 are:

- The margin on savings and unit linked products currently recognised in different headings in the profit and loss account of the Life business will now be recognised in "Results of the insurance service".
- "Operating expenses" will be classified as a lower figure for "Results of the insurance service" when it is considered that they are directly attributable to insurance contracts.

In general, for the presentation of changes in the discount rates of the insurance liabilities, the Vidacaixa Group has availed itself of the accounting policy option to record them in "Other Comprehensive Income" to avoid asymmetries with the financial investments which generally recognise their variations in value in "Other Comprehensive Income". For contracts valued using the variable fee model, these amounts adjust the CSM.

These changes will have no material impact on either profitability or the capacity to pay dividends.

Transition

For the purposes of the transition requirements, the transition date will be 1 January 2022, and given that it is impractical to apply IFRS 17 retrospectively, the VidaCaixa Group has chosen to adopt the fair value approach for all contracts in force on that date. For this, the Group has determined the CSM or the loss component of the liability for remaining coverage on the transition date as the difference between the fair value of an insurance contract group on that date and the cash flows derived from fulfilment valued on that date.

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

- Only future cash flows within the limits of the contract have been included in the estimation of fair value, therefore excluding values for future renovations and new business.
- The requirements of IFRS 13 have been taken into account.
- Intangible assets related to future renovations arising from business combinations have been recognised as insurance acquisition cash flow assets, as these amounts are not included in the measurement of insurance contracts.

In addition, in the application of this approach, the VidaCaixa Group has chosen to:

- Include in a contract group those issued more than one year apart.
- Determine the discount rates on the date of initial recognition, instead of the transition date.
- Given that the VidaCaixa Group has chosen the option of breaking down

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financial revenue and expenses of insurance between the profit and loss for the financial year and other comprehensive income, it has chosen to determine the cumulative amount of the revenue or expenses recognised in other comprehensive income on the transition date retrospectively.

• **IFRS 9**

As mentioned previously, the insurance companies in the VidaCaixa Group have availed themselves of the temporary exemption from applying IFRS 9. As a result, the VidaCaixa Group will apply IFRS 9 to these transactions for the first time on 1 January 2023.

The following are the main differences that will result from replacing IAS 39 with IFRS 9 for insurance operations:

- Most of the financial assets are classified as financial assets available for sale under IAS 39. Under IFRS 9, most of the portfolios will be classified as Financial assets at fair value through other comprehensive income. However, in some circumstances, to avoid asymmetries between assets and liabilities, some portfolios will be classified as Financial assets at amortised cost.
- In terms of the Unit Linked business, financial assets related to these contracts are classified as Other financial assets at fair value through profit and loss under IAS 39. Under IFRS 9, these portfolios will be classified as Financial assets at fair value through profit and loss.
- The derivatives classified as hedging elements, in fair value micro-hedges and macro-hedges, will be classified under IFRS 9 in the heading "Derivatives - hedge accounting".

Given that most financial assets are classified at fair value before and after the application of IFRS 9, no significant impacts are expected on the Group's equity.

The only expected impact is from the portfolios that have been reclassified at amortised cost.

While the entry of IFRS 9 means moving from an incurred loss to an expected loss model, due to the composition of the financial asset portfolio no significant impact is expected.

In addition to applying the temporary exemption for applying IFRS 9 to the Group, this deferral has also been applied to SegurCaixa Adeslas. The valuation impact on the financial instruments associated with the application of IFRS 9 in this company is not considered significant due to the low credit risk of the counterparties for its financial instruments.

1.3. Responsibility for the information and estimates made

The annual accounts of the Group for the financial year 2022 have been drawn up by the Board of Directors of the Parent Company at the meeting held on 28 March 2023 and are pending approval by the Sole Shareholder, although they are expected to be approved without modifications. The annual accounts corresponding to the previous financial year were approved by the Sole Shareholder on 31 March 2022.

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

The preparation of the annual accounts in accordance with the IFRS requires the directors to form judgements, estimates and assumptions that affect the

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application of accounting policies and the balances of assets, liabilities, revenue and expenses. The related estimates and assumptions are based on historical experience and other diverse factors that are understood to be reasonable given the circumstances, and whose results constitute the basis for establishing the judgements about the book value of the assets and liabilities that are not easily available from other sources.

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

Apart from the process of making systematic estimates and their periodic review, the Directors of the Parent Company make certain value judgements about issues of particular importance in the consolidated annual accounts, Included among the most significant are those judgements related to the fair value of certain assets and liabilities, impairment losses, the useful life of tangible and intangible fixed assets, the valuation of consolidation goodwill, the recording of deferred tax liabilities, the assumptions used to calculate the liability adequacy test and the assumptions used to allocate part of the unrealised capital gains from the financial investment portfolios allocated as “financial assets available for sale” and as “at fair value through profit and loss” as the greater amount of the life insurance provisions and the fair value of the assets, liabilities and contingent liabilities in the context of the assignment of the price paid in business combinations.

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

1.4. Comparison of the information

The figures corresponding to the 2021 financial year, included in the accompanying annual accounts for the 2022 financial year, are shown only and exclusively for comparison purposes. In some cases, to facilitate comparison, the comparative information is presented in summary form. The full information can be found in the 2021 annual accounts.

With the effective accounting date of 1 January 2022, Bankia Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal was taken over by the Group's Parent Company. The consolidated financial statements as of 31 December 2022 include the recognition of this business combination, Note 7 includes a breakdown of the integrated balance sheets in the business combination, as well as the value of the intangible assets with a defined useful life resulting from the transaction.

Similarly, on 24 November 2022, 100% of the capital of the company Sa Nostra, Compañía de Seguros de Vida S,A, was purchased by the Group's Parent Company. The consolidated financial statements as of 31 December 2022 include the effects of the acquisition of Sa Nostra (Note 7), Given that the take-

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over of this company took place on 24 November 2022, the earnings from this company's operations from the acquisition date to year end 2022 have not been taken into account for consolidation purposes due to their minimal impact on the consolidated profit and loss account.

1.5. Seasonality of transactions

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

1.6. Subsequent events

Between 31 December 2022 and the date of formulating these annual accounts, no additional events not described in the other explanatory notes have occurred that significantly affect the accompanying financial statements.

2. ACCOUNTING PRINCIPLES AND POLICIES AND VALUATION CRITERIA APPLIED.

When drawing up the consolidated annual accounts for the Group corresponding to the 2022 financial year, the following accounting principles and policies and valuation rules have been applied:

2.1. Business combinations and consolidation principles

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

Subsidiaries

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

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

Generally, voting rights provide the power to direct the material activities of an investee. To calculate this, all direct and indirect voting rights are taken into account, including potential ones such as call options acquired on equity instruments of the investee. In certain situations, the power to direct activities

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may exist without having the majority of the voting rights.

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

The subsidiaries are consolidated, without exceptions due to their activity, using the full integration method, which consists of aggregating the assets, liabilities and equity, revenue and expenses, of a similar nature, that appear in their individual annual accounts. The book value of the stakes, direct and indirect, in the capital of the subsidiaries is eliminated at the fraction of the equity of the subsidiaries that they represent. The remaining balances and transactions among the consolidated companies are eliminated in the consolidation process.

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

With regard to the consolidation of the earnings of the subsidiaries acquired in the financial year, this is carried out for the amount of the earnings generated

from the acquisition date. Similarly, the earnings of the subsidiaries that cease to be subsidiaries in the financial year are consolidated for the amount of the earnings generated from the beginning of the financial year until the date on which control is lost.

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

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

Exceptionally, the following companies have not been included in the consolidation perimeter due to their insignificant impact on the true and fair view of the consolidated annual accounts and they have been classified in the portfolio of "Financial Assets available for sale - Equity" (thousands of euros):

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

Company name	Address	% Stake		Summarised financial information			
		Activity	Direct	Indirect	Equity	Earnings	Book value
GROUP COMPANIES:							
GEROCAIXA PYME EPSV DE EMPLEO	Gran Vía López de Haro, 38, Bilbao	Occupational Voluntary Retirement Savings Provider	100.00%	-	4,445	(4,498)	95
GEROCAIXA EPSV INDIVIDUAL	Gran Vía López de Haro, 38, Bilbao	Individual Voluntary Retirement Savings Provider	100.00%	-	922,277	(100,486)	950
GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA	Gran Vía López de Haro, 38, Bilbao	Association Voluntary Retirement Savings Provider	100.00%	-	1,595	(153)	50

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

Associates

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

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

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

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

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

Business combinations

The accounting standards define business combinations as the joining of two or

more entities into a single entity or group of entities, the "acquiring entity" being the one that, on the acquisition date, assumes control of another entity.

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

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

- i) the sum of the fair value of the consideration paid, the minority interests and the previous stakes held in the entity or business acquired.
- ii) The net amount of identifiable assets acquired and liabilities assumed, measured at fair value.

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

2.2. Cash and equivalent liquid assets

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

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

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2.3. Financial instruments

The Group (particularly the Parent Company, Sa Nostra and BPI Vida e Pensões) has availed itself of the temporary exemption from the application of IFRS 9, so its financial instruments are presented according to the presentation and measurement criteria set out in IAS 39 (see Note 1.2).

Classification of financial assets

Financial assets are presented in the balance sheet in the different categories into which they are classified for their management and valuation purposes, and which are described below:

- “Financial assets held to trade”: this portfolio is mainly made up of those financial assets acquired with the intention of realising them in the short term or that are part of a portfolio of financial instruments, identified and managed jointly, for which there is evidence of recent actions aimed at obtaining a short-term profit. Lastly, derivative assets that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments are considered to be financial assets held to trade.
- “Other financial assets at fair value through profit and loss”: includes, where appropriate, those financial instruments designated as such on their initial recognition. This includes hybrid financial assets that must be fully valued at fair value or with financial derivatives to reduce exposure to changes in fair value, or are managed jointly with financial liabilities and derivatives in order to reduce global exposure to interest rate risk. In general, this category includes all those financial assets whose classification as such eliminates or significantly reduces inconsistencies in their recognition or valuation (accounting asymmetries). The financial instruments in this category must

be permanently subject to a system for the measurement, management and control of risks and results, integrated and consistent, which allows it to be determined that the risk has been effectively reduced. Assets may only be included in this portfolio on the date of their acquisition or when they are generated.

Specifically, the Group has classified into this category the investments on behalf of life policyholders who assume the investment risk, determining the life insurance provisions for these types of insurance based on the assets specifically affected or the indexes or assets that have been established as a reference to determine the economic value of their rights. In this way, both the variations in the fair value of the affected financial assets and the associated provisions will be recorded with a charge and/or credit to the profit and loss account.

- “Financial assets available for sale”: includes debt securities, swaps of certain or predetermined flows and equity instruments that have not been classified in other categories.
- “Loans and receivables”: includes the financing granted to third parties originating from typical credit and loan activities, debts commitments with insured parties (excluded in part from the scope of IAS 39) and debt securities that do not have a quoted price in an active market. In particular, the balance of loans granted and deposits with credit institutions includes those positions with a maturity of more than 3 months.

Classification of financial liabilities

Financial liabilities are presented in the balance sheet in the different categories into which they are classified for management and valuation purposes, and which are described below:

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- "Other liabilities at fair value through profit and loss": These are financial liabilities valued at fair value with changes in profit and loss.
- "Loans and payables": are those debits and payables held by the Group that have arisen from insurance and reinsurance transactions or those which, not having a commercial origin, cannot be regarded as derivative financial instruments.

Initial recognition and valuation

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

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

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

For hybrid financial instruments, meaning those that combine a main non-derivative contract and a financial derivative (referred to as "embedded derivative") and that cannot be transferred independently, the Group has assessed whether it should separately recognise, measure and record the main contract and the embedded derivative. For hybrids not associated with

profit-sharing insurance contracts, the Group treats the embedded derivative for accounting purposes as a derivative financial instrument, classifying it in the trading portfolio. The main contract is recorded within the "Financial assets available for sale" portfolio.

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

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

Subsequent measurement of financial assets and liabilities

After their initial recognition, the Group values financial instruments at amortised cost, at fair value with adjustments for value changes, at fair value through profit and loss or at cost, as appropriate.

For fixed income securities that include interest rate swaps, the Group has a separate valuation of the bond and of the swap, but because their coupons can be exchanged, the operation is valued jointly by updating the agreed flows and those associated with these financial assets using a market yield curve. For

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accounting purposes, it carries out the joint financial accrual of the flow resulting from the bond plus the swap. The differences between this combined market value and the accounting cost are allocated, at each year-end, to the technical provisions of the insurance contracts. Valuing the fixed income securities and aforementioned interest rate swaps separately would have no significant effect on the total assets or own funds on the Group's consolidated balance sheet.

Reclassifications of financial instruments between portfolios

At the close of the financial year, the amounts of financial assets under the treatment set out in IAS 39 reclassified in previous financial years are not significant.

Revenue and expenses from financial assets and liabilities

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

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PORTFOLIO		RECOGNISING REVENUE AND EXPENSES
Financial assets	At amortised cost	<ul style="list-style-type: none"> Accrued interest: in the profit and loss account with the effective interest rate of the transaction on the gross book amount of the transaction. Other changes in value: revenue or expense when the financial instrument is removed from the balance sheet, is reclassified or there are losses due to impairment or gains from its subsequent reversal.
	At fair value through profit and loss	<ul style="list-style-type: none"> Changes in fair value: changes in fair value are recorded directly in the profit and loss account. For instruments that are not derivatives, there is differentiation between the part attributable to the returns accrued from the instrument, which will be recorded as interest or dividends according to their nature, and the rest, which will be recorded as profit or loss from financial transactions in the corresponding item. Accrued interest: corresponding to debt instruments is calculated by applying the effective interest rate method.
	Available for sale	<ul style="list-style-type: none"> Interest or dividends accrued, in the profit and loss account. Interest, as for assets at amortised cost. Exchange differences in the profit and loss account when they are monetary financial assets. Debt instruments, losses for impairment or gains for later reversal are through the profit and loss account. The remaining changes in value are recorded through equity.
Financial liabilities	At amortised cost	<ul style="list-style-type: none"> Accrued interest: in the profit and loss account with the effective interest rate of the transaction on the gross book amount of the transaction. Other changes in value: revenue or expense when the financial instrument is removed from the balance sheet, is reclassified.

The effective interest rate is the discount rate that exactly equates the initial value of a financial instrument to the estimated cash flows for all items until its maturity or cancellation. For financial instruments with a fixed interest rate, the

effective interest rate is the same as the contractual interest rate plus, where appropriate, the fees and transaction costs that form part of its financial return, In the event that this fixed interest rate is contingent, the Group includes it in

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the estimate of the effective interest rate only if the triggering event is highly probable. To calculate the effective interest rate of financial instruments at a variable interest rate, the variable interest rate is taken to be fixed until the next date for review of the benchmark interest rate.

2.4. Offsetting of assets and liabilities

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

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

The Group has not carried out offsetting operations for financial assets and liabilities in the 2022 and 2021 financial years

2.5. Derecognition of financial instruments

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

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

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

2.6. Impairment of financial assets

A financial asset is considered impaired when there is objective evidence of a negative impact on the future cash flows estimated at the time of completing the transaction, as a result of the borrower not being able or willing to meet their contractual commitments in a timely and correct manner, or when its book value cannot be fully recovered. The reduction in fair value to below the acquisition cost does not in itself constitute evidence of impairment.

As a general criterion, the correction of the book value of financial instruments due to their impairment is made with a charge to the "Expenses from tangible fixed assets and investments" heading in the profit and loss account in the period in which the aforementioned impairment occurs. Reversals of previously recorded impairment losses, if any, are recognised under the heading "Revenue from tangible fixed assets and investments" in the profit and loss account for the period in which the impairment is eliminated or reduced.

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The accounting policy regarding the recognition of impairment losses for the categories of available-for-sale instruments is described below:

- Debt securities classified as available for sale: the market value of listed debt instruments is considered a reasonable estimate of the present value of their future cash flows.

When there is objective evidence that the negative differences arising from the valuation of these assets are caused by their impairment, they are no longer presented under the equity heading "Value adjustments - Financial assets available for sale" and the amount considered as cumulative impairment up to that moment is recorded in the profit and loss account. If all or part of the impairment losses are subsequently reversed, their amount is recognised in the profit and loss account for the period in which the reversal takes place.

- Equity instruments classified as available for sale: when there is objective evidence of impairment, such as a 40% decrease in fair value or a situation of continuous loss over a period of more than 18 months, unrealised capital losses are recognised following the criteria for recording impairment losses applied to debt securities classified as available for sale, except for the fact that any reversal of the aforementioned losses that occurs is recognised under the "Value adjustments - Financial assets available for sale" heading in equity.

- Financial assets recorded at amortised cost or maturity:

The amount of the impairment losses experienced by these instruments coincides with the positive difference between their respective book values and the present values of their expected future cash flows. The reduction in

fair value to below the acquisition cost does not in itself constitute evidence of impairment.

If, in subsequent periods, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the profit and loss account.

In determining whether there is impairment, the Group considers whether there are factors in the technological, market, legal or other environment in which the assessed entity operates that could indicate that the cost of the investment might not be recoverable. Similarly, the volatility of each security individually in terms of its price is also taken into account in determining whether it is a percentage recoverable through its sale in the market. These considerations may lead to the existence of thresholds for certain securities or sectors that differ from those mentioned in the previous paragraph.

In particular, with respect to the impairment related to premiums pending collection, the Group provisions these with a charge to the profit and loss account based on the impairment of credits with policyholders. This impairment is calculated at year-end separately for each branch or risk based on the information available about the status of the premium receipts pending collection at that date. The criteria used by the Group are as follows:

- Premiums issued six months ago or more are provisioned at their full amount.
- Premiums issued more than three months ago but less than six months ago are provisioned by applying a coefficient of 50%.
- Premiums less than three months old that have not been claimed in court are provisioned by applying the average cancellation rate for premiums in

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this situation over the last three years, homogenising this historical series as much as possible.

- For these premiums, when there is not enough experience, a rate of 25% is used.
- Premiums claimed in court are provisioned individually based on the circumstances of each case.

2.7. Tangible assets

Tangible fixed assets for own use

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

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

Property investments

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

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

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

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

Tangible fixed asset elements	2022 Estimated useful life
Property (excluding land)	50 years
Furniture and installations	Between 3 and 10 years
Transport equipment	Between 5 and 7 years
Data processing equipment	Between 3 and 5 years
Other tangible fixed assets	Between 4 and 13 years

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

If it is determined that it is necessary to recognise an impairment loss, this is recorded with a charge to "Expenses from tangible fixed assets and investments" in the profit and loss account, reducing the book value of the assets to their recoverable amount. After recognition of the impairment loss, future depreciation charges are adjusted in proportion to the adjusted book value and its remaining useful life.

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

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

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

2.8. Intangible fixed assets

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

Goodwill

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

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

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

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

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

Other intangible assets

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

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

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

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

Software

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

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

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

2.9. Contingent assets

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

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

2.10. Foreign currency transactions

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

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

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

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

Any exchange differences produced when translating foreign currency balances to the Group's presentation currency are normally recorded in the profit and loss account. However, exchange variations arising from changes in the value of non-monetary items are recorded under the equity heading “Value adjustments - Financial assets available for sale” in the balance sheet, while the exchange variations produced in financial instruments classified at fair value through profit

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and loss are recorded in the profit and loss account, without differentiating these from the rest of the variations in their fair value.

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

2.11. Recognising revenue and expenses

Revenue and expenses are generally recognised on an accrual basis, meaning when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. These revenues are measured at the fair value of the consideration received, net of discounts and taxes. In this regard, given that premiums and fees are credited and charged, respectively, in the profit and loss account at the time the corresponding receipt is issued and claims are charged to that account at the time of their payment, at year end it has been necessary to make the required accounting corrections to adapt revenue and expenses to that principle (Note 2.15).

The criteria followed by the Group for the reclassification by purpose, within each activity, of expenses by nature are indicated below:

- The Group has reclassified expenses by nature into expenses by purpose, identifying the activities and tasks performed in each business process and allocating the resources consumed by each of these activities to them. The expenses attributable to benefits basically include the expenses of the staff working in claims management, the amortisation/depreciation of the fixed assets assigned to this activity, as well as the expenses incurred in processing the claims.
- Acquisition expenses basically include fees, staff involved in the production

and the amortisation/depreciation of fixed assets related to this activity, study expenses, processing of applications and formalisation of policies, as well as advertising, PR and the sales organisation directly linked to the purchase of insurance contracts.

- Administrative expenses basically include expenses for services due to contentious matters related to premiums, expenses for portfolio management and premium collection, processing refunds, reinsurance ceded and accepted, including, in particular, the expenses of the staff involved in these functions and the amortisation/depreciation of fixed assets associated with it.
- Expenses attributable to investments basically include both internal and external investment management expenses, including in the latter case the fees, commissions and brokerage costs accruing, the expenses of the staff involved in those functions and the amortisation/depreciation charges.
- The other technical expenses are those that, forming part of the technical account, cannot be attributed to one of the aforementioned purposes by applying the criteria established, fundamentally general management expenses and external services.
- Other non-technical expenses basically include expenses for external services, taxes, staff costs and amortisation/depreciation charges for activities not directly related to the performance of insurance operations.

During the 2022 financial year, and as consequence of, among others, the consolidation of the integration of CaixaBank's operations and bank networks after the merger with Bankia, which has culminated in a new commercial structure for the Parent Company, once the operational integration of the business coming from Bankia had been completed, there was a review of the

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classification criteria for expenses by destination, mainly aimed at recognising the sales effort of the mediator in both the production and the maintenance and retention of the policy; in accordance with the bank's commission framework agreement and with the technical factors relating to the products (see Note 28.5).

Advance fees and acquisition costs of life insurance activities are capitalised under "Other assets" on the balance sheet for the amount of the fee and acquisition costs technically pending amortisation, provided that they have a future economic forecast and directly allow the future generation of turnover. Recurring expenses that occur in the Group normally in all financial years, or those that are not related to the generation of turnover, are charged to the profit and loss account in the year in which they are incurred.

In general, fees and other capitalised acquisition expenses are amortised over the premium payment period, using a financial-actuarial criterion for the fees. If the contract is cancelled or is totally or partially released from the payment of premiums before the fee and costs are fully amortised, they are amortised in advance in the financial year of its cancellation or release. When this is partial, this circumstance is taken into account.

The Parent Company capitalises the acquisition costs associated with certain new types of pension plans and insurance products. The Parent Company capitalises the amount of these costs and amortises them based on their ability to generate revenue during them, in accordance with the provisions of the recognition and measurement standards (generally over a period of 5 years), taking into account mobilisations and portfolio falls.

Revenue and expenses are presented in profit and loss based on the branches of activity of the insurance operations from which they derive. As a result,

the revenue and expenses of the life branch are recorded in the technical life insurance account, including supplementary disability insurance, and the revenue and expenses derived from the rest of the branches are recorded in the technical non-life insurance account.

2.12. Employee benefits

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

Short-term employee benefits

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

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

Defined contribution plans

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

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year are considered staff costs and recorded in the profit and loss account. Post-employment commitments that do not meet the above conditions are considered defined benefit commitments.

Severance payments

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

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

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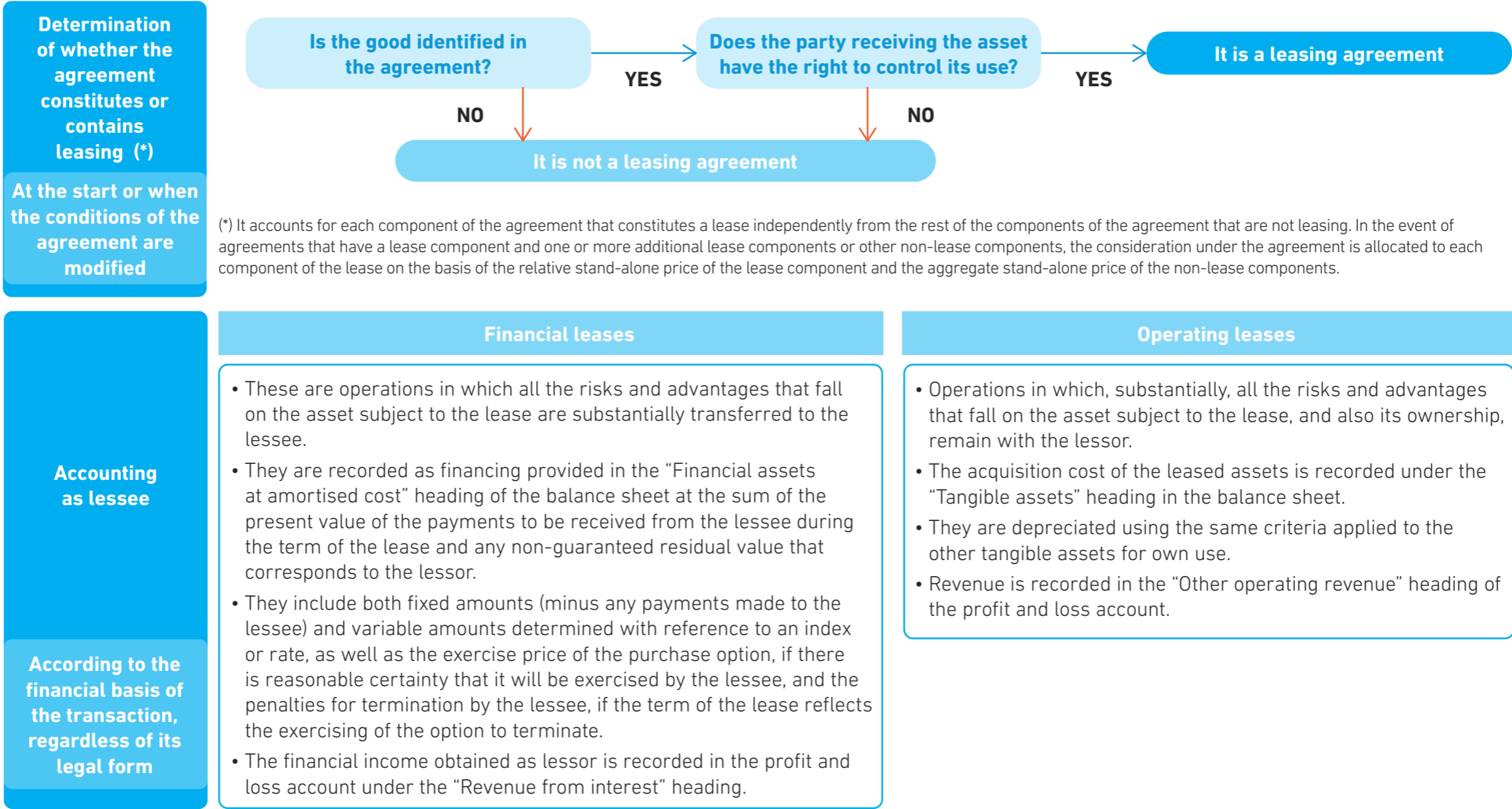
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2.13. Leases

All existing leases are operating leases. These are operations in which, substantially, all the risks and advantages that fall on the asset subject to the

lease, and also its ownership, remain with the lessor.

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



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Accounting as lessee	Agreement term	<ul style="list-style-type: none"> Fixed-term agreements with or without the option of early termination by the Company without the permission of the other party (with only insignificant compensation): in general, the lease term coincides with the initial established duration. Fixed-term agreements with a renewal option for the Company, without the permission of the other party: the judgment is that this option will be exercised, understanding that there are financial incentives and also considering the past practice of the Company. The term of certain lease agreements may be affected as a result of possible restructuring plans undertaken by the Company. 			
	Accounting record	Agreements with a term longer than 12 months or in which the underlying asset is not of low value (set at €6,000)	Leasing liability ("Other financial liabilities")	On the start date of the agreement	Subsequently
			Right-of-use asset ("Tangible assets - land and buildings")	Valued at the present value of the lease payments that remain to be paid as of that date, using as the discount rate the interest rate that the lessee would have to pay to borrow, with a similar term and guarantee, the funds necessary to obtain an asset of a value similar to the right-of-use asset in an equivalent economic environment, called the "additional financing rate"*.	Valued at amortised cost using the effective interest rate method and reassessed (with the corresponding adjustment in the related right-of-use asset) when there is a change in future lease payments in the event of renegotiation, changes in an index or rate or in the event of a new assessment of the options in the agreement.
				Valued at cost and includes the amount of the initial valuation of the lease liability, the payments made on or before the start date, the initial direct costs and those for dismantling or reuse when there is an obligation to pay them.	Depreciated on a straight-line basis and subject to impairment loss, if any, in accordance with the treatment established for other tangible and intangible assets. In particular, right-of-use assets are included in the bank CGU impairment test together with the corresponding lease liabilities.
		Other agreements	They are accounted for as operating leases		

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

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**Sale
transactions
with
subsequent
leasing**

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

2.14. Corporation tax

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

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

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

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

Similarly, tax liabilities are recorded under the "Tax liabilities" heading on the balance sheet and are also shown divided between current and deferred. Current consists of the amounts to be paid for taxes in the next twelve months and

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deferred consists of those expected to be settled in future financial years.

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

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

2.15. Technical provisions

The Group applies the requirements established in IFRS 4 - *Insurance Contracts* to all assets and liabilities in its consolidated financial statements that derive from insurance contracts, in accordance with the definition set forth in the standard itself.

Classification of the contract portfolio

The Group assesses and classifies its portfolio of life and non-life contracts from the direct business (including accepted reinsurance) and the ceded business, taking into consideration the Implementation Guides that accompany IFRS 4 and the non-binding guidelines that were published by the DGSFP on 22 December 2004, through the Framework Document on the Accounting Procedure for Insurance Companies relating to IFRS 4. All contracts are classified as “insurance contracts”.

The Group does not separate any deposit component associated with insurance contracts, with such dissociation being voluntary for it. In turn, it is estimated that the redemption options issued in favour of the insurance contract policyholders have a null fair value or, otherwise, their valuation forms part of the value of the insurance liability.

Valuation of the assets and liabilities derived from insurance and reinsurance contracts

In accordance with the criteria outlined in the IFRS, insurance companies must carry out an adequacy test, in relation to the contractual commitments assumed, on the insurance contract liabilities recorded in their balance sheet.

Specifically, in accordance with IFRS 4 - Insurance Contracts, the Group carries out the liability adequacy test in order to guarantee the adequacy of the contractual liabilities. With this objective, the Group compares the difference between the book value of the technical provisions, net of any deferred acquisition expense or any intangible asset related to the insurance contracts being assessed, with the amount resulting from considering the estimated present values, applying market interest rates, of all cash flows derived from the insurance contracts with the difference between the market value of the financial instruments related to the previous contracts and their acquisition cost. For the purposes of determining the market value of these liabilities, the interest rate used is the same as that for financial instruments. The valuations of insurance contracts also include the related cash flows, such as those from the implicit options and guarantees.

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As of 31 December 2022, the aforementioned liability adequacy test has been carried out, and the adequacy of the established provisions has been demonstrated.

To avoid some of the asymmetries that occur due to the use of different accounting valuation criteria for financial investments, classified mainly in the “Financial assets available for sale” heading, and the liabilities derived from insurance contracts, the Group records, as a larger amount in the “Technical provisions” heading, that part of the unrealised net capital gains or losses, derived from previous investments, expected to be allocated to the insured parties in the future as they materialise, by applying a technical interest rate that is higher than the market interest rate in a manner analogous to the so-called matching adjustment, which the Parent Company generally applies to its regulatory capital statements. This practice is known as “shadow accounting”.

Summarised below are the main accounting policies applied by the Group in relation to the technical provisions:

For unearned premiums and ongoing risks

The provision for unearned premiums constitutes the fraction of premiums accrued in the financial year that must be allocated to the period between the closing of each financial year and the end of the policy’s coverage period. The Group’s insurance companies have calculated this provision for each mode or branch through the “policy by policy” method, using the rate premiums as the basis for the calculation and deducting, where appropriate, the security surcharge; that is, without deducting fees and other acquisition expenses.

The fees and other acquisition expenses corresponding to the premiums issued are recognised as an expense with the same criterion used to

recognise as income the premiums corresponding to valid insurance contracts and the part of fees and other acquisition expenses corresponding to the unearned coverage period of the valid insurance contracts, which is recorded under the “Other assets-Accruals/deferrals” heading of the balance sheet.

The ongoing risks provision aims to complement the unearned premiums provision insofar as its amount is not enough to reflect the valuation of all the risks and expenses to be covered, which correspond to the coverage period not elapsed at the end of the financial year. Where applicable, this provision is allocated in accordance with the calculation established by the Regulations, considering the technical earnings by year of occurrence together with those of the closing year itself and the previous year or those of the previous three years, according to the branch or commercial product in question.

Provision for life insurance:

This provision is mainly made up of the mathematical provisions of the insurance contracts, as well as the unearned premiums of the insurance contracts with a coverage period equal to or less than one year. The mathematical provisions represent the excess of the actuarial present value of the future obligations of the Companies over that of the premiums that the policyholder must pay and they are calculated for each policy using an individual capitalisation system, taking as a basis the inventory premium accrued during the financial year in accordance with the updated Technical Notes of each branch.

In relation to the interest rate, the Parent Company manages assets and liabilities in such a way that flows are immunised and their proper matching

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is verified in terms of duration and cash flows. This is performed in a way analogous to the matching adjustment for the regulatory capital statements.

In this way, the Parent Company calculates the life insurance provisions, in general, applying the interest rate for the premium, verifying its adequacy through asset-liability procedures, also considering the impacts of shadow accounting on the life insurance provision.

For Sa Nostra Vida, in relation to the interest rate applied for the calculation of the technical provisions in Spain for life insurance accounting purposes for those contracts that are governed by sections 33.1.a),1 and 33.1.a),2, of the ROSSP as a result of the entry into force of Royal Decree 1060/2015, of 20 November, on the Management, Supervision and Solvency of Insurance and Reinsurance Companies. Sa Nostra decided to avail itself of the adaptation of the time structure of risk-free interest rates established in article 54 of that Royal Decree. The adaptation will be made on a linear basis over the 10 years starting on 1 January 2016. Due to the recovery of the yield curve, as of 31 December 2022 the adaptation of the time structure of risk-free interest rates has been 100%.

With regard to the biometric assumptions, the Parent Company uses leading biometric tables to calculate the life insurance provision consistent with the pricing of the products. Similarly, the adequacy of the tables used is tested by looking at the real behaviour of the insured group based on the Partial Internal Longevity and Mortality Model according to the established methodology duly approved by the General Directorate of Insurance and Pension Funds. However, for the portfolio coming from Bankia Vida, as well as the biometric assumptions applied in Sa Nostra Vida, this comparison has been performed with the PERMF-2020 tables.

Based on that set out in the previous paragraphs, the Group holds an overall provision for the adaptation to the mortality and survival tables under the Partial Internal Longevity and Mortality Model in its latest calibration, VCMF19CR_1oS, as a first-order table that includes the entire estimated technical surcharge to a VaR confidence level of 75%, with the exception of the portfolio from Bankia Vida and the provisions for life insurance from Sa Nostra Vida, for which the first-order PERMF-2020 table has been used.

The Group determines as the provision for mortality tables the difference between the value of the Technical Provisions calculated with the biometric tables used to calculate the premium and the value of the Technical Provisions calculated by applying the VCMF19CR_1oS tables (or first-order PERMF2020 in the portfolio coming from Bankia Vida and Sa Nostra Vida), all this under conditions of the original technical interest rate used to calculate the premium, having fully adapted to the requirements of the Resolution of 17 December 2020 regarding the mortality and survival tables to be used (with the exception of the provisions for life insurance coming from Sa Nostra Vida, whose adaptation will end in 2024).

The Parent Company has maintained the system for calculating life insurance contracts entered into before 1 January 2016. It had been calculating these under the provisions of sections 1.a),2 and 1.b),2 of article 33 of ROSSP.

The Parent Company has not availed itself of the option of the fifth additional provision of ROSSEAR to adapt to the time structure of risk-free interest rates, but may subsequently avail itself of this within a maximum period of ten years from 31 December 2015.

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Those relating to life insurance where the investment risk is assumed by the policyholder

For presentation purposes, the technical provisions corresponding to those insurance policies where the policyholder assumes the risk of the investment are included under the "Technical provisions - life insurance" heading of liabilities. The corresponding technical provisions are determined based on the indexes or assets set as a reference to determine the financial value of the policyholder's rights.

Those relating to benefits

This includes the total amount of obligations pending derived from the claims that occurred prior to the closing date of the financial year. The Group calculates this provision as the difference between the total estimated or true cost of claims that have occurred and are pending declaration, settlement or payment and the total amounts already paid as a result of these claims.

Claims pending settlement or payment

This includes the total amount of obligations pending derived from the claims that occurred prior to the closing date of the financial year. The Group calculates this provision as the difference between the estimated or true total cost of claims pending settlement or payment and the total amounts already paid as a result of these claims. This provision is calculated individually for claims pending settlement or payment and includes both the external and internal costs to manage and process the records, regardless of their origin, produced and to be produced, until the claim is fully settled and paid.

Claims pending declaration

The Parent Company is authorised by the DGSyFP to use global statistical methods to calculate the provision for claims pending declaration in the different branches in which it operates. Since then, this provision has been calculated according to the generally accepted statistical methods from different groups of methods, and the highest of the results obtained is established as the provision amount.

For the different branches, the provision has been calculated according to the best estimate provided by the internal actuarial calculations based on generally accepted deterministic techniques that are complemented by the application of stochastic methods that ensure a high confidence level. Detailed below are the methodology and main assumptions used to calculate these provisions as of 31 December 2022:

- Statistical methods used: Chain Ladder and Cape Cod approved by the General Directorate of Insurance and Pension Funds.
- In order to determine the confidence level established, no effect due to inflation or financial discounting over time has been considered, Peak claims, defined as those whose estimated cost exceeds a certain amount depending on the branch, may be excluded from the application of these methods if they are considered outliers.
- The payments calculated have been considered net of recoveries.

The Group verifies the goodness of fit of the calculations made on an annual basis by comparing them with experience. Each claim is also subject to an individual valuation, independently to the use of the statistical methods.

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For the purposes of the tax deductibility of the provision for benefits calculated using statistical methods, calculations have been made to consider the minimum amount of the provision, in accordance with the requirements established by Additional Provision Three of Royal Decree 239-2007, of 16 February, amending the ROSSP. The differences between the endowments made and those considered as tax deductible expenses in the financial year have been treated as temporary differences.

Internal expenses for the settlement of claims

The provision for benefits includes an estimate for internal expenses to manage and process files in order to cover the internal expenses of the Group Companies necessary for the total completion of the claims that must be included in the provision for benefits of both direct insurance and accepted reinsurance.

Provisions for profit sharing and rebates

This provision includes the amount of profit accrued in favour of insured parties or beneficiaries not yet allocated on the closing date. It does not include the effect of allocating part of the unrealised capital gains from the investments portfolio in favour of policyholders, which is included in the "Technical provisions" sub-heading.

Recovery of claims

Credits for claims recoveries are generally only accounted for when their realisation is sufficiently guaranteed.

The amount of estimated recoveries net of the reinsurance share is recorded in the "Loans and receivables - Other credits" heading on the consolidated balance sheet.

Reinsurance

The reinsurance contracts entered into by the Group's insurance companies with other insurance companies aim to pass on part of the insurance risk to the reinsurance companies with which they have entered into the contract.

2.16. Non-technical provisions and contingencies

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

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

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

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

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

Provisions are recorded in the “Non-technical provisions” heading on the liabilities side of the balance sheet based on the covered obligations.

2.17. Managed capital

Managed pension funds are not recorded on the Group’s balance sheet because their assets are owned by third parties. The fees accruing in the financial year for this activity are recorded in the “Other income – Income from pension fund management” heading of the non-technical profit and loss account. The fees corresponding to this activity are recorded in the “Other expenses – Expenses from pension fund management” heading of the non-technical profit and loss account.

2.18. Statement of changes in equity,**Part A) Statement of recognised revenue and expenses**

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

2.19. Statement of changes in equity,**Part B) Total statement of changes in equity**

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

- Adjustments for changes in accounting criteria and error corrections: includes changes in equity that arise as a result of the retrospective re-expression of the balances in the financial statements, distinguishing between those that originate from changes in accounting criteria and those that correspond to error corrections.
- Total recognised revenue and expenses: includes, in an aggregate form, the total of the entries recorded in the statement of changes in equity, part A) Recognised Revenue and Expenses, indicated above.
- Other changes in equity: includes the rest of the entries recorded in equity, such as capital increases or reductions, distribution of earnings, operations with own capital instruments, payments with own capital instruments, transfers between equity items and any other increase or decrease in equity.

2.20. Cash flow statement

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

- Cash flows: inputs and outputs of money in cash and its equivalents; in other words, short-term investments with high liquidity and low risk of changes in their value.

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

3. RISK MANAGEMENT**3.1. Environment and risk factors**

From the perspective of the VidaCaixa Group, for the 2022 financial year, the following factors can be highlighted as having had a significant impact on risk management, both due to their occurrence in the year and their long-term implications:

- **Macroeconomic environment**

- Global economy

After the extraordinary shock caused by the pandemic in 2020 and the strong return of activity in 2021, 2022 was expected to be a bridge allowing the world economy to return to normality. However, the outbreak of the war in Ukraine meant another extraordinary shock at a time when various large economies were still below pre-Covid levels and inflationary pressures were emerging due to the consequences of the pandemic (supply disruptions, demand readjustments, fiscal stimuli, etc.). As a result, in 2022 the global economy was strongly influenced by the war in Ukraine, with an impact on energy that exacerbated the intensity and persistence of inflationary pressures, in turn leading to central banks tightening monetary policy.

Across the year as a whole, all of this resulted in falls in the international stock markets, especially in technology, and sharp rises in interest rates. In contrast, global economic activity showed a certain resilience thanks to the recovery of the service sector, the strength of the labour market and the surplus savings built up over the two previous years. It is estimated that the world economy grew by 3% in 2022.

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In relation to the coming quarters, the expectation is for a greater deceleration in world activity, hindered by the high level of uncertainty, the erosion of the purchasing power of income resulting from the increase in inflation, a reduction in confidence and the effects of tighter monetary policy. However, a cooling of global demand, together with an improvement in bottlenecks, should help bring down inflation and, as a result, facilitate the end of monetary tightening, although rates will remain high. So, after a difficult winter, the world economy should improve in 2023. All in all, the situation is very uncertain and there are significant risks of a greater weakening of activity, continued high inflation and further monetary tightening. The following will be key in this scenario: (i) the persistence of the shock to energy prices; (ii) the second-round effects of inflation; (iii) the anchoring of inflation expectations; (iv) the alignment of fiscal policy with the monetary objective of cooling demand; and (v) the effectiveness of the monetary tightening performed.

- Eurozone

The eurozone has been one of the regions hardest hit by the consequences of the Ukraine war, due to its strong dependence on Russian gas imports. Russia's decision to gradually reduce gas flows to Europe throughout 2022, to the point of almost complete stoppage since September, caused gas prices to shoot up, reaching record highs in August and forcing the European Commission to adopt a series of measures to deal with the energy crisis. In order to survive the winter months and avoid energy rationing scenarios, the EC recommended energy saving measures, while also requiring gas reserves to reach 90% of their total storage capacity in November. The challenge was duly met, allowing for more peace of mind during the winter.

In addition, the eurozone economy performed better than expected up to the third quarter, thanks to the boost provided by the lifting of COVID restrictions. The deterioration of the main industrial climate and business and household confidence indicators led to moderate falls in activity at the end of 2022 and start of 2023, these being somewhat larger in Germany and Italy, two of the large economies most exposed to Russian gas. Despite the standstill at year end, the GDP of the eurozone grew by around 3% in 2022. More caution is being expressed about 2023 when the eurozone will barely grow by 0.2%, there being signs of recession in Germany and Italy (-0.2% in both) and a slowdown in France (0.6%).

- Spain and Portugal

The performance of the Spanish economy throughout 2022 was conditioned, on the one hand, by the lifting of the restrictions imposed to control the pandemic, which encouraged the return of international tourism and, on the other, by the outbreak of the war in Ukraine, the worsening energy crisis, increasing inflationary pressures and rising interest rates. In a macroeconomic environment of great uncertainty, activity slowed down throughout the year, especially due to a weakening in household spending in response to the impact on their purchasing power of the increase in inflation and interest rates.

However, the Spanish economy was relatively successful in overcoming a turbulent year. The crisis had less of an impact in Spain than in other large European economies thanks to its minimal dependence on Russian gas and high capacity for the regasification of liquefied natural gas. In addition, the surplus savings accumulated by families during the pandemic and the fiscal

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and regulatory measures implemented allowed the impact of the rising energy price to be cushioned to some degree. On a positive note, the strong performance of the labour market during the year stood out.

Turning to 2023, in a context of weakness in the main eurozone economies, a noticeable cooling of activity is expected and the forecast is for GDP growth to slow to an annual average of 1,0%, since the impact of the increase in inflation and interest rates will be at its highest. However, activity is expected to recover greater force from Spring as the deployment of the European Next Generation (NGEU) funds increases, tensions in the energy markets begin to ease and inflation falls. All this will help to create a recovery in people's real income and an improvement in confidence. In any event, the Spanish economy is better placed to overcome the energy crisis than the other large European economies as a result of its low dependence on Russian gas, high capacity for the regasification of liquefied natural gas and greater ability to diversify gas suppliers.

In relation to inflation, this is expected to gradually fall from its maximum level reached in July (10,8%), to stand at an annual average level of 4,5% in 2023. This is due to falls in inflation for the energy and food components and to the end of the passing-through of the increase in energy costs to final sale prices in a context of moderate second-round effects.

The Portuguese economy recorded a notable increase in 2022, despite the serious challenges it was facing: high energy costs, rising inflation and tightening of monetary policy. The main drivers for growth were the internal demand components, especially private consumption, which benefited from a very dynamic labour market (the unemployment rate fell in Q3) and savings built up during the lockdowns. Investment also saw positive behaviour,

although less than expected due to the continuance of bottlenecks in the world supply chains and the environment of greater uncertainty deriving from the conflict in the Ukraine. The year was also marked by the increase in the inflation rate, which stood at more than 10% in October, the highest level since 1992.

In 2023 we will see a marked slowdown in GDP growth, estimated at 0,5% for the year as a whole, while inflation will fall to 5,7%. Despite the containment of inflation expected throughout the year and the tendency towards stabilisation of interest rates in the eurozone, the cumulative effect of the increase in the prices of goods and services, together with the notable increase in financing costs, is expected to lead to a strong cooling of private consumption and investment,

• Regulatory environment

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

Among the proposals for legislative and regulatory changes, as well as new legislation and regulations approved in 2022, we can highlight:

- Geopolitical and macroeconomic events:

A series of regulatory measures were introduced in response to the Ukraine-Russia conflict and the rise in inflation. The following is a selection of these:

- Royal Decree Law (RDL) 6/2022 and the modification of the Code of Good Practices provided for in RDL 5/2021, in which a package of emergency

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measures was established to deal with the economic and social consequences of the war in Ukraine.

- Royal Decree-Law 19/2022, which establishes a Code of Good Practice to alleviate the rise in interest rates on mortgage loans for primary residences.
- Five legislative packages of sanctions against Russia for the war against Ukraine that include, among others, restrictions on the provision of credit rating services to any Russian person or entity; restrictions on new investment in the Russian energy sector; freezing of assets and ban on making funds or other economic resources available to sanctioned individuals and entities; and restriction of the provision of specialised financial messaging services (SWIFT) to certain Russian and Belarusian banks.
- European Commission consultation on the process of implementing the sanctions imposed on Russia and Belarus.
- Sustainable finance and environmental, social and governance (ESG) factors:
 - Reports that authorities opened up for public consultation: i) the EBA discussion paper on the role of environmental risks in the prudential framework; ii) the ITS (Implementing Technical Standards) on the EBA Pillar 3 disclosure of information on ESG risks; iii) consultation by the Platform on Sustainable Finance on the draft report on minimum guarantees; iv) public consultation by the European Financial Reporting Advisory Group (EFRAG) on disclosure standards in relation to sustainability.
 - Legislative and regulatory proposals under discussion: i) the proposed Regulation on a European sustainable bond standard; ii) the proposed

European Commission Directive on Corporate Sustainability Due Diligence Directive (CSDDD).

- Legislative and regulatory texts that entered into force/application: Sustainable Finance Disclosure Regulation (SFDR). As well as the public consultations to update the ESMA Guidelines on certain aspects of the suitability requirements of MiFID with the aim of establishing common provisions so that entities consider the sustainability preferences of customers when evaluating their suitability.
- Other important texts and milestones: i) ISSB consultation on the proposal to create a global baseline for sustainability disclosure.
- Prudential and solvency regulation:
 - Commission Regulation (EU) 2022/1491 of 8 September 2022 amending Regulation (EC) No 1126/2008 as regards the International Financial Reporting Standard (IFRS 17).
 - Directive (EU) 2022/2464 as regards corporate sustainability reporting (CSRD).
 - Implementing Regulation 2022/1384 laying down technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 30 June 2022 until 29 September 2022 in accordance with the Solvency II Directive.
 - EU Implementing Regulation 22/2282 laying down technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 30 September 2022 until 31 December 2022, in accordance with EC Directive 2009/138 on the taking-up and pursuit of the business of Insurance and Reinsurance.

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- Law 38/2022, of 27 December, on the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and creating the temporary solidarity tax on large fortunes, and amending certain tax rules.
- Insurance business
 - Commission Delegated Regulation (EU) 2022/975 of 17 March 2022 amending the regulatory technical standards laid down in Delegated Regulation (EU) 2017/653 as regards the extension of the transitional arrangement laid down in Article 14(2) of that Regulation and amending the regulatory technical standards laid down in Delegated Regulation (EU) 2021/2268 as regards the date of application of that Regulation.
 - Directive (EU) 2021/2261 amending the UCITS Directive.
 - Organic Law 6/2022, of 12 July, supplementary to Law 15/2022, of 12 July, on the comprehensive guarantee of equality and non-discrimination, amending Organic Law 10/1995, of 23 November, of the Criminal Code.
 - Law 6/2022, of 31 March, amending the Consolidated Text of the General Law on the rights of persons with disabilities and their social inclusion, approved by Royal Legislative Decree 1/2013, of 29 November, to establish and regulate cognitive accessibility and its conditions of demand and application.
 - Law 15/2022, of 12 July, on the comprehensive guarantee of equality and non-discrimination.
 - Law 31/2022, of 23 December, on General State Budgets for the year 2023.
- Pensions business
 - Law 12/2022, of 30 June, imposing regulations for the promotion of employment pension plans, which modifies the consolidated text of the Law regulating pension plans and funds, approved by Spanish Royal Legislative Decree 1/2002, of 29 November.
 - Royal Decree 885/2022, of 18 October, which modifies the Regulation of pension plans and funds, approved by Royal Decree 304/2004, of 20 February, on the promotion of employment pension plans.
- Digital area:
 - Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (DORA).
 - Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Regulation).
 - Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Regulation).
 - Regulation (EU) 2022/868 of the European Parliament and of the Council of 30 May 2022 on European data governance and amending Regulation (EU) 2018/1724 (Data Governance Regulation).
- Markets and bank insurance:
 - EC Retail Investor Strategy with the aim of promoting the greater participation of retail investors in capital markets.

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- Publication of the proposal for the review of the Consumer Credit Directive and public consultation for the review of the Mortgage Credit Directive.
- EIOPA Thematic and Advisory Report on payment protection insurance sold through banks.
- Anti-money laundering and combating the financing of terrorism (AML/CFT):
 - There has been monitoring of different legislative initiatives, among which the four EU legislative proposals on anti-money laundering and combating the financing of terrorism (AML/CFT), currently in the development phase, stand out: i) Regulation creating the new European AML/CFT supervisory authority (AMLA); ii) the Regulation on AML/CFT obligations; iii) the 6th AML/CFT Directive (modifies the 5th repealing the 4th); and iv) the Regulation on information that accompanies transfers of funds and certain crypto-assets.
 - Publication, on 14 June, of the European Banking Authority (EBA) Guidelines on the role of the AML/CFT compliance officer and the management body of the credit or financial institutions.
 - Public hearing, held in March, for the Royal Decree that creates the Ultimate Beneficial Owner Register, and prior public consultation, of 13 April, on the draft Royal Decree by which the Royal Decree implementing the Law 10/2010, of 28 April, on AML/CFT, is modified.

• **Strategic events**

So-called “strategic events” are the most important events that could have a significant impact for the Vidacaixa Group in the medium term. It includes only

those events that have not yet materialised and do not form part of the Catalogue but to which the Parent Company’s strategy is exposed, although the severity of the possible impact of those events may be mitigated with management. In the event of the materialisation of a strategic event, the impact could apply to one or more risks in the Catalogue at the same time.

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

- Shocks derived from the geopolitical and macroeconomic environment

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

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

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- New competitors and application of new technologies

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

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

In parallel, the race between competitors to develop and apply new technologies, such as Artificial Intelligence and Blockchain, could lead to a competitive disadvantage in certain circumstances where they are required should there be a lack of momentum or low adoption.

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

- Cybercrime and data protection

Cybercrime involves continually changing criminal plans as they continue

trying to profit through different types of attacks. The diffusion of new technologies and services that the VidaCaixa Group makes available to its customers produces greater ease of access for cybercrime and, therefore, sophistication in its criminal operations. This constant evolution of criminal targets and techniques leads to pressure on the VidaCaixa Group to constantly reassess its model for the prevention, management and response to cyber-attacks and fraud in order to be able to respond effectively to emerging risks.

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

Mitigating factors: the Parent Company is also very aware of the importance and level of the threat that exists at this time, which is why it performs a constant review of the technological environment and applications in relation to information integrity and confidentiality, as well as the availability of systems and business continuity. Additionally, through the CaixaBank Group's

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corporate processes, security protocols and mechanisms are kept updated to adapt them to the threats that arise in the current context, continuously monitoring emerging risks.

- Evolution of the legal, regulatory and supervisory framework

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

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

- Pandemics and other extreme events

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

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

- Operational and technological integration of the Bankia business

Difficulties in the integration of the Bankia Vida business from an operational and technological perspective. After the integration, additional costs not identified in the analysis of the merger could arise.

Mitigating factors: successful track record of the Parent Company in previous mergers in which it has managed to produce the forecast savings and synergies. Additionally, the compatibility of the business models of the two institutions and a shared origin and corporate values, as well as solid financial strength in terms of solvency and asset quality, allow the risks of the merger to be faced by a comfortable margin.

- Medical advances

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

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

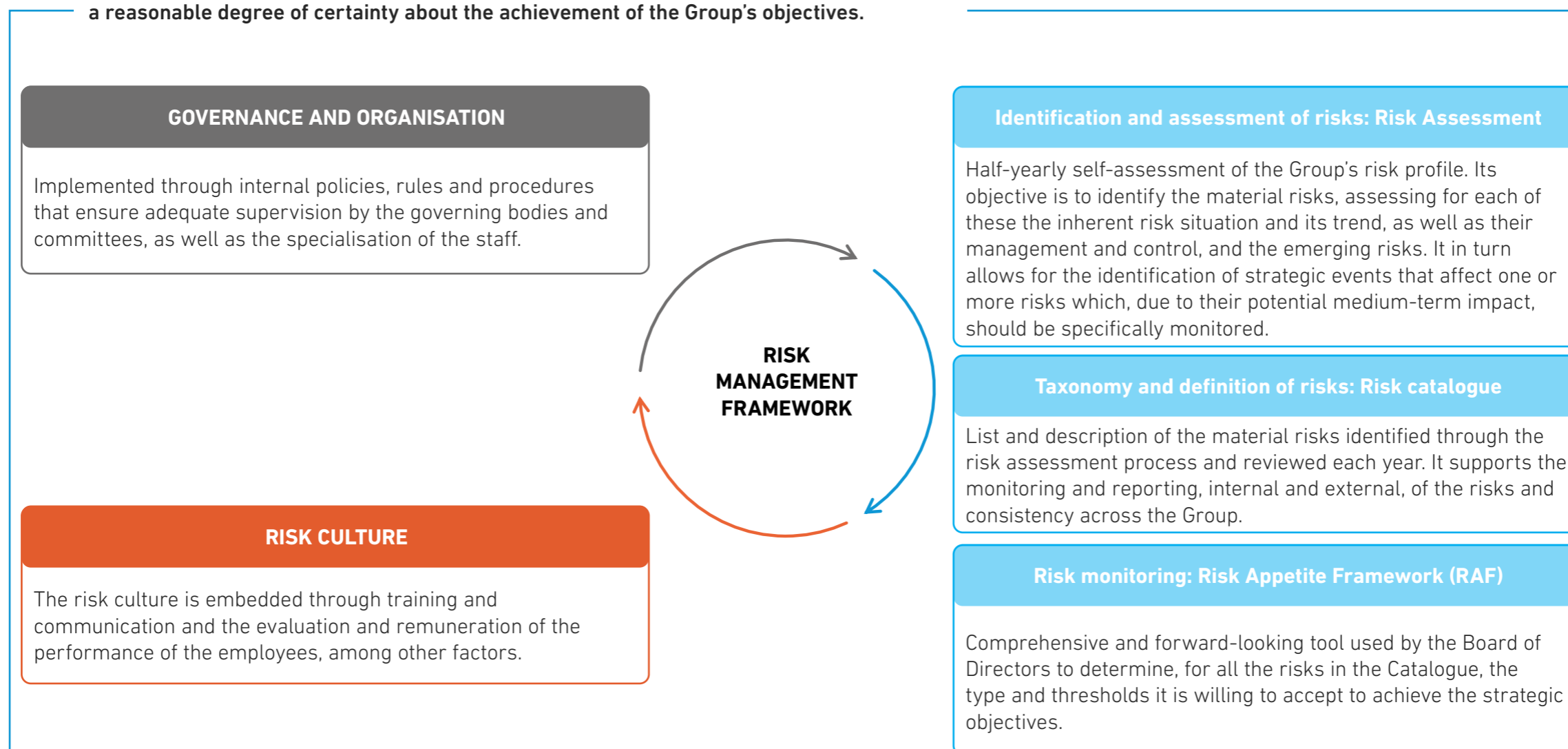
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3.2. Risk governance, management and control

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

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



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3.2.1. Internal control framework

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

- an appropriate identification, measurement and mitigation of the risks to which Parent Company is or may be exposed.
- the existence of complete, relevant, reliable and timely financial and non-financial information.
- the adoption of sound administrative and accounting procedures, and
- compliance with the regulations and supervisory requirements, Codes of Conduct and internal policies, processes and standards.

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

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

First level of control

Formed by the business areas (along with the areas that provide them with support) which generate the Parent Company’s exposure to risks in the exercising of their activity. They are therefore responsible for developing and implementing control processes and mechanisms to ensure that the main risks

arising from their activities are identified, managed, measured, controlled, mitigated and reported.

Second level of control

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

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

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

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Third level of control

Formed by the Internal Audit Function, both in the insurance area and in the activity of managing pension funds, it acts as a third level of control, supervising the actions of the first and second levels.

To establish and preserve the independence of the function, the Internal Audit Department reports functionally to the Chair of the Board of Directors' Audit and Control Committee, notwithstanding that it must report to the Chairman of the Board of Directors for proper fulfilment of its functions.

Internal Audit has an Internal Audit Policy, approved by the Board of Directors, which establishes that it is an independent and objective function providing assurance and consultation designed to add value and improve activities. Its objective is to provide reasonable security to Senior Management and the Governing Bodies regarding:

- The effectiveness and efficiency of the internal control systems to mitigate the risks associated with the VidaCaixa Group's activities.
- Compliance with the current legislation, with special attention to requests from the supervisory bodies and the proper application of the defined Global Risk Management and Appetite Frameworks.
- Compliance with the internal policies and regulations, and alignment with the best practices and good sectoral customs, for suitable internal governance.
- The reliability and integrity of the financial and operational information, including the effectiveness of the established control systems, including those referring to both financial and non-financial information.

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

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

Its functions also include:

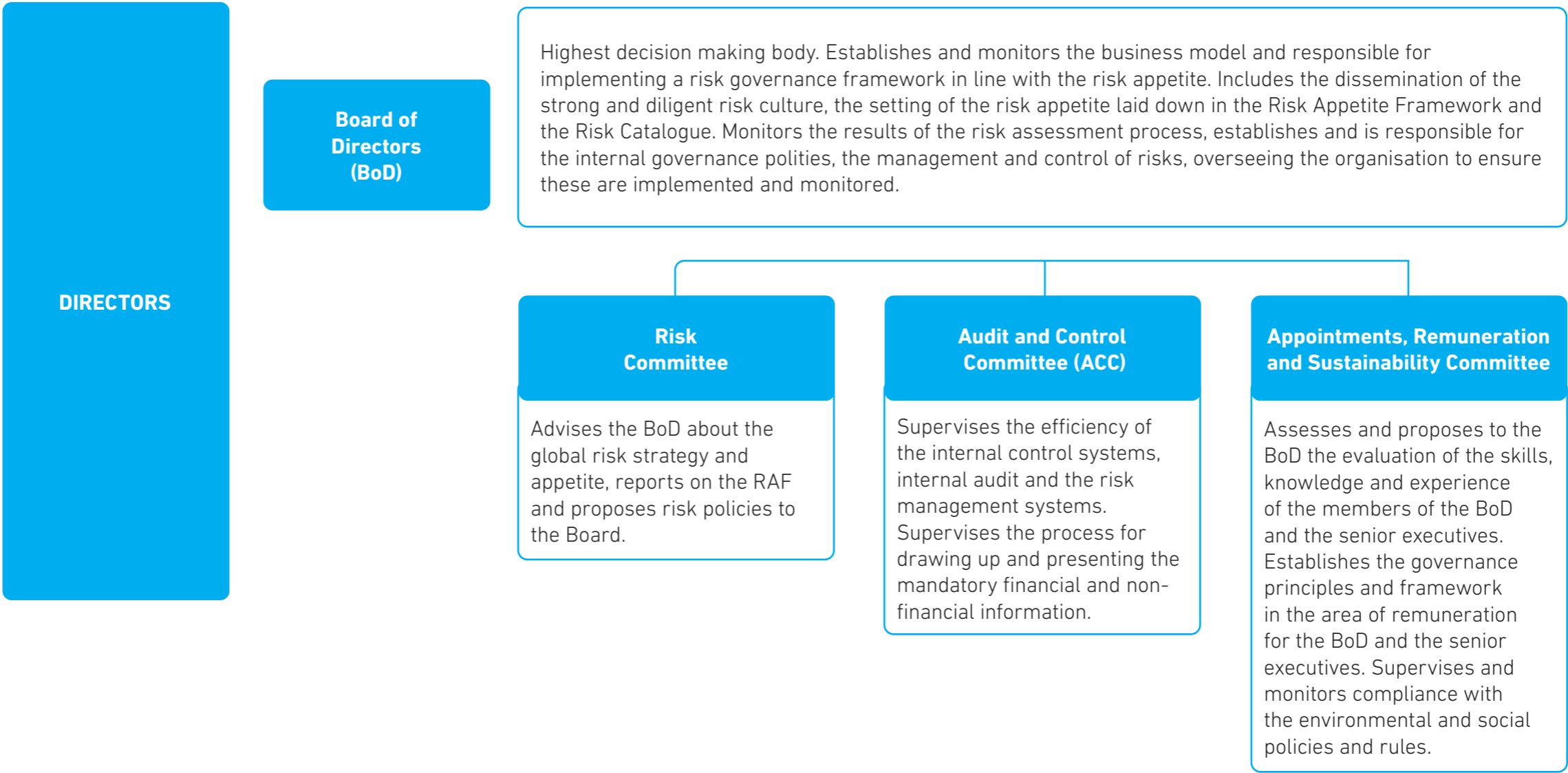
- i) The preparation of the Annual Audit Plan with a multi-year vision based on risk assessments, which includes the requirements of the regulators and those tasks or projects requested by Senior Management/Management Committee and the Audit and Control Committee.
- ii) The periodic reporting of the conclusions of the work carried out and the weaknesses detected to the Governing Bodies, senior management, external auditors, supervisors and the rest of the corresponding control and management environments.
- iii) The contribution of value through the formulation of recommendations to resolve the weaknesses detected in the reviews and the monitoring of their proper implementation by the responsible centres.

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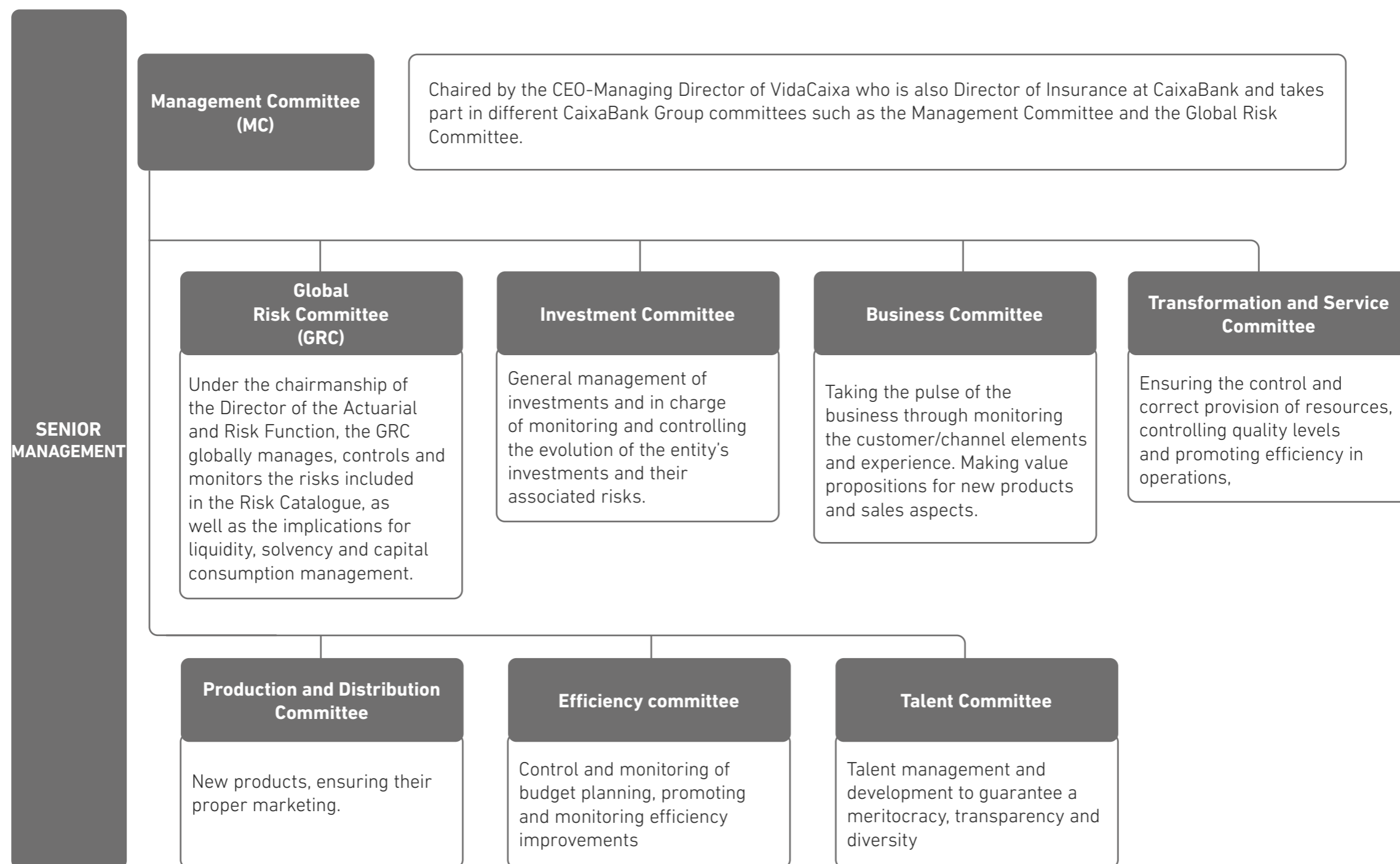
3.2.2. Governance and Organisation

The organisational system for risk management governance in the Parent Company is shown below:



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3.2.3. Strategic risk management processes

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

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

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

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

Risk Assessment

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

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

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

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


Risk Catalogue

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


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EXPOSICIÓN A EVENTOS ESTRATÉGICOS												
		FINANCIAL RISKS					OPERATIONAL RISK					
		Credit	Actuarial	Structural for rates	Liquidity and financing	Market	Conduct and compliance	Legal and regulatory	Technological	Model	Fiduciary	Other operational risks
												
CROSS-CUTTING RISKS	Profitability of the business	<p>The Risk catalogue (taxonomy and definition), along with the risk assessment exercise (identification and evaluation) and the risk Appetite Framework - RAF (monitoring) are the processes on which the CaixaBank Group bases its strategy for the identification, monitoring, control and reporting of risks,</p> <p>All of these following the general risk management principles established in the Group and based on: governance, segregation of duties (3 LOD model), proactive and anticipatory management, advanced tools and methods, scenario analysis, risk culture, social responsibility, communication and transparency,</p>										
	Own resources and solvency											
	Reputational											

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




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

CROSS-CUTTING RISKS	Profitability of the business	Obtaining results below the Group's expectations or targets that ultimately prevent it from reaching a level of sustainable profitability higher than the cost of capital,
	Own resources and solvency	Restriction of the CaixaBank Group's ability to adapt its volume of own resources to regulatory requirements or a change in its risk profile,
	Reputational 	Potential economic loss or reduced income for the group, as a result of events that negatively affect stakeholder perceptions of the CaixaBank Group,

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

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

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

- Fiduciary risk is included in the VidaCaixa Group's Corporate Risk Catalogue as an idiosyncratic risk to it: being defined as the risk of losses or reduced income obtained as a result of the deterioration of customer confidence in the Group generated by inappropriate actions, even if these are in compliance with the regulations and standards, in activities involving the management, advice or custody of customers' investment assets, which may result in losses for them, causing them a perception that there has been a failure to comply with the expectations generated.
- The risk of reliability of information is not included as it is considered not so much a risk, but rather a set of processes, which are absolutely critical and necessary to ensure the existence of a robust control environment that minimises the possibility of error in the generation of information for risk monitoring and management.
- In relation to sustainability risk (ESG), this is considered to be a cross-cutting factor affecting various risks in the Catalogue (credit, reputational and other operational risks), and mentions of climate change and other environmental risks are also included in the definitions of the legal and regulatory risk area. No explicit mention is made of liquidity and market risks, given the low level of materiality assigned to them, but in any case it has been determined that the stress tests carried out are of sufficient magnitude to reflect impacts in these areas arising from climate matters. This consideration of ESG risk as a cross-cutting factor corresponds to the approach adopted most commonly both by the majority of financial institutions and by the regulators/supervisors. More detail on ESG risk strategy, management and control is included in the Environmental Strategy section of the CaixaBank Group's 2022 Consolidated Management Report.

Risk Appetite Framework

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

3.2.4. Risk culture

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

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

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

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

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

Responsibility

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

All employees must be fully aware of their responsibility for risk management. This management does not belong solely to the risk experts or internal control functions, since the business units are mainly responsible for the daily management of risks.

Messages

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

In this regard, the Risk Culture project, with the aim of raising awareness about the importance of all employees in risk management in order to be a solid and sustainable Group, has been a turning point in the dissemination of the risk culture to the entire VidaCaixa Group. Within the framework of this project, different actions have been carried out to disseminate the risk culture. These

have been aimed at all VidaCaixa Group employees through the publication on the intranet, among others, of any news related to risk projects.

Training

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

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

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

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3.3. Cross-cutting risks

3.3.1. Business profitability risk

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

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

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

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

3.3.2. Own funds and solvency risk

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

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

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

3.3.3. Reputational risk

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

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

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3.4. Financial-actuarial risks

3.4.1. Credit risk

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

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

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

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

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

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

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CONCENTRATION BY CREDIT RATING 31-12-2022

(Thousands of euros)

RATING	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
AAA/AA+/AA/AA-	10	-	2,596,173	1,865,008	2,335,193
A+/A/A-	282,040	-	2,137,892	36,772,335	1,830,127
BBB+/BBB/BBB-	56,276	-	1,502,536	10,913,523	1,371,787
"INVESTMENT GRADE"	338,326	-	6,236,601	49,550,866	5,537,107
Valuation changes for impairment losses					
BB+/BB/BB-	-	-	62,158	159,242	62,158
B+/B/B-	-	-	6,789	7,591	6,789
CCC+/CCC/CCC-	-	-	-	-	-
No rating	453,953	223	11,163,407	148,921	5,955,238
"NON-INVESTMENT GRADE"	453,953	223	11,232,354	315,754	6,024,185
Valuation changes for impairment losses					
TOTAL	792,279	223	17,468,955	49,866,620	11,561,292

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CONCENTRATION BY CREDIT RATING 31-12-2021

(Thousands of euros)

RATING	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
AAA/AA+/AA/AA-	14	-	1,270,779	1,323,269	1,125,839
A+/A/A-	25,648	-	2,147,471	50,025,385	2,025,119
BBB+/BBB/BBB-	105,241	-	1,546,220	6,695,601	1,529,703
"INVESTMENT GRADE"	130,903	-	4,964,470	58,044,255	4,680,661
Valuation changes for impairment losses					
BB+/BB/BB-	-	-	166,926	155,125	166,926
B+/B/B-	-	-	96	-	96
CCC+/CCC/CCC-	-	-	-	-	-
No rating	221,271	150	13,270,108	33,570	6,778,616
"NON-INVESTMENT GRADE"	221,271	150	13,437,130	188,695	6,945,638
Valuation changes for impairment losses					
TOTAL	352,174	150	18,401,600	58,232,950	11,626,299

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EXPOSURE TO SOVEREIGN RISK 31-12-2022

(Thousands of euros)

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Germany	-	-	1,549,624	785,177	1,174,838
Angola	-	-	-	76	-
Australia	-	-	1,170	13,220	1,170
Austria	-	-	52,530	106,944	52,530
Belgium	-	-	513,895	126,694	320,018
Brazil	-	-	-	4,431	-
Canada	-	-	52,483	8,557	51,589
Curaçao	-	-	4,709	-	641
Denmark	-	-	14,892	37,432	14,892
Spain	640,555	88	2,209,436	37,685,905	1,803,863
United States	3,094	-	2,443,585	1,394,651	943,176
Finland	-	-	1,339	26,130	1,339
France	30,795	-	1,662,155	1,266,309	1,252,814
Guernsey	-	-	93	-	93
Netherlands	3	-	282,546	955,372	75,797
Ireland	2,039	-	3,880,758	107,390	795,118
Jersey	-	-	6,470	95	2,147,603
Cayman Islands	-	-	-	-	2,192
Italy	-	-	1,181,601	5,756,397	1,019,084

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COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Japan	-	-	248,600	390	100,860
Luxembourg	-	-	2,742,838	211,282	1,242,289
Nigeria	-	-	-	4,027	-
Norway	-	-	11,385	39,377	11,385
Portugal	3,831	135	283,397	439,705	282,297
United Kingdom	111,962	-	249,175	679,417	205,469
Czech Republic	-	-	-	4,420	-
Sweden	-	-	33,002	24,527	30,111
Switzerland	-	-	38,156	187,360	29,780
Bermudas	-	-	3,208	-	436
South Korea, Republic of Korea	-	-	1,470	-	1,470
New Zealand	-	-	438	-	438
Other (EU)	-	-	-	1,335	-
TOTAL COUNTRIES	792,279	223	17,468,955	49,866,620	11,561,292

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EXPOSURE TO SOVEREIGN RISK 31-12-2021

(Thousands of euros)

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Germany	-	-	1,262,930	1,068,739	700,667
Australia	-	-	98	6,558	98
Austria	-	-	4,600	26,097	4,600
Belgium	-	-	24,779	79,804	9,587
Brazil	-	-	-	-	-
Canada	-	-	4,721	9,501	4,622
Curaçao	-	-	2,482	4,217	338
Denmark	-	-	10,000	43,565	10,000
Slovakia	-	-	-	-	-
Spain	197,196	-	2,200,140	45,591,549	2,009,938
United States	590	-	2,602,826	1,053,407	800,695
Finland	-	-	204	67,814	204
France	9	-	1,609,249	1,191,601	1,148,382
Guernsey	-	-	103	-	103
Netherlands	4	-	391,611	803,624	177,715
Ireland	-	-	3,590,125	103,166	2,739,483
Jersey	-	-	10,387	-	4,912
Cayman Islands	-	-	130	-	130
Italy	-	-	1,230,267	6,699,519	1,174,320

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cont,

COUNTRY	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Japan	-	-	161,038	-	100,235
Luxembourg	-	-	4,544,944	221,758	2,068,499
Mexico	-	-	-	3,477	-
Nigeria	-	-	-	4,072	-
Norway	-	-	5,515	41,112	5,515
Portugal	144,560	150	364,512	460,754	363,274
United Kingdom	9,815	-	297,449	583,968	231,700
Czech Republic	-	-	613	2,312	613
Sweden	-	-	21,216	25,896	19,908
Switzerland	-	-	54,009	140,364	47,974
Venezuela	-	-	-	-	-
Slovenia	-	-	-	-	-
South Korea, Republic of Korea	-	-	1,575	-	1,575
New Zealand	-	-	449	-	449
Iceland	-	-	-	-	-
Angola	-	-	-	76	-
Argentina	-	-	2,804	-	379
Bermudas	-	-	2,824	-	384
TOTAL COUNTRIES	352,174	150	18,401,600	58,232,950	11,626,299

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CONCENTRATION BY ECONOMIC SECTOR 31-12-2022

(Thousands of euros)

SECTOR	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Communications	-	-	86,435	689,922	39,807
Non-cyclical consumption	-	-	529,152	712,226	245,114
Energy	-	-	256,116	162,092	161,769
Finance	786,319	223	9,564,351	(518,199)	2,007,101
Public sector	5,960	-	5,411,707	46,116,349	4,965,289
Industrial	-	-	325,916	1,205,412	3,870,927
Raw materials	-	-	167,644	120,001	71,591
Utilities	-	-	168,429	1,378,817	75,018
Diversified	-	-	457,644	-	75,643
Technology	-	-	501,561	-	49,033
TOTAL	792,279	223	17,468,955	49,866,620	11,561,292

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CONCENTRATION BY ECONOMIC SECTOR 31-12-2021

(Thousands of euros)

SECTOR	LOANS AND RECEIVABLES	FA HELD-TO-TRADE	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
Communications	-	-	87,988	843,356	46,211
Non-cyclical consumption	60,000	-	626,684	533,078	268,752
Energy	2,950	-	198,623	268,456	109,326
Finance	181,799	150	11,215,703	(2,101,681)	6,743,957
Public sector	1,645	-	4,238,852	55,585,623	3,956,311
Industrial	26,600	-	411,382	1,290,488	148,562
Raw materials	-	-	173,297	76,962	42,001
Utilities	79,023	-	151,482	1,736,668	66,434
Diversified	-	-	545,178	-	134,289
Technology	-	-	720,243	-	109,400
Other	157	-	32,168	-	1,056
TOTAL	352,174	150	18,401,600	58,232,950	11,626,299

3.4.2. Actuarial risk**General description**

The European regulatory framework for insurance companies, known as Solvency II, has been transposed to the Spanish legal system through Law 20/2015 and Royal Decree 1060/2015, known in Spanish, respectively, as LOSSEAR and ROSSEAR. This framework is supplemented by the technical standards approved by the European Commission (ITS), which are directly

applicable, and the guidelines published by EIOPA (European Insurance and Occupational Pensions Authority), which have been adopted by the General Directorate of Insurance and Pension Funds (DGSyFP) as its own.

In line with the European Solvency II Directive, actuarial risk is defined in the Risk Catalogue as the risk of loss or adverse change in the value of the commitments taken on by virtue of insurance or pension contracts with customers as a result of a difference between the estimate for the actuarial variables used in pricing

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and reserves and their actual development, In this area, the processes followed in performing the activity are differentiated according to the following risks that make up the actuarial risk:

- Mortality risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of mortality rates, in those cases where an increase in the mortality rate generates an increase in the value of the commitments taken on.
- Longevity risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of mortality rates, in those cases where a decrease in the mortality rate generates an increase in the value of the commitments taken on.
- Disability and morbidity risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to changes in the level, trend or volatility of disability, illness and morbidity rates.
- Downside risk: risk of loss or adverse adjustment to the value of expected future profits or an increase in expected losses due to changes in the level, trend or volatility of the real cancellation, renewal and redemption rates among policyholders of the insurance contracts compared to the downside assumptions used.
- Expense risk: risk of loss or adverse adjustment to the value of the commitments taken on through insurance contracts, due to changes in the level, trend or volatility of the expenses for executing the insurance or

reinsurance contracts compared to the surcharges foreseen in the pricing and constitution of provisions for the products.

- Catastrophic risk: risk of loss or adverse adjustment to the value of the commitments taken on through life insurance or pension contracts, due to significant uncertainty in the pricing assumptions and the constitution of provisions corresponding to extreme or extraordinary events.

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

Actuarial risk cycle

Monitoring and measurement of actuarial risk

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

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

The actuarial risk management established in these Policies is designed to ensure the long-term stability of the actuarial factors that affect the technical evolution of the insurance products underwritten. In the specific area of mortality and longevity risks, the Parent Company incorporates in its management and

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for the calculation of the Solvency II Solvency Capital Requirement (SCR) for mortality and longevity risks, an internal model partially complying with the regulations established in the Solvency II Directive and presented annually to the Regulatory Body. The model is based on data from historical experience that provide it with an accurate view of the real behaviour of the insured parties as a whole.

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

The actuarial risk measurement systems perform the quantification and evaluation of the adequacy of the technical provisions policy by policy. In this way, production operations, whatever the channel, are recorded in the systems through the different applications for contracting, benefits management and provision calculation (such as TAV for individual insurance and ACO or Avanti for collective insurance).

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

Mitigation of actuarial risk

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

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

By using reinsurance, an insurer can reduce risk, stabilise solvency, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance obtained, the insurer remains contractually liable to pay all claims to policyholders.

3.4.3. Structural rate risk

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

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

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through financial immunisation techniques provided for in the provisions of the DGSyFP.

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

The redemption value and market value of the assets assigned to the portfolios affected by the cash flow matching adjustment amount to €35,327,569,000 and €37,142,858,000, respectively, as of 31 December 2022.

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

FOREIGN CURRENCY POSITIONS
(Thousands of euros)

	31-12-2022	31-12-2021
Cash and equivalent liquid assets	236,355	316,638
Other financial assets at fair value through profit and loss	5,770,728	6,417,667
Financial assets available for sale (includes financial swap flows)	235,513	234,740
Loans and receivables	-	-
TOTAL ASSETS IN FOREIGN CURRENCY	6,242,596	6,969,045
Of which: linked to investments by life policyholders who assume the risk of the investment (*)	2,748,900	2,736,860
Debits and payables	-	-
Technical provisions	100,776	148,234
Other liabilities	-	-
TOTAL LIABILITIES IN FOREIGN CURRENCY	100,776	148,234

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately.

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The breakdown by currency for the years 2022 and 2021 is as follows:

BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET 31-12-2022

(Thousands of euros)

	LOANS AND RECEIVABLES	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	CASH	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
US dollars	-	5,213,854	108,152	140,808	2,495,956
Pounds sterling	-	55,464	126,186	8,510	47,386
Swiss francs	-	30,969	540	3,404	27,564
Norwegian krone	-	3,164	-	298	2,865
Danish krone	-	14,648	-	48	14,600
Swedish krona	-	14,309	-	638	13,671
Japanese yen	-	438,272	635	82,649	146,858
Australian dollar	-	48	-	-	-
TOTAL	-	5,770,728	235,513	236,355	2,748,900

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BREAKDOWN BY CURRENCY OF THE MAIN ITEMS ON THE BALANCE SHEET 31-12-2021

(Thousands of euros)

	LOANS AND RECEIVABLES	FA AT FV THROUGH PROFIT AND LOSS	FA AVAILABLE FOR SALE	CASH	OF WHICH: INVESTMENTS BY LIFE POLICYHOLDERS WHO ASSUME THE RISK OF THE INVESTMENT
US dollars	-	5,793,419	85,114	249,536	2,522,363
Pounds sterling	-	61,053	149,350	19,734	50,543
Swiss francs	-	43,368	-	7,911	35,457
Norwegian krone	-	2,534	-	231	2,303
Danish krone	-	9,906	-	11	9,895
Swedish krona	-	15,505	-	12	15,493
Japanese yen	-	491,834	276	39,203	100,806
Australian dollar	-	48	-	-	-
TOTAL	-	6,417,667	234,740	316,638	2,736,860

3.4.4. Liquidity risk

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

The liquidity risk in VidaCaixa Group associated with the option to turn financial investments into cash is insignificant given that they are generally listed in markets, and the objective of the insurance activity is to hold them in its portfolio as long as the acquired commitment derived from the insurance contracts exists. Additionally:

- the ALM (Asset Liability Management) analysis performed on Life portfolios allows this risk to be managed and mitigated;
- The Parent Company has a collateral position, a framework agreement for financial operations, with the CaixaBank Group.

To ensure its cash flow and be able to meet all payment commitments arising from its operations, it has the cash flow shown its balance sheet.

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

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Residual term of the transactions

Below is a breakdown by contractual maturity term of the financial instruments classified in the different portfolios:

RESIDUAL TERM OF THE TRANSACTIONS
(Thousands of euros)

	DEMAND	<1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	> 5 YEARS	TOTAL
Financial assets available for sale	-	527,016	204,821	1,762,389	11,849,237	35,438,110	49,781,573
Other financial assets at fair value through profit and loss	-	6,750	41,974	466,778	3,996,086	1,802,194	6,313,782
Loans and receivables	8	27	1,520	9,092	269,735	57,953	338,335
TOTAL ASSETS	8	533,793	248,315	2,238,259	16,115,058	37,298,257	56,433,690
Of which: Investments by life policyholders who assume the risk of the investment	-	6,750	41,974	441,874	3,335,325	1,801,972	5,627,895
	DEMAND	<1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	> 5 YEARS	TOTAL
Liabilities covered by insurance contractss	-	482,768	998,854	4,103,415	14,623,764	47,861,060	68,069,861
TOTAL LIABILITIES	-	482,768	998,854	4,103,415	14,623,764	47,861,060	68,069,861

3.4.5. Market Risk

In the Risk Catalogue, the market risk is identified as the loss of value, with an impact on earnings or solvency, of a portfolio (set of assets and liabilities) due to unfavourable movements in market prices or rates. The Parent Company periodically performs different sensitivity analyses of its portfolios in relation to market risk, derived mainly from changes in interest rates, In this regard, among

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other aspects, the amended durations of the fixed income portfolios associated with the Life business are controlled on a monthly basis.

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

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

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

3.5. Operational risk

General description

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

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

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

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

Finally, an annual operating loss budgeting exercise is carried out that covers

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the entire management perimeter and allows monthly monitoring to analyse and correct, if necessary, any possible deviations.

Risks of an operational nature

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

3.5.1. Conduct and compliance risk

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

3.5.2. Legal and regulatory risk

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

3.5.3. Technological risk

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

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

3.5.4. Model risk

Possible adverse consequences for the VidaCaixa Group that could originate from decisions based mainly on the results of the partial internal longevity and mortality model, due to errors in its construction, application or use.

3.5.5. Other operational risks

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

3.5.6. Fiduciary risk

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

The activity of the VidaCaixa Group in the area of managing its customers' investments in the Unit Linked insurance businesses, in which the insured party assumes the risk of the investment, and of managing pension funds and plans

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has been growing in recent years, establishing a strong position as one of the largest fund managers in the Iberian market. This activity involves a high level of complexity due to the environment in which it takes place (transactions in financial markets on behalf of customers), being subject to greater responsibility towards its customers.

4. SOLVENCY MANAGEMENT

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

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

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

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

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

In accordance with the calendar set forth in the current regulations, VidaCaixa sent DGSyFP, on 7 April 2022, the individual annual reporting for the 2021 financial year and, on 20 May 2022, the consolidated annual reporting for the 2021 financial year, which demonstrated compliance with the required SCR and MCR levels.

The Parent Company has made the notifications referred to in article 69 of

Spanish Law 24/1988 and article 85 of Spanish Law 20/2015, of 14 July, on the organisation, supervision and solvency of insurance and reinsurance companies in relation to the acquisition of stakes in investment services companies and in insurance and reinsurance companies, respectively.

5. DISTRIBUTION OF EARNINGS

The distribution of VidaCaixa's earnings for the 2022 financial year, which the Board of Directors agrees to propose to the Sole Shareholder for approval, is presented below:

DISTRIBUTION OF EARNINGS
(Thousands of euros)

	2022
Balance for distribution	758,593
Distribution:	
To Dividends	758,593
of which: interim dividend	425,000
of which: supplementary dividend	333,593
To reserves	
To legal reserve (*)	-
To voluntary reserve	-
NET PROFIT FOR THE FINANCIAL YEAR	758,593

*It is unnecessary to allocate part of the profit for 2022 to the legal reserve since this already amounts to 20% of the share capital (art. 274 of the Capital Companies Law)

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Below is the liquidity statement prepared by the Directors to show the existence of liquidity and sufficient earnings for the distribution of the interim dividends

from the earnings in the 2022 financial year approved by the Board of Directors:

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

	31/03/2022	30/06/2022	30/09/2022
Net profit	149,102	282,285	426,633
Endowment of 10% of the profit to legal reserve	-	-	-
Endowment of 5% of the Goodwill to Unavailable Reserves	-	-	-
EARNINGS TO DISTRIBUTE 2022 FINANCIAL YEAR	149,102	282,285	426,633
Interim dividends paid for 2022 to CaixaBank, S.A.	-	(145,000)	(280,000)
EARNINGS TO DISTRIBUTE (100%)	149,102	137,285	146,633
CASH AND BANKS BALANCE FORECAST AS OF:	May-22	July-22	October-22
CASH AND BANKS BALANCE	1,594,827	1,020,391	1,629,278
Interim dividend	(145,000)	(135,000)	(145,000)
REMAINING LIQUIDITY	1,449,827	885,391	1,484,278

The dividend distribution decision adopted is based on an exhaustive and thoughtful analysis of the Parent Company's situation and does not compromise either its future solvency or the protection of the interests of the policyholders or insured parties, and is made within the context of the supervisors'

recommendations on this matter. In this regard, the Parent Company, within the framework of the dialogue with the supervisor, has communicated the dividends proposal and has presented the necessary data and analyses to allow the aforementioned aspects to be verified.

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6. SHAREHOLDER REMUNERATION AND PROFIT PER SHARE**6.1. Shareholder remuneration**

Dividends distributed during the financial year were as follows:

DIVIDENDS PAID

(Thousands of euros)

	EUROS PER SHARE	AMOUNT PAID IN CASH	ANNOUNCEMENT DATE	PAYMENT DATE
Supplementary dividend from the 2021 financial year	0,75	168,298	29-03-22	31-03-22
1st Interim dividend from the 2022 financial year	0,65	145,000	18-05-22	25-05-22
2nd Interim dividend from the 2022 financial year	0,60	135,000	26-07-22	28-07-22
3rd Interim dividend from the 2022 financial year	0,65	145,000	28-10-22	02-11-22
TOTAL	2,65	593,298		

7. BUSINESS COMBINATIONS AND MERGERS**Business combinations and mergers – 2022**

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

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

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

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

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

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

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

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

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

The transaction has benefited from the special tax regime for mergers, spin-offs, contributions of assets and securities swaps established in Chapter VII of Title VII of Spanish Law 27/2014 of 27 November, on Corporation Tax (Appendix 5).

Accounting for the merger

These consolidated annual accounts include the registration of the merger. For accounting purposes, since this is a merger between companies in the same group, the recording of the assets and liabilities associated with Vidacaixa derived from the merger has been completed taking as reference their values in the consolidated annual accounts of the CaixaBank Group, and the accounting

impact of the merger has been calculated retrospectively to 1 January 2022, as established in the applicable accounting standard.

The following is the merger balance sheet, by headings, of Bankia Vida as of 1 January 2022:

BALANCE SHEETS (Thousands of euros)

ASSETS	31-12-2021
Cash and equivalent liquid assets	22,617
Financial assets held to trade	-
Other financial assets at fair value through profit and loss	134,571
Hybrid instruments	69,709
Investments by life policyholders who assume the risk of the investment	64,862
Financial assets available for sale	6,357,659
Equity instruments	170,647
Debt securities	6,166,885
Other	20,127
Loans and receivables	12,412
Credits from direct insurance transactions	1,568
Policyholders	1,568
Credits from reinsurance transactions	274
Other credits	10,570
Credits with Public Administrations	2
Remaining credits	10,568
Held-to-maturity investments	-
Hedge derivatives	-

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cont,

ASSETS	31-12-2021
Share of the reinsurer in technical provisions	1,834
Provision for unearned premiums	195
Provision for life insurance	175
Provision for benefits	1,464
Tangible fixed assets and property investments	11,009
Tangible fixed assets	49
Property investments	10,960
Intangible fixed assets	125,637
Goodwill	39,933
Economic rights derived from the portfolios of policies acquired from brokers	85,704
Holdings in group and affiliate entities	-
Tax assets	677,963
Current tax assets	330
Deferred tax assets	677,633
Other assets	124,869
Accruals and deferrals	124,869
TOTAL ASSETS	7,468,571

LIABILITIES	31-12-2021
Financial liabilities held to trade	-
Other financial liabilities designated at fair value through profit and loss	-
Debits and payables	27,318
Deposits received from ceded reinsurance	248
Debts from insurance transactions	14,920
Debts with insured parties	970
Debts with brokers	13,199
Conditional debts	751
Debts from reinsurance transactions	96
Debt with credit institutions	2,763
Debts from preparatory operations for insurance contracts	1,559
Other debt	7,732
Debt with Public Administrations	1,251
Rest of other debt	6,481
Hedge derivatives	-
Technical provisions	4,597,408
Provision for unearned premiums	5,530
Provision for ongoing risks	1
Provision for life insurance	4,351,082
Provision for unearned premiums	32,551
Provision for ongoing risks	70
Mathematical provision	4,253,599
Provision for life insurance when the risk of the investment is assumed by the policyholder	64,862
Provision for benefits	235,113
Provisions for profit sharing and rebates	5,542

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cont,

LIABILITIES	31-12-2021
Other technical provisions	140
Non-technical provisions	800
Provision for taxes and other legal contingencies	59
Other non-technical provisions	741
Tax liabilities	739,785
Current tax liabilities	2,961
Deferred tax liabilities	736,824
Other liabilities	1,567,512
Accruals and deferrals	276
Liabilities for accounting asymmetries	1,121,971
Other liabilities	445,265
Liabilities associated with assets held for sale	-
TOTAL LIABILITIES	6,932,823

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

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

EQUITY	31-12-2021
OWN FUNDS	465,966
Capital mutual fund	22,686
Authorised or mutual fund capital	22,686
Issue premium	152,791
Reserves	212,983
Legal and bylaw reserves	47,665
Other reserves	165,318
Profit/loss for the financial year	77,506
(-) Interim dividends and interim equalisation reserve	-
VALUE ADJUSTMENTS	69,782
Financial assets available for sale	776,344
Exchange and conversion differences	(15)
Accounting asymmetry correction	(706,547)
TOTAL EQUITY	535,748
TOTAL EQUITY AND LIABILITIES	7,468,571

The Parent Company has assigned fair value in accordance with the applicable regulations, working with an independent expert, As a result of that, customer portfolios have been identified (Life, Non-Life and Unit Linked) that meet the identifiability and separability criteria established in the IAS 38 Standard, for the gross sum of €492 million and recorded in the "Intangible fixed assets - Other intangible assets" heading, as well as the corresponding deferred tax liability for the temporary difference between the accounting cost and the tax cost of that asset, always considering the limit set by the consolidated values of the

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CaixaBank Group and without performing any revaluations, In this allocation process, no Goodwill has been allocated, in keeping with the treatment given to the CaixaBank and Bankia merger in the consolidated tax base of the CaixaBank Group,

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

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

ASSUMPTIONS USED
(Percentage)

Relationships with customers	ASSUMPTION 2022
Useful life	
Savings	8,5 years
Risk	10,5 years
Discount rate (*)	EIOPA RFR Curve + VA

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

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

As part of the restructuring of the banking-insurance businesses of the CaixaBank Group and as a result of the merger between the Sole Shareholder

(CaixaBank) and Bankia S,A,, through which it acquired 18,69% of the shares of Sa Nostra Compañía de Seguros de Vida, S,A,, on 27 June 2022 the Sole Shareholder of the Parent Company reached an agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S,A, (Caser) so that VidaCaixa, S,A,U, would buy its 81,31% stake in the share capital of Sa Nostra Compañía de Seguros de Vida, S,A,

On 24 November 2022, the Parent Company acquired from Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S,A, (CASER) the 81,31% stake in Sa Nostra Compañía de Seguros de Vida, S,A, for the sum of €221,071,000, On that same date, the Parent Company purchased from CaixaBank a stake of 18,69% of the shares in Sa Nostra Compañía de Seguros de Vida, S,A, for the sum of €50,816,000, equivalent to the same value per share as the transaction between independent parties agreed between CASER and VidaCaixa, on behalf of the CaixaBank Group (as Sole Shareholder of the Entity),

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

During 2023, the Parent Company's Board of Directors will propose to the Sole Shareholder the accounting and operational integration of Sa Nostra Compañía de Seguros de Vida, S,A, in accordance with the CaixaBank Group's banking-insurance concentration strategy,

Provisional accounting of the business combination

These annual accounts include the provisional registering of this business combination, For accounting purposes, the reference date for the recording is established as 31 December 2022, The effect on equity and profit and loss from

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using this reference rate rather than the date on which effective control was taken is insignificant,

The value of the consideration for the 100% agreed between the independent parties on the transaction date amounted to €272 million, compared to a net value of the assets and liabilities at fair value of €149 million. As a result of the acquisition, a first consolidation difference of €123 million has been established. On a preliminary basis for 2022 year end, €112 million has been assigned to "Intangible assets - Goodwill" and €11 million to "Intangible assets - Other intangible assets" corresponding to the customer portfolio,

As a result of the execution of the acquisition transaction almost at year end, having been recorded using provisional accounting that is subject, where relevant, to subsequent modifications in the context of the price allocation over the next 12 months, there is no indication of the impairment in the value of these provisional intangible assets. It should be mentioned that the equity of Sa Nostra Compañía de Seguros de Vida S,A, stood at €153,584,000 at year end, with profit after tax of €10,898,000,

Business combinations and mergers – 2021

Merger with Bankia Pensiones, S,A,U,, E,G,F,P,

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

For the purposes of carrying out the merger, on 19 and 20 April 2021, the Boards of Directors of Bankia Pensiones and VidaCaixa signed the Common Merger Plan

relating to the takeover, approved by the sole Shareholder on 4 May 2021,

On 4 May 2021, the Sole Shareholder of the Parent Company and Bankia Pensiones, S,A,U,, E,G,F,P, (hereinafter Bankia Pensiones) unanimously agreed to the takeover of Bankia Pensiones (merged company) by VidaCaixa (merging company) as part of the process for the reorganisation and integration of the pension fund management and administration business of Bankia, S,A,, after the execution of the aforementioned takeover of Bankia, S,A, by CaixaBank, S,A,

On 4 May 2021, the Sole Shareholder of both companies agreed, among others, to approve as merger balance sheets those closed by the companies as of 31 December 2020 and to approve the takeover of Bankia Pensiones by the merging company, strictly in keeping with the Merger Plan,

Once all the pertinent authorisations had been obtained, on 12 December 2021, the merger was registered in the Mercantile Registry of Madrid and the dissolution without liquidation and the transfer en bloc to the merging company of the assets by way of universal succession of the merged company took place. The merging company took over all the rights and obligations of the merged company in general and without any reservation or limitation,

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

Accounting for the merger

These consolidated annual accounts include the registration of the merger in the 2021 financial year. For accounting purposes, the merger was carried out retrospectively as of 31 March 2021 considering the consolidated accounting

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balances of the CaixaBank Group, as provided by the applicable accounting regulations,

The assets and liabilities that were incorporated into the Merging Company are detailed below:

BALANCE SHEET AS OF 31-03-2021
(Thousands of euros)

ASSETS	31-03-2021
NON-CURRENT ASSETS	9,102
Intangible fixed assets	8,319
Patents, licences, trademarks and similar	7,765
Computer software	554
Tangible fixed assets	7
Technical installations other tangible fixed assets	7
Property investments	41
Buildings	41
Long-term investments with group companies and associates	36
Other financial assets	36
Long-term financial investments	-
Deferred tax assets	699
CURRENT ASSETS	57,906
Non-current assets held for sale	-
Stock	-
Trade debtors and other accounts receivable	9,307
Customer receivables for sales and services	6,255
Customers, group companies and affiliates	2,485
Miscellaneous receivables	429
Staff	138
Short-term investments with group companies and associates	-
Short-term financial investments	-
Short-term accruals and deferrals	15
Cash and equivalent liquid assets	48,584
Cash and banks	48,584
TOTAL ASSETS	67,008

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EQUITY AND LIABILITIES	31-03-2021
EQUITY	25,315
OWN FUNDS	25,315
Capital	16,669
Authorised capital	16,669
Issue premium	-
Reserves	3,334
Legal and bylaw reserves	3,334
Treasury stock or shares	-
Profit and loss from previous years	-
Other shareholder contributions	-
Profit/loss for the financial year	5,312
Interim dividend	-
Other equity instruments	-
VALUE ADJUSTMENTS	-
SUBSIDIES, DONATIONS AND BEQUESTS RECEIVED	-
NON-CURRENT LIABILITIES	-
Long-term provisions	-
Other provisions	-
Long-term debt	-
Long-term debt with group companies and associates	-
Deferred tax liabilities	-
Long-term accruals and deferrals	-
CURRENT LIABILITIES	41,693
Liabilities associated with non-current assets held for sale	-
Short-term provisions	717

EQUITY AND LIABILITIES	31-03-2021
Short-term debt	21,113
Other short-term debt	21,113
Short-term debt with group companies and associates	14,537
Trade and other payables	5,326
Miscellaneous creditors	1,300
Accrued wages and salaries	133
Other debts with Public Administrations	3,893
Short-term accruals and deferrals	-
TOTAL EQUITY AND LIABILITIES	67,008

As a result of considering the consolidated accounting balances of the CaixaBank Group, intangible assets derived from the business combination that meet the identifiability and separability criteria established in IAS 38 have been recognised in the merging company:

- Intangible assets – Customer relationships: the value attributable to customer relationships linked to asset management has been estimated using the multi-period excess earnings method (MPEEM), which bases this value on the cash flow attributable to the intangible asset, eliminating the charges for taxable assets involved in the generation of these operating cash flows,
- The main assumptions used are the following:

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ASSUMPTIONS USED

(Percentage)

Relationships with customers	ASSUMPTION 2021
Useful life	15 years
Discount rate (*)	10,60%

(*) Calculated based on information from comparable public companies in the sector

This intangible asset has been valued in the business combination of Bankia with CaixaBank (by takeover), prior to this merger, maintaining the pre-existing values of the consolidated CaixaBank group in accordance with the applicable accounting standards,

8. FINANCIAL INFORMATION BY BUSINESS SEGMENT

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

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

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

Life Insurance: includes the results derived from life insurance contracts, which guarantee the coverage of risks that may affect the existence, bodily integrity or health of the insured person.

Non-Life Insurance: covers the results derived from the insurance contracts in the accident and illness, home multi-risk, other damages, motor, death and miscellaneous lines.

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

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

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

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

- The technical revenue and expenses derived from performing insurance operations are allocated directly to the Life and Non-life segments, respectively, and in the case of the latter, to its different sub-segments, depending on the nature of the operation.
- Financial revenue and expenses are allocated to the Life and Non-life segments depending on the prior allocation made of the assets and liabilities that generate them, which is reflected in the 'Investment Book' of each insurance company and, alternatively, on a reasonable basis for allocation to the segment in question based on the allocation of expenses by functional activity. The financial revenue and expenses are allocated to the different

Non-life sub-segments, basically depending on the technical provisions stipulated for each of the weighted branches.

- Revenue and expenses not directly related to the practice of insurance transactions are allocated to the Other Activities segment, as well as, specifically, those derived from operations carried out in the Life and Non-Life segments that should not be included in the previous segments of a technical nature.

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

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BREAKDOWN BY BRANCH OF TECHNICAL INCOME AND EXPENSES

(Thousands of euros)

	NON-LIFE				LIFE	
	ACCIDENT		ILLNESS		2022	2021
	2022	2021	2022	2021		
Premiums allocated (Direct and accepted)	29,076	13,428	3,193	2,860	7,706,068	8,547,591
Premiums accruing net of cancellations and rebates	28,793	13,352	3,171	2,764	7,704,089	8,542,340
+/- Variation in provisions for unearned premiums	481	76	23	96	2,543	4,776
+/- Variation in provisions for ongoing risks	-	-	-	-	-	-
+/- Variation in provisions for premiums pending collection	(198)	-	(1)	-	(564)	475
Reinsurance premiums (Ceded and retroceded)	(12,360)	(13,651)	-	(114)	(165,995)	(159,390)
Premiums accruing net of cancellations and rebates	(11,944)	(13,246)	-	12	(166,138)	(159,488)
Variation in provisions for unearned premiums	(416)	(405)	-	(126)	143	98
A. SUBTOTAL OF PREMIUMS ALLOCATED, NET OF REINSURANCE	16,716	(223)	3,193	2,746	7,540,073	8,388,201
Loss Rate (Direct and accepted)	(12,465)	(9,414)	(1,141)	(465)	(7,296,874)	(7,055,995)
Benefits and expenses attributable to benefits	(12,308)	(9,707)	(1,295)	(653)	(7,260,936)	(6,787,680)
+/- Variation in technical provisions for benefits	(157)	293	154	188	(35,938)	(268,315)
Loss Rate (Direct and retroceded)	9,981	10,173	-	-	79,118	87,790
Benefits and expenses paid	9,989	8,772	-	-	73,212	88,514
+/- Variation in technical provisions for benefits	(8)	1,401	-	-	5,906	(724)

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(cont)

	NON-LIFE				LIFE	
	ACCIDENT		ILLNESS		2022	2021
	2022	2021	2022	2021		
B. SUBTOTAL OF LOSS RATE, NET OF REINSURANCE	(2,484)	759	(1,141)	(465)	(7,217,756)	(6,968,205)
+/- Variation in other technical provisions net of reinsurance	-	-	-	-	1,675,242	(4,330,454)
Sharing in profits and rebates	109	(469)	(446)	(104)	(39,341)	(54,058)
Benefits and expenses for sharing in profits	(354)	(721)	(360)	-	(61,604)	(67,911)
Variation in the provision for sharing in profits and rebates	463	252	(86)	(104)	22,263	13,853
Profit (loss) from investments	(4)	209,421	200,136	(10)	(566,798)	4,028,735
Revenue from tangible fixed assets and investments	-	209,498	200,146	-	6,108,729	6,095,580
Expenses from tangible fixed assets and investments	(4)	(77)	(10)	(10)	(6,675,527)	(2,066,845)
Acquisition expenses (Direct and accepted)	(6,743)	(1,760)	(251)	(338)	(536,435)	(271,857)
Administration expenses (Direct and accepted)	(159)	(114)	(16)	(1)	(30,646)	(176,574)
Other technical expenses (Direct and accepted)	(1,666)	(153)	(93)	(83)	(54,173)	(25,530)
Fees and participations in assigned reinsurance ceded and retroceded (Ceded and retroceded)	2,506	2,236	-	-	112,036	111,339
C. SUBTOTAL OPERATING EXPENSES AND OTHER NET	(5,957)	209,161	199,330	(536)	559,885	(718,399)
TECHNICAL EXPENSES	8,275	209,697	201,382	1,745	882,202	701,597

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

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9. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

9.1. Remuneration of the Board of Directors

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

REMUNERATION OF THE BOARD OF DIRECTORS
(Thousands of euros)

	2022	2021
Remuneration for membership of the Board	2,515	2,275
Fixed remuneration	2,108	2,108
Variable remuneration	407	167
In cash	407	167
Share-based compensation systemss	-	-
Other long-term benefits	-	-
Other items *	146	142
of which life insurance premiums	139	136
TOTAL	2,661	2,417
Composition of the Board of Directors		
<i>Women</i>	4	4
<i>Men</i>	10	11

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

During the 2022 financial year, 1 person has joined and 2 people have left the Parent Company's Board of Directors, the number of directors therefore amounting to 14. During the 2021 financial year, 1 person joined and 1 person left the aforementioned Board of Directors.

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

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

9.2. Renumeration of the Senior Management

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

RENUMERATION OF THE SENIOR MANAGEMENT
(Thousands of euros)

	2022	2021
Salaries (*)	2,321	2,576
Insurance Premiums	311	340
Termination payments	1,604	-
Other positions in Group companies	-	-
TOTAL	4,236	2,916
Composition of the Senior Management		
<i>Women</i>	5	3
<i>Men</i>	3	6

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

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

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9.3. Other information regarding the Board of Directors

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

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

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

In any case, the directors must notify VidaCaixa's Board of Directors of any conflict of interest, direct or indirect, that they or persons related to them could have with the interests of the Sole Shareholder of the Parent Company or with

the interests of the Parent Company itself, which will be reported in the annual accounts, as established in article 229,3 of the Spanish Capital Companies Law.

At the end of the 2022 financial year, the Directors of the Parent Company have not communicated to the other members of the Board of Directors any conflicts of interest, direct or indirect, that they or persons related to them may have with the Group's interests.

During the 2022 financial year, no director has reported any situation that could place them in a conflict of interest with the Sole Shareholder of the Parent Company or with the Parent Company itself, although on the following occasions, Directors refrained from intervening and voting in the discussion of matters at the meetings of the Board of Directors:

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Board Member	Subject
Gual Solé, Jordi	Abstention from discussing and voting on the agreements regarding the remuneration for the position of Chair.
Muniesa Arantegui, Tomás	-
Allende Fernández, Víctor Manuel	Abstention from discussing and voting on the agreement regarding his reelection as a member of VidaCaixa's Board of Directors.
Capella Pifarré, Natividad Pilar	Abstention from discussing and voting on the agreement regarding her reelection as a member of VidaCaixa's Board of Directors.
	Abstention from discussing and voting on the agreement regarding her reelection as a member of VidaCaixa's Risk Committee.
Deulofeu Xicoira, Jordi	-
Del Hoyo López, Esperanza	-
Ibarz Alegría, Javier	-
Leal Villalba, José María	Abstention from discussing and voting on the agreement regarding his reelection as a member of VidaCaixa's Board of Directors.
Villaseca Marco, Rafael	-
Jiménez Baena, Paloma	-
Valle T-Figueras, Francisco Javier	Abstention from discussing and voting on the agreement regarding the concluding of the correspondientes al Ejercicio 2021.
	Abstention from discussing and voting on the agreement regarding the concluding of the obtaining of the PE19-21 multi-year bonus and the consequent amount to be received by the CEO-Managing Director as long-term variable remuneration.
	Abstention from discussing and voting on the agreement regarding the fixed remuneration of the CEO-Managing Director corresponding to the 2022 financial year.
	Abstention from discussing and voting on the agreement regarding the targets for the CEO-Managing Director corresponding to the 2022 financial year.
	Abstention from discussing and voting on the agreement regarding the review of the targets for the CEO-Managing Director corresponding to the 2022 financial year.
García-Valdecasas Serra, Francisco	-
Pescador Castrillo, María Dolores	-
Negro Balbás, Juan Manuel	-

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The rest of the Directors with a current position during the 2022 financial year (that is, Juan Rosell Lastortras and Francisco Javier García Sanz) have declared that during the time of their mandate in 2022 neither they nor persons related to them have had any conflicts with the interests of the Sole Shareholder of the Parent Company or with the Parent Company itself, either direct or indirect.

Prohibition of competition

In particular, article 229,1.f) of the Capital Companies Law establishes that the members of the Board of Directors must refrain from performing activities on their own behalf or for others that involve effective competition, whether current or potential, with the company or that in any other way put them in a permanent position of having a conflict of interest with the company. Moreover, article 230 of the Capital Companies Law allows directors to be exempt from this prohibition in the event that it is not expected to harm the company or that any harm expected is offset by the profits obtained from the exemption. The exemption must be granted by express and separate agreement of the Sole Shareholder.

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

that the non-life insurance activity in Grupo CaixaBank is performed through the stake that VidaCaixa holds in SegurCaixa Adeslas, it has been considered appropriate to regulate this situation.

Ms Pescador joining the Company's Board of Directors is not expected to cause any harm to VidaCaixa, but rather to bring significant advantages derived from her extensive experience and qualifications in the insurance sector, and more specifically in matters of financial and actuarial analysis, among others, for the purposes of the provisions of article 230 of the Capital Companies Law. This is even in the event that the existence of potential competition could be identified. As a result, on 16 July 2019 the Sole Shareholder agreed to exempt Ms María Dolores Pescador Castrillo from the non-competition obligation established in article 229,1.f) of the Capital Companies Law, allowing her, within the framework of the exemption, to perform duties and functions at AECS, as well as at companies directly or indirectly owned by AECS that derive from the participation or from her performance of duties and functions in AECS.

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10. CASH AND EQUIVALENT LIQUID ASSETS

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

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

	31-12-2022	31-12-2021
Cash	924,493	1,089,096
Foreign currency current accounts	236,355	316,638
Other demand deposits	-	-
TOTAL	1,160,848	1,405,734
Of which: linked to investments by life policyholders who assume the risk of the investment*:	562,314	830,773

(*) Corresponds to assets linked to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately

(*) The balance of the "Other financial assets at fair value through profit and loss" heading includes, in addition to the assets linked to the Renta Vitalicia Inversión Flexible (PVI) product, certain assets corresponding to the Unit-Linked product, whose risk is assumed by the policyholders. The changes in the value of the assets of the Unit Linked product are equal to the change in the provision for life insurance of these products, there being no accounting asymmetry that must be corrected separately,

11. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND

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

BREAKDOWN OF OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS
(Thousands of euros)

	31-12-2022	31-12-2021
Equity instruments	11,104,498	13,139,808
Shares in investment funds	4,796,132	7,036,881
Financial investments in capital	6,308,366	6,102,927
Debt securities	6,313,782	5,189,918
Spanish public debt	1,863,808	1,933,711
Foreign public debt	3,678,254	2,559,803
Issued by credit institutions	305,775	271,911
Other Spanish issuers	39,657	80,209
Other foreign issuers	426,288	344,284
Derivatives and guarantees	2,061	51,194
Other	48,614	20,680
TOTAL	17,468,955	18,401,600
Of which: linked to investments by life policyholders who assume the risk of the investment*:	11,561,292	11,626,299
Equity instruments	5,896,330	6,679,427
Debt securities	5,627,895	4,907,136
Derivatives and guarantees	-	19,056
Other	37,067	20,680

The provision for life insurance when the risk of the investment is assumed by the policyholder stands at €12,163,888,000 as of 31 December 2022.

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11.1. Equity instruments

The breakdown of movements in this heading is as follows:

MOVEMENTS OF EQUITY INSTRUMENTS
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	13,139,809	9,279,992
Additions due to business combinations Bankia Vida	61,728	-
Adjusted balance, start of the financial year	13,201,537	9,279,992
Plus:		
Purchases	3,615,413	5,197,237
Less:		
Sales	(3,887,048)	(2,939,313)
Revaluations against earnings	(1,825,649)	1,601,892
Additions due to business combinations Sa Nostra	245	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	11,104,498	13,139,808

11.2. Debt securities

The breakdown of movements in this heading is as follows:

MOVEMENTS OF DEBT SECURITIES
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	5,189,918	5,127,713
Additions due to business combinations Bankia Vida	3,133	-
Adjusted balance, start of the financial year	5,193,051	5,127,713
Plus:		
Purchases	9,799,320	5,325,895
Intereses	14,789	(21,104)
Less:		
Sales and amortisations	(8,358,456)	(5,197,538)
Revaluations against earnings	(336,986)	(45,048)
Additions due to business combinations Sa Nostra	2,064	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	6,313,782	5,189,918

Given that the Group has recorded the changes in the fair value of these assets through the profit and loss account during the 2022 and 2021 financial years symmetrically with changes in the life insurance provision of these insurance policies, there has been no accounting asymmetry that must be corrected separately.

During the 2022 financial year, net unrealised capital losses of €1,061,614,000 (net capital gains of €973,213,000 in 2021) were obtained due to a change in value of

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the investments related to the managed portfolio of the Renta Vitalicia Inversión Flexible product, which are recorded in the “Revenue from tangible fixed assets and investments” and “Expenses from tangible fixed assets and investments” headings of the technical-life insurance profit and loss account.

During the period, net unrealised capital losses of €1,027,262,000 (net capital gains of €887,005,000 in 2021) were obtained from investments related to the Unit Linked product. These are included under the headings “Revenue from investments subject to insurance when the policyholder assumes the risk of the investment” and “Expenses from investments subject to insurance when the policyholder assumes the risk of the investment” of the technical-life insurance profit and loss account.

12. FINANCIAL ASSETS AVAILABLE FOR SALE

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

BREAKDOWN OF FINANCIAL ASSETS AVAILABLE FOR SALE
(Thousands of euros)

	31-12-2022	31-12-2021
Equity instruments	85,047	2,181
Shares in investment funds	72,936	571
Financial investments in capital (*)	12,111	1,610
Debt securities	49,781,573	58,230,769
Spanish public debt	40,236,718	48,736,833
Foreign public debt	6,191,985	6,716,663
Issued by credit institutions	(2,118,097)	(3,174,273)
Other Spanish issuers	1,802,343	2,247,027
Other foreign issuers	3,668,624	3,704,519
TOTAL	49,866,620	58,232,950

(*) VidaCaixa owns a stake in the company called “Tecnologías de la información y redes para las entidades aseguradoras, S.A.” for an amount of €730,000.

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12.1. Equity instruments

The breakdown of movements in this heading is as follows:

MOVEMENTS OF EQUITY INSTRUMENTS
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	2,181	1,865
Additions due to business combinations Bankia Vida	170,647	-
Adjusted balance, start of the financial year	172,828	1,865
Plus:		
Purchases	5,234	142
Less:		
Sales and amortisations	(110,441)	(41)
Revaluations against equity adjustments	8,531	215
Additions due to business combinations Sa Nostra	8,895	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	85,047	2,181

12.2. Debt securities

The breakdown of movements in this heading is as follows:

MOVEMENTS OF DEBT SECURITIES
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	58,230,769	61,705,279
Additions due to business combinations Bankia Vida	6,166,885	-
Adjusted balance, start of the financial year	64,397,654	61,705,279
Plus:		
Purchases	11,369,483	13,284,252
Interest	(835,727)	255,002
Less:		
Sales and amortisations	(11,658,477)	(12,563,809)
Revaluations against reserves	(84,260)	(14,938)
Amounts transferred to the profit and loss account	(24,536)	(571,778)
Of which: profit on sale	444,963	940,353
Of which: loss on sale	(420,427)	(369,926)
Revaluations against equity adjustments	(14,072,072)	(3,863,239)
Additions due to business combinations Sa Nostra	689,508	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	49,781,573	58,230,769

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Fixed income securities are issued by issuers from OECD member countries, 99,53% issued in euros and the remaining 0,47% in dollars, pounds sterling and yen,

The amount of explicit interest from fixed income accrued and not collected as of 31 December 2022 amounts to €922,189,000 (€831,436,000 at the close of the 2021 financial year) and is recorded in the "Other Assets" heading of the accompanying balance sheet, The remaining balance in this heading mainly corresponds to the interest accrued and not collected from the current accounts that the Parent Company holds with "CaixaBank" (see Note 27) and other institutions, explicit interest from current accounts and fixed income accrued and not collected from Unit Linked, premiums accrued and not written, advance fees and other acquisition costs,

In addition, under the heading "Financial assets available for sale" the Parent Company also includes as of 31 December 2022 financial interest rate swaps with different financial institutions, mainly "CaixaBank"(see Note 27), in order to adapt the flows derived from the investment portfolio to the liquidity needs of the different insurance policies involved, generally receiving fixed and/or determinable amounts from the different counterparties, Their maturity is between 2023 and 2071, The Parent Company has the valuation of these swaps and the bonds with which they are associated, but it registers them jointly,

During the 2022 financial year, Parent Company has recorded earnings of €16,698,000 from the disposal of financial investments classified in the "Financial assets available for sale" heading, Some of these earnings have been generated by sales to respond to the redemption operations requested by customers whose amount was €15,086,000 and some by disposals of financial investments in

order to adjust the financial durations of the investments to the durations of its commitments to the insured parties whose amount was €7,250,000, Additionally, negative results of -€7,565,000 have been generated by sales of equity assets and investment funds from the old Bankia portfolio to adapt the type of assets to VidaCaixa's investment policy, These earnings, for the most part, are recorded in the "Revenue from tangible fixed assets and investments - Profits from the disposal of tangible fixed assets and investments" heading of the technical-life insurance profit and loss account,

The Parent Company has a framework agreement for financial transactions signed with "CaixaBank" on 20 July 2005 (See Note 27), On 15 March 2016, the Parent Company adopted an additional stipulation to that contract with the counterparty, the Parent Company committing to guarantee a quarterly renewable amount, As of 31 December 2022, the amount for guarantees stands at €6,648,001,000 and it consists of financial assets from negotiable public debt issued by the Spanish Government and an asset issued by the Italian Government and included in this amount is a cash guarantee amounting to €7,000,

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13. LOANS AND RECEIVABLES

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

BREAKDOWN OF LOANS AND RECEIVABLES 31-12-2022

(Thousands of euros)

	GROSS BALANCE	VALUATION ADJUSTMENTS			BALANCE IN BALANCE SHEET
		PROVISIONS FOR PREMIUMS PENDING COLLECTION/IMPAIRMENT FUND	INTEREST/ACCRUED AND UNWRITTEN PREMIUMS	OTHER	
Debt securities	309,267	-	-	-	309,267
Loans	14,312	-	-	-	14,312
Policy advances	7,215	-	-	-	7,215
Loans to group companies and associates	7,097	-	-	-	7,097
Deposits in credit institutions	22,173	-	-	-	22,173
Credits from direct insurance transactions	45,654	(6,340)	4,707	-	44,021
Policyholders	35,461	(6,340)	4,707	-	33,828
Brokers	10,193	-	-	-	10,193
Credits from reinsurance transactions	15,095	-	-	-	15,095
Credits from coinsurance transactions	813	-	-	-	813
Other credits	386,598	-	-	-	386,598
Credits with Public Administrations	30,948	-	-	-	30,948
Remaining credits	355,650	-	-	-	355,650
TOTAL	793,912	(6,340)	4,707	-	792,279

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BREAKDOWN OF LOANS AND RECEIVABLES 31-12-2021

(Thousands of euros)

	GROSS BALANCE	VALUATION ADJUSTMENTS			BALANCE IN BALANCE SHEET
		PROVISIONS FOR PREMIUMS PENDING COLLECTION/IMPAIRMENT FUND	INTEREST/ACCRUED AND UNWRITTEN PREMIUMS	OTHER	
Debt securities	169,163	-	-	-	169,163
Loans	12,381	-	-	-	12,381
Policy advances	9,816	-	-	-	9,816
Loans to group companies and associates	2,565	-	-	-	2,565
Deposits in credit institutions	32,228	-	-	-	32,228
Credits from direct insurance transactions	24,939	(4,239)	3,760	-	24,460
Policyholders	23,507	(4,239)	3,760	-	23,028
Brokers	1,432	-	-	-	1,432
Credits from reinsurance transactions	15,811	-	-	-	15,811
Credits from coinsurance transactions	3,151	-	-	-	3,151
Other credits	94,980	-	-	-	94,980
Credits with Public Administrations	16,747	-	-	-	16,747
Remaining credits	78,233	-	-	-	78,233
TOTAL	352,653	(4,239)	3,760		352,174

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13.1. Debt securities

The breakdown of movements in this heading is as follows:

MOVEMENTS OF DEBT SECURITIES
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	169,163	188,607
Additions due to business combinations Bankia Vida	-	-
Adjusted balance at the start of the financial year	169,163	188,607
Plus:		
Purchases	178,045	582,633
Interest	305	6
Less:		
Sales and amortisations	(299,500)	(602,083)
Additions due to business combinations Sa Nostra	261,254	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	309,267	169,163

13.2. Loan

The breakdown of movements in this heading is as follows:

LOAN MOVEMENTS
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	2,565	8,488
Plus:		
Purchases	10,634	2,581
Interest	(332)	(494)
Less:		
Sales and amortisations	(5,770)	(8,010)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	7,097	2,565

13.3. Deposits in credit institutions

The breakdown of movements in this heading is as follows:

MOVEMENTS OF DEPOSITS IN CREDIT INSTITUTIONS
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	32,228	37,877
Purchases	-	-
Interest	(1,804)	(1,878)
Less:		
Sales and amortisations	(8,251)	(3,771)
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	22,173	32,228

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13.4. Credits from direct insurance transactions

The breakdown of the movement of the provisions of this heading is as follows:

MOVEMENTS OF THE PROVISION FOR OUTSTANDING PREMIUMS
(Thousands of euros)

	2022	2021
Balance at the start of the financial year	(4,239)	(4,714)
Additions due to business combinations Bankia Vida	(1,263)	-
Adjusted balance at the start of the financial year	(5,502)	(4,714)
Endowments	(6,265)	(4,239)
Applications	5502	4714
Additions due to business combinations Sa Nostra	(75)	-
TOTAL	(6,340)	(4,239)

13.5. Other credits

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

BREAKDOWN OF OTHER CREDITS
(Thousands of euros)

	2022	2021
Credits with Public Administrations	30,948	16,747
Public Finance VAT receivables	54	35
Public Finance withholding receivables	30,894	16,712
Remaining credits	355,650	78,233
Receivables from pension fund fees	37,950	43,266
Other miscellaneous receivables	52,546	22,866
Loans to staff	1,622	1,524
Pay advances	79	-
Securities receivables	126,529	10,577
Other Spanish issuers	-	-
Loans to group companies and associates	136,924	-
TOTAL	386,598	94,980

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14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The breakdown of the movement of the balance of this heading for the 2021 and 2022 financial years is as follows:

Society	31,12,2021	Thousands of euros Entries and exits from consolidation perimeter	Increases from earnings for the financial year	Other changes	31,12,2022
Grupo SegurCaixa Adeslas, S,A, de Seguros y Reaseguros	1,193,321	-	200,146	(136,924)	1,256,543
Gross total	1,193,321	-	200,146	(136,924)	1,256,543
Impairment losses	-	-	-	-	-
Net total	1,193,321	-	200,146	(136,924)	1,256,543

Society	31,12,2020	Thousands of euros Entries and exits from consolidation perimeter	Increases from earnings for the financial year	Other changes	31,12,2021
Grupo SegurCaixa Adeslas, S,A, de Seguros y Reaseguros	983,822	-	209,499	-	1,193,321
Gross total	983,822	-	209,499	-	1,193,321
Impairment losses	-	-	-	-	-
Net total	983,822	-	209,499	-	1,193,321

Impairment of the portfolio companies

At the end of the financial year there is no financial support agreement or other type of contractual commitment from the parent company or the subsidiaries to the Group's associates and joint ventures that is not recognised in the financial

statements. Similarly, at the end of the financial year there is no contingent liability related to these interests.

For the purposes of analysing the recoverable value of the interests in associates and joint ventures, the Group periodically monitors the impairment indicators for

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its investees. In particular, the following elements are considered, among others:

i) business performance; and ii) the target prices published by independent analysts of recognised prestige.

The methodology for determining the recoverable value of interests is based on dividend discount models (DDM).

The assumption ranges and testing sensitivity ranges used are summarised below:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS
(Percentage)

	SEGURCAIXA ADESLAS	
	31-12-2022	31-12-2021
Forecast periods	5 years	5 years
Discount rate (1)	9,48%	7,68%
Growth rate (2)	1,50%	1,50%
Sensitivity	[8,5% - 11% ; 0,5% - 2,5%]	[7% - 9% ; 1% - 2%]

(1) Calculated on the interest rate of the 10-year German bond, plus a risk premium

(2) Corresponds to the growth rate of the normalised flow, used to calculate the residual value

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Financial information on associates

Selected information on significant interests in companies accounted for using the equity method is presented below, in addition to that presented in Appendix 2:

SELECTED INFORMATION ON ASSOCIATES

SEGURCAIXA ADESLAS	
Description of the nature of the activities	Strategic alliance with Mutua Madrileña for the development, marketing and distribution of general non-life insurance policies,
Country of incorporation and countries where it carries out its activity	Spain
Restriction on the payment of dividends	Restrictions on the distribution of dividends are based on the company's solvency level to ensure compliance with existing regulatory and contractual requirements

15. TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS

The breakdown of the movement of the balance of this heading, practically all of which is related to corporate activity in Spain and Portugal, is as follows:

MOVEMENT OF TANGIBLE FIXED ASSET ELEMENTS
(housands of euros)

	LAND AND BUILDINGS	2022 FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	2021 FIXTURES, INSTALLATIONS AND OTHER	Total
Cost						
Balance at the start of the financial year	17,839	16,139	33,978	17,839	16,330	34,169
Additions due to business combinations Bankia Vida	-	603	603	-	-	-
Additions	-	1,622	1,622	-	863	863
Removals	-	(1,686)	(1,686)	-	(2,409)	(2,409)

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(Cont.)

	LAND AND BUILDINGS	2022 FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	2021 FIXTURES, INSTALLATIONS AND OTHER	Total
Transfers	-	(357)	(357)	-	1,356	1,356
Additions due to business combinations Sa Nostra	-	419	419	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	17,839	16,740	34,579	17,839	16,140	33,979
Cumulative depreciation						
Balance at the start of the financial year	(3,119)	(9,432)	(12,551)	(2,848)	(10,149)	(12,997)
Additions due to business combinations Bankia Vida	-	(553)	(553)	-	-	-
Additions	(270)	(1,469)	(1,739)	(271)	(1,478)	(1,749)
Removals	-	1,609	1,609	-	2,196	2,196
Transfers	-	-	-	-	-	-
Additions due to business combinations Sa Nostra	-	(243)	(243)	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	(3,389)	(10,088)	(13,477)	(3,119)	(9,431)	(12,550)
Impairment fund						
Balance at the start of the financial year	-	-	-	-	-	-
Additions due to business combinations Bankia Vida	-	-	-	-	-	-
Endowments	-	-	-	-	-	-
Availabilities	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Additions due to business combinations Sa Nostra	-	-	-	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	-	-	-	-	-	-
TANGIBLE FIXED ASSETS	14,450	6,652	21,102	14,720	6,709	21,429

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MOVEMENT OF PROPERTY INVESTMENTS

(Thousands of euros)

	LAND AND BUILDINGS	2022 FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	2021 FIXTURES, INSTALLATIONS AND OTHER	Total
Cost						
Balance at the start of the financial year	970	-	970	802	-	802
Additions due to business combinations Bankia Vida	15,722	-	15,722	168	-	168
Additions	-	-	-	-	-	-
Removals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Additions due to business combinations Sa Nostra	1,871	12	1,883	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	18,563	12	18,575	970	-	970
Cumulative depreciation						
Balance at the start of the financial year	(172)	-	(172)	(40)	-	(40)
Additions due to business combinations Bankia Vida	(2,956)	-	(2,956)	(127)	-	(127)
Additions	(141)	-	(141)	(5)	-	(5)
Removals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Additions due to business combinations Sa Nostra	(345)	(9)	(354)	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	(3,614)	(9)	(3,623)	(172)	-	(172)
Impairment fund						
Balance at the start of the financial year	(13)	-	(13)	(13)	-	(13)
Additions due to business combinations Bankia Vida	(1,806)	-	(1,806)	-	-	-
Endowments	-	-	-	-	-	-
Availabilities	-	-	-	-	-	-

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(Cont.)

	LAND AND BUILDINGS	2022 FIXTURES, INSTALLATIONS AND OTHER	Total	LAND AND BUILDINGS	2021 FIXTURES, INSTALLATIONS AND OTHER	Total
Uses	830	-	830	-	-	-
Transfers	-	-	-	-	-	-
Additions due to business combinations Sa Nostra	(217)	-	(217)	-	-	-
BALANCE AT THE CLOSE OF THE FINANCIAL YEAR	(1,206)	-	(1,206)	(13)	-	(13)
PROPERTY INVESTMENTS	13,743	3	13,746	785	-	785

Below is selected information in relation to fixed assets for own use:

OTHER INFORMATION ON TANGIBLE FIXED ASSETS AND PROPERTY INVESTMENTS

(Thousands of euros)

	31-12-2022	31-12-2021
Fully amortised/depreciated assets in use	3,121	2,687
- Furniture and installations	2,435	2,329
- Computer equipment	-	358
- Buildings	686	-
Commitments to acquire tangible assets	Not significant	Not significant
Assets with ownership restrictions	Not significant	Not significant
Assets covered by insurance policies	100%	100%

During the 2022 financial year, the Group has accrued revenue of €112,000 within the non-technical profit and loss account under the sub-heading "Revenue from property investments" of the "Revenue from tangible fixed assets and investments" heading. During the 2021 financial year, the Group did not accrue revenue in that sub-heading.

16. INTANGIBLE ASSETS

The breakdown of the movements of this heading, all of which is related to corporate activity, is as follows:

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BREAKDOWN OF INTANGIBLE ASSETS (*)

(Thousands of euros)

	CGU	REMAINING USEFUL LIFE	31-12-2022	31-12-2021
Goodwill			695,782	583,577
Acquisition of la Caixa Gestión de Pensiones, E,G,F,P,, S,A,U,	Life and Pensions	Permanent	3,408	3,408
Acquisition of Fortis (2008)	Life and Pensions	Permanent	330,929	330,929
Acquisition of Banca Cívica (2013)	Life and Pensions	Permanent	249,240	249,240
Acquisition of Sa Nostra Vida (2022)	Life and Pensions	Permanent	112,205	-
Other intangible assets			646,184	200,544
Software (**)		1 to 15 years	104,102	84,334
Other intangible assets			542,082	116,210
Vidacaixa and Sa Nostra (2022)		8 years	11,250	-
Vidacaixa and Bankia Vida (2022)		7 - 9 years	434,046	-
Vidacaixa y Bankia Pensiones (2021)		13 years	85,669	92,150
Banca Cívica Vida y Pensiones			-	5,570
CajaSol Vida y Pensiones			348	1,739
CajaCanarias Vida y Pensiones			214	1,071
Caja Guadalajara		1 year	97	186
Banco Valencia Funds		1 year	191	354
Barclays Vida y Pensiones – Pension funds		3,5 years	2,789	3,600
Barclays Vida y Pensiones – Risk Portfolio		4 years	4,910	6,191
Mediterráneo Vida Funds		7 years	215	247
BPI Vida			1,341	4,162
Other (***)		38 years	1,012	940
TOTAL			1,341,966	784,121

(*) See Appendices 3 and 4 for the breakdown of the movements of intangible assets for the financial years 2022 and 2021, respectively.

(**) Estimated average life of 10 years.

(***) Corresponds mainly to the right to use a part of the land, owned by Barcelona City Council, on which "Edificio Torre Sur" is located, purchased in the 2010 financial year.

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The breakdown of goodwill, based on the companies in which it originates and its nature, is as follows:

Goodwill	Thousands of euros	
	31-12-2022	31-12-2021
la Caixa Gestión de Pensiones, E,G,F,P,, S,A,U,	3,408	3,408
Value of Fortis' stake	330,929	330,929
Insurance Companies of Banca Cívica	249,240	249,240
Acquisition of Sa Nostra Vida	112,205	-
TOTAL	695,782	583,577

Selected information regarding other intangible assets is presented below:

	31-12-2022	31-12-2021
Fully amortised/depreciated assets in use	218	3
- Computer software	218	3
Commitments to acquire intangible assets	-	-
Assets with ownership restrictions	-	-

Impairment test of the Life and Pensions CGU

To analyse the recoverable value of the Life and Pensions CGU, the Group makes an estimate of the recoverable value of the cash-generating unit to determine the possible existence of impairment,

The recoverable value is determined based on the value in use, which has been determined by means of a model discounting the expected dividends in the medium term obtained from the budgetary forecast over a 4-year time horizon and taking into consideration the minimum regulatory capital. Additionally, every six months an exercise is carried out to update the forecasts to include possible deviations in the model,

The forecasts use assumptions based on the macroeconomic data applicable to the activity, tested against external sources of recognised prestige and the internal information from the companies themselves,

The assumption ranges and testing sensitivity ranges used are summarised below:

ASSUMPTIONS USED AND SENSITIVITY SCENARIOS FOR INSURANCE CGU

(Percentage)

	31-12-2022	SENSITIVITY	31-12-2021	SENSITIVITY
Discount rate	10,50%	8,5% - 13,5%	8,71%	7,5% - 10%
Growth rate	1,50%	0,5% - 2,5%	1,50%	0,5% - 2,5%

At the close of the financial year, it was confirmed that the forecasts used in the previous test and the real situation had not affected the conclusions of the previous analysis. Similarly, the sensitivity exercises have not revealed the need to make provisions at the end of the year,

In addition, a specific analysis was performed for the asset arising from the business combination with CajaSol Vida y Pensiones, CajaCanarias Vida y Pensiones, Barclays Vida y Pensiones, Bankia Pensiones, S,A,U,, E,G,F,P and Bankia Vida S,A,U, de Seguros y Reaseguros, with no signs of impairment being found,

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17. OTHER NON-TECHNICAL PROVISIONS

Non-technical provisions are intended to cover current obligations arising from past events, whose cancellation is likely to cause an outflow of resources, but where these are uncertain as to their amount and/or timing.

Non-technical provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences.

Adjustments due to updating these provisions are recognised as a financial expense as they accrue.

The balance corresponding to the 2022 financial year is justified mainly to deal with legal and employment contingencies arising from the merger of the Parent Company with Bankia Vida and Bankia Pensiones.

The balance corresponding to the 2021 financial year is justified to deal with legal and employment contingencies arising from the merger of the Parent Company with Bankia Pensiones.

18. DEBITS AND PAYABLES

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

BREAKDOWN OF DEBTS AND PAYABLES
(Thousands of euros)

	2022	2021
Subordinated liabilities	-	-
Deposits received from receded reinsurance	2,725	1,280
Debts from insurance transactions	25,733	8,471
1, Debts with insured parties	273	236
2, Debts with brokers	24,711	7,755
3, Conditional debts	749	480
Debts from reinsurance transactions	5,810	5,398
Debts from coinsurance transactions	4,213	1,172
Bonds and other negotiable securities	-	-
Debt with credit institutions	9,062	-
Debts from preparatory operations for insurance contracts	1,370	159
Other debt	690,081	531,479
1, Debt with Public Administrations	22,690	24,078
2, Other debts with Group companies and associates	369,746	311,165
3, Rest of other debt	297,645	196,236
TOTAL	738,994	547,959

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18.1. Other debt

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

BREAKDOWN OF OTHER DEBT
(Thousands of euros)

	31-12-2022	31-12-2021
Debt with Public Administrations	22,690	24,078
Public Finance VAT payable	274	276
Public Finance withholdings payable	18,128	20,719
Social Security Bodies	1,156	874
Other Public Administrations	3,132	2,209
Other debts with Group companies and associates	369,746	311,165
Debts with CaixaBank for CT fiscal consolidation	338,718	204,629
Other debt	31,028	106,536
Interim dividend	-	-
Rest of other debt	297,645	196,236
Deposits received	12	25
Other debt	297,633	196,211
TOTAL	690,081	531,479

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19. TECHNICAL PROVISIONS

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

MOVEMENT OF TECHNICAL PROVISIONS OF DIRECT BUSINESS AND REINSURANCE ACCEPTED
(Thousands of euros)

	31-12-2020	ENDOWMENTS	APPLICATIONS	31-12-2021	ADDITIONS DUE TO BUSINESS COMBINATIONS - BANKIA VIDA	ENDOWMENTS	APPLICATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS - SA NOSTRA	31-12-2022
Provision for unearned premiums	1,984	1,812	(1,984)	1,812	5,530	6,837	(7,342)	-	6,837
Provision for ongoing risks	-	-	-	-	1	2	(1)	-	2
Provision for life insurance(*)									
- Provision for unearned premiums	62,462	57,702	(62,462)	57,702	32,551	87,516	(90,253)	4,180	91,696
- Provision for ongoing risks	-	-	-	-	70	219	(70)		219
- Mathematical provision (**) (***)	65,729,612	63,174,334	(65,729,612)	63,174,334	4,253,599	53,302,777	(67,427,933)	897,268	54,200,045
- Provision for life insurance when the risk of the investment is assumed by the policyholder	9,334,331	12,410,902	(9,334,331)	12,410,902	64,862	12,161,824	(12,475,764)	2,064	12,163,888
Provision for benefits (****)	988,332	1,256,167	(988,332)	1,256,167	235,113	1,527,219	(1,491,280)	23,954	1,551,173
Provisions for profit sharing and rebates	87,086	73,084	(87,086)	73,084	5,542	55,987	(78,626)	14	56,001
Other provisions	92	-	(92)	-	140	-	(140)	-	-
TOTAL	76,203,899	76,974,001	(76,203,899)	76,974,001	4,597,408	67,142,381	(81,571,409)	927,480	68,069,861

(*) The changes in the fair value of the assets linked to the life insurance provision are symmetrical with its variation, there being no accounting asymmetry.

(**) Includes the supplementary provision for adaptation to real profitability and the internal longevity model in force in each year for commitments assumed prior to the ROSSP.

(***) In accordance with article 33.1 of the ROSSP, the maximum rate established as of 31 December 2022 and 2021 is 1.88% and 0.54%, respectively.

(****) The payments made by the Parent Company during the 2022 financial year for claims opened in 2021 or previous years amount to €2,455,000. The provision for benefits constituted at the close of 2021 has been sufficient.

As of 31 December 2022, the Group has a supplementary provision of €1,022 million for the adaptation to the mortality and survival tables under the terms established in the technical supervision guidelines, including the entire estimated technical surcharge to a VaR confidence level of 75% and, where relevant, the allocation of the corresponding supplementary provision for interest rates.

As of 31 December 2022, the difference in the value of the technical provisions calculated with the biometric tables used to calculate the premium and the value of the technical provisions calculated applying the VCMF19CR_1oS tables to original interest rate conditions amounts to €739 million (€732 million in 2021). In addition, for the portfolio coming from Bankia Vida and Sa Nostra, the difference

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between the value of the technical provisions calculated with the biometric tables used to calculate the premium and the value of the technical provisions calculated applying the PERMF2020 tables amounted to €35 million and €1 million in the 2022 financial year, respectively.

The effect of the annual updating of the biometric assumptions of the Partial Internal Longevity and Mortality Model, including all technical surcharges, has led to a variation of €7 million at the close of the 2022 financial year for this item (**)

Of which: Mathematical provision supplementary to the maximum DGSyFP rate amounts to €18 million in both the 2022 and 2021 financial years (***)

MOVEMENT OF THE SHARE OF THE REINSURANCE IN THE TECHNICAL PROVISIONS

(Thousands of euros)

	31-12-2020	ENDOWMENTS	APPLICATIONS	31-12-2021	ADDITIONS DUE TO BUSINESS COMBINATIONS - BANKIA VIDA	ENDOWMENTS	APPLICATIONS	ADDITIONS DUE TO BUSINESS COMBINATIONS - SA NOSTRA	31-12-2022
Provision for unearned premiums	(1,373)	(940)	1,373	(940)	(195)	(861)	1,135	-	(861)
Provision for life insurance	(111,098)	(96,196)	111,098	(96,196)	(175)	(76,540)	96,371	-	(76,540)
Provision for benefits	(18,359)	(19,429)	18,359	(19,429)	(1,464)	(26,791)	20,893	(2,443)	(29,234)
Other provisions	(235)	(1,114)	235	(1,114)	-	(2,973)	1,114	-	(2,973)
TOTAL	(131,065)	(117,679)	131,065	(117,679)	(1,834)	(107,165)	119,513	(2,443)	(109,608)

The Group annually performs a liability adequacy test in order to identify any deficit in provisions and make the corresponding endowment.

The liability adequacy test consists of assessing liabilities from insurance contracts based on the most updated estimates of future cash flows from its contracts, adapted to the updated redemption and longevity assumptions in

relation to the assets which they cover. To do this, it discounts the estimated future flows derived from the insurance contracts and those derived from financial assets subject to an interest rate curve of high credit quality assets. To estimate the future cash flows derived from insurance contracts, the redemptions observed in the portfolio are taken into account based on the

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average over the last five years.

A sensitivity analysis is also carried out on the discount curve used. This sensitivity analysis consists of introducing a fall in the interest rate of 100, 150 and 200 basis points in the discount curve used, as well as an increase of 80, 100 and 200 basis points. The result of the liability adequacy test reveals in all cases the adequacy of the provisions established by the Group.

The breakdown of the balance of the “Premiums allocated to the financial year, net of reinsurance” heading of the accompanying profit and loss accounts together with the corresponding technical provisions is presented below:

BREAKDOWN OF NET PREMIUMS AND TECHNICAL PROVISIONS
(Thousands of euros)

	NON-LIFE TECHNICAL ACCOUNT	2022 LIFE TECHNICAL ACCOUNT	TOTAL	NON-LIFE TECHNICAL ACCOUNT	2021 LIFE TECHNICAL ACCOUNT	TOTAL
Net premiums:						
Direct Insurance Premiums	31,963	7,704,089	7,736,052	16,116	8,542,340	8,558,456
Accepted Reinsurance Premiums	-	-	-	-	-	-
Ceded Reinsurance Premiums	(11,944)	(166,137)	(178,081)	(13,234)	(159,488)	(172,722)
TOTAL	20,019	7,537,952	7,557,971	2,882	8,382,852	8,385,734
Provision for unearned premiums and ongoing risks						
Provision for the Financial Year, Direct Insurance*	6,839	91,915	98,754	1,812	57,702	59,514
Provision for the Financial Year, Accepted Reinsurance	-	-	-	-	-	-
Provision for the Financial Year, Ceded Reinsurance	(579)	(282)	(861)	(800)	(139)	(939)
Mathematical provision, of benefits and other techniques						
Provision for the Financial Year, Direct Insurance*	20,838	67,950,269	67,971,107	15,654	76,898,833	76,914,487
Provision for the Financial Year, Accepted Reinsurance	-	-	-	-	-	-
Provision for the Financial Year, Ceded Reinsurance	(13,906)	(94,841)	(108,747)	(13,780)	(102,960)	(116,740)
TOTAL	13,192	67,947,061	67,960,253	2,886	76,853,436	76,856,322

(*) Includes the provision for life insurance when the risk of the investment is assumed by the policyholder.

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19.1. Life insurance

The breakdown of the balances of direct life insurance premiums accrued in the technical life account is as follows:

BREAKDOWN OF THE DIRECT LIFE INSURANCE PREMIUMS
(Thousands of euros)

	2022	2021
By type of contract	7,704,089	8,542,340
Premiums for individual contracts	6,692,986	5,824,095
Premiums for group insurance contracts	1,011,103	2,718,245
By type of premium payment	7,704,089	8,542,340
Regular premiums	2,020,229	1,962,874
Single premiums	5,683,860	6,579,466
By type of profit sharing	7,704,089	8,542,340
Premiums from contracts without profit sharing	5,423,148	5,984,001
Premiums from contracts with profit sharing	400,329	307,364
Premiums from contracts in which the investment risk lies with the policyholders	1,880,612	2,250,975
TOTAL	7,704,089	8,542,340

The main technical conditions of the different types of life insurance in force that represent more than 5% of the premiums or provisions of the life branch are set out below:

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ACTUARIAL ASSUMPTIONS TO ESTIMATE PROVISIONS - 31/12/2022

(Thousands of euros)

TYPE	TECHNICAL INTEREST RATE	BIOMETRIC TABLES (*)	SHARE OF PROFITS AND DISTRIBUTION METHOD	PREMIUMS	MATHEMATICAL PROVISION	PROFIT SHARING PROVISION
Life annuities - PVI	1,97%	Depending on the different forms, the GR-80, GR-80 minus two years, GR-95 and GK-95 tables are used, Since 21/12/2012, depending on the type, the PASEM 2010 Unisex (sector mix), GR-95 Unisex (company mix, savings portfolio), PER2000P Unisex (company mix, savings portfolio) and PER2000P Women (from 70 years of age) tables have been used, Since 01/01/2021, depending on the type, the PASEM2020 VIDACAIXA NO RELACIONADOS (UNISEX) or PER2020 Individuales 1er orden (Unisex) tables have been used,	No	3,018,405	27,273,102	-
Life annuities - Pension 2000	6,78%	GR-80, GK-80, GR-95 and GK-95, Since 21/12/2012, the GR-95 Unisex (company mix, savings portfolio) tables have been used, Since 01/01/2021 the PER2020 Individuales 1er orden (Unisex) tables have been used,	Yes, Mathematical provision	32,085	4,863,235	-
PAA/PIAS	0,10%	Depending on the types, the GR-80 minus two years, GR-95 and GK-95 tables are used, For new production since 21/12/2012, the PASEM 2010 Unisex (sector mix) tables have been used, Since 01/01/2021 the PASEM2020 VidaCaixa NO (Unisex) tables have been used,	No	723,358	4,722,965	-
Collective Insurance	Variable	Depending on the different types, the GR-80, GR-80 minus two, GR-70, GR-95 and PER2000P tables are used, Since 21/12/2012, depending on the type, the PER2000P Unisex or PASEM2010 Unisex tables have been used, Since 01/01/2021, the PER2020 Colectivos 1er orden (differentiating between sexes), and depending on the type, PER2020 Colectivos 1er orden (Unisex), tables have been used,	Yes, Benefits	823,928	10,598,079	54,146
Unit Link	-	Depending on the different types, the GK-80, GK-95 and INE 2005 tables are used, Since 21/12/2012, the PASEM 2010 Unisex (mix sector) tables have been used, Since 01/01/2021 the PASEM2020 VIDACAIXA NO RELACIONADOS (Unisex and with an adjustment for age criteria) tables have been used,	No	1,880,612	12,106,455	-
PPA	2,22%	Depending on the types, the GR-80 minus two years, GR-95 and GK-95 tables are used, For new production since 21/12/2012, the PASEM 2010 Unisex (sector mix) tables have been used,	No	146,220	1,039,434	-

(*) The biometric tables specified in the Technical Notes are indicated, as well as the mathematical provision derived from the application of these tables,

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Following the guidelines of Internal Inspection Instruction 9/2009 published by the Directorate of Insurance and Pensions on the interpretation of the concept of actual profitability for the purposes of article 33 and the second transitory provision of the Regulation on the Ordination and Supervision of Private Insurance, approved by Spanish Royal Decree 2486/1998, of 20 November

(maintained in force by additional provision 5 of the ROSSEAR), the following is broken down for these cases:

- Group assets: book value, real return (RRAC), financial duration and percentage excluded from the duration calculation.
- Group liabilities: mathematical provision, average interest rate for calculating the mathematical provision (IMPM) and financial duration.

FINANCIAL DURATION AND REAL RETURN OF THE ASSETS 2022

(Thousands of euros)

	BOOK VALUE 2022	REAL RETURN (%) 2022	FINANCIAL DURATION (YEARS) 2022	% EXCLUDED * 2022
Second Transitory Provision	7,013,520	5,29%	10,48	-
Art 33,2 a)	36,573,265	2,57%	8,43	0,01%
Art 33,1 a) 1st	139,870	1,20%	2,37	15,86%
Art 33,1 a) 2nd	1,795,881	1,60%	5,04	5,85%
Art 33,1 c)	5,206,155	0,78%	0,69	-

(*) % of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments).

FINANCIAL DURATION AND REAL RETURN OF THE ASSETS 2021

(Thousands of euros)

	BOOK VALUE 2021	REAL RETURN (%) 2021	FINANCIAL DURATION (YEARS) 2021	% EXCLUDED * 2021
Portfolio prior to 1 January 1999, (Second transitory provision of ROSSP)	6,620,346	5,35%	13,02	-
Immunised portfolio, (Art. 33,2 ROSSP)	31,821,120	3,06%	10,09	-
Portfolio after 1 January 1999, (Art. 33,1 ROSSP)	6,112,382	0,74%	2,77	-

(*) % of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments).

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FINANCIAL DURATION AND REAL RETURN OF LIABILITIES 2022

(Thousands of euros)

	MATHEMATICAL PROVISION 2022	REAL RETURN (%) 2022	FINANCIAL DURATION (YEARS) 2022
Second Transitory Provision	6,447,344	5,06%	11,29
Art 33,2 a)	35,906,285	1,94%	8,69
Art 33,1 a) 1st	133,229	1,10%	12,82
Art 33,1 a) 2nd	1,874,791	1,20%	11,49
Art 33,1 c)	5,130,253	0,14%	0,33

(*) % of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments).

FINANCIAL DURATION AND REAL RETURN OF LIABILITIES 2021

(Thousands of euros)

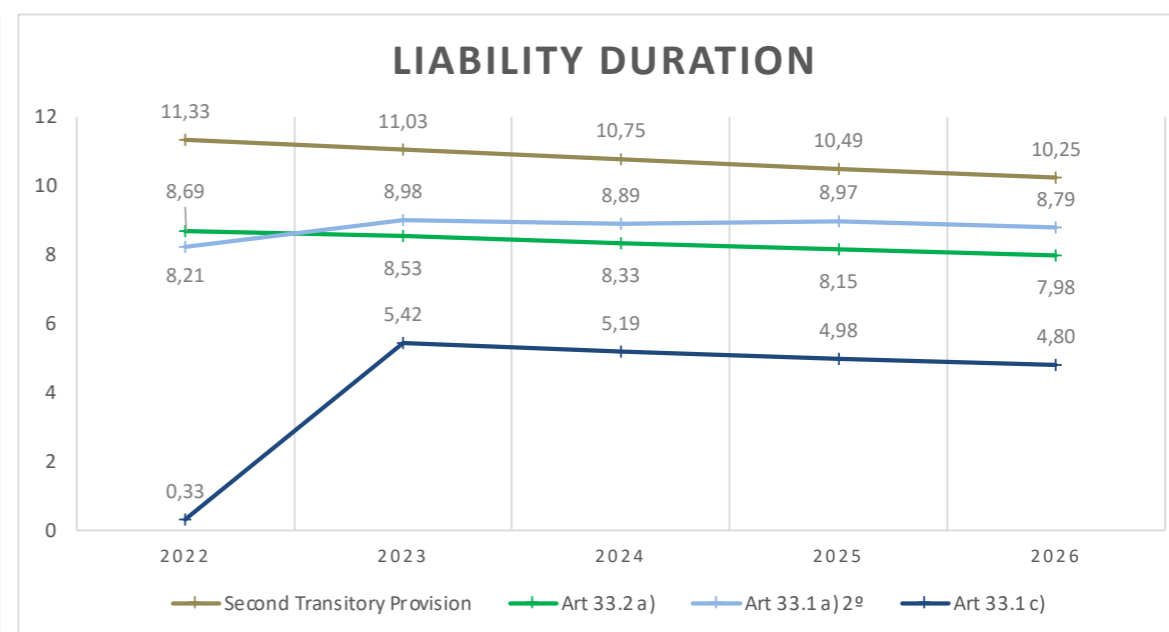
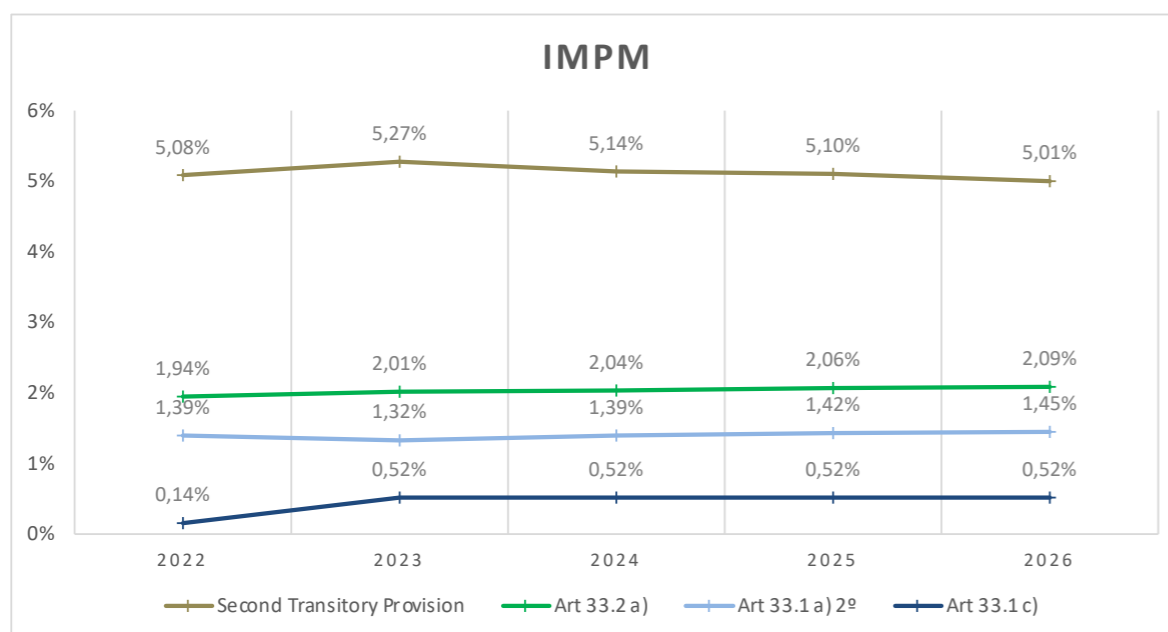
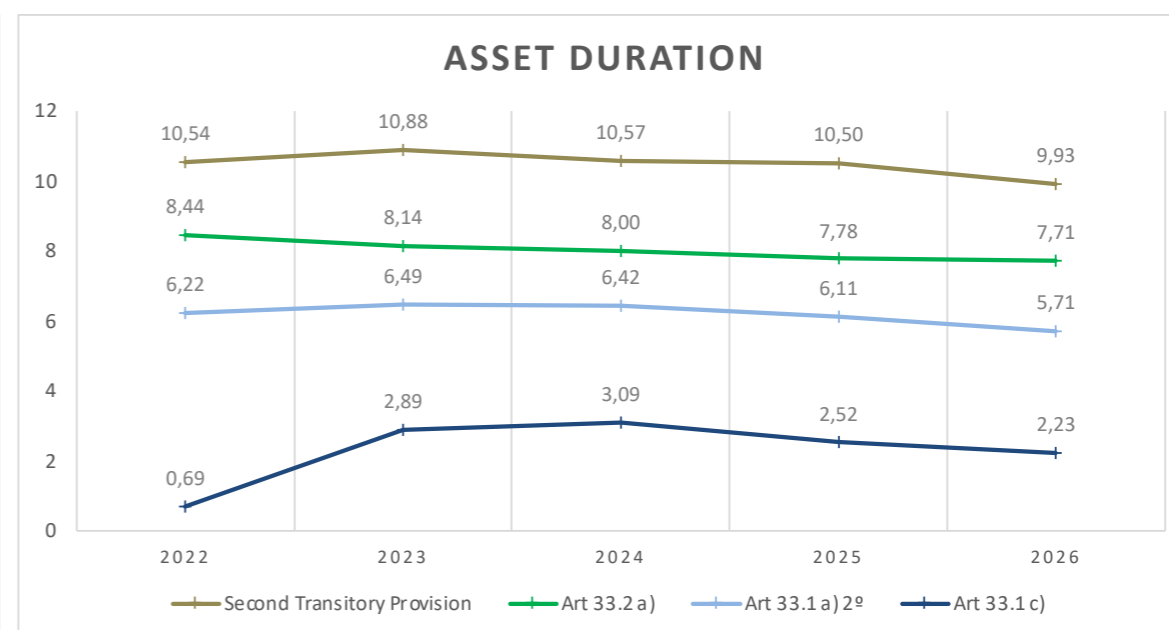
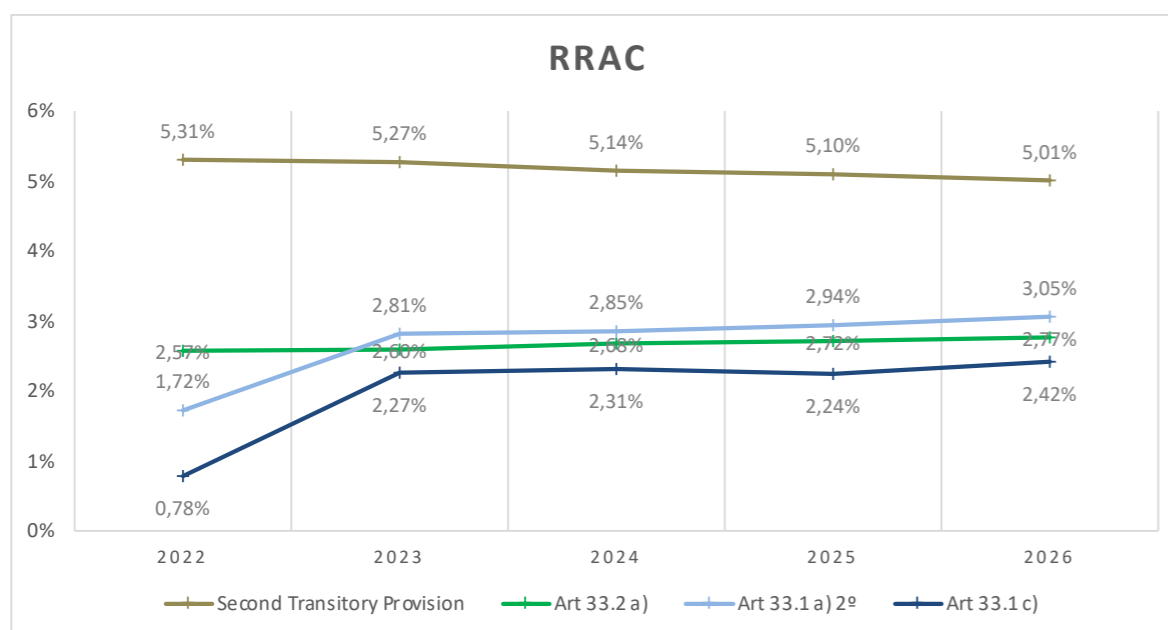
	BOOK VALUE 2021	REAL RETURN (%) 2021	FINANCIAL DURATION (YEARS) 2021
Portfolio prior to 1 January 1999, (Second transitory provision of ROSSP)	7,018,374	5,09%	13,49
Immunised portfolio, (Art, 33,2 ROSSP)	31,178,328	1,92%	10,13
Portfolio after 1 January 1999, (Art, 33,1 ROSSP)	6,361,091	0,31%	2,00

(*) % of the value of the asset portfolio for which it is not possible to calculate the financial duration (investments in equity instruments).

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The prospective analysis of the Parent Company is as follows:



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The adjustments made for each type of life insurance that the Group has registered to correct for accounting asymmetries produced due to the method for valuing financial instruments are detailed below:

UNREALISED CAPITAL GAINS ON FINANCIAL ASSETS AVAILABLE FOR SALE
(Thousands of euros)

	31-12-2022	31-12-2021
Balance Start of the Financial Year	11,318,446	15,724,908
Net movement due to allocation of net unrealised capital gains charged to equity	(14,001,576)	(4,406,462)
Balance End of the Financial Year	(2,683,130)	11,318,446

20. EQUITY

20.1. Share Capital

Share Capital

The following is selected information about the figures and nature of the share capital:

	Percentage Shareholding
CaixaBank, S.A. (direct shareholding)	100%

(*) At the end of the 2022 and 2021 financial years, the legal reserve reached the minimum required by the Spanish Capital Companies Law.

(**) In the 2022 financial year, the voluntary reserve was included for the contribution by the sole shareholder of the sum of €176,568,000 (see Note 7) arising from the difference between the cost of the business combination (supported by a valuation by an independent expert of the portfolio of life insurance policies acquired) and the liquidation value of the business combination, respecting the amounts taken from the annual accounts of the CaixaBank Group at the close of the 2021 financial year.

SHARE CAPITAL INFORMATION

	31-12-2022	31-12-2021
Number of subscribed and paid-up shares (units) (*)	224,203,300	224,203,300
Valor nominal por acción (euros)	6,01	6,01

(*) All the shares are represented by book entries and they are all equal in terms of rights

Reserves

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

BREAKDOWN OF RESERVES
(Thousands of euros)

	2022	2021
Reserves attributed to the parent company of the Group		
Legal reserve (*)	269,492	269,492
Voluntary reserve (**)(***)	1,721,832	1,507,325
Other unavailable reserves	2	5
Other Consolidation reserves assigned to the Parent Company	-	-
Reserves in companies consolidated through the full integration method	19,031	10,937
Reserves in companies accounted for using the equity method	437,375	227,876
TOTAL	2,447,732	2,015,635

(***) Includes in the 2021 financial year the reserve for the business combination from Bankia Pensiones amounting to €87,387,000.

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Reserves in Consolidated Companies

The breakdown by entity of the balances of this account on the consolidated balance sheet as of 31 December 2022 and 2021, after considering the effect of consolidation adjustments, is indicated below (thousands of euros):

RESERVES OF FULLY CONSOLIDATED COMPANIES
(Thousands of euros)

Reserves of fully consolidated companies	VidaCaixa Mediació	BPI Vida e Pensoes	TOTAL
Balance as of 31-12-2021	261	10,676	10,937
Distribution of the profit from the 2021 financial year	219	9,924	10,143
Interim dividends from 2021 earnings	-	-	-
Reclassification to Parent Company	-	-	-
Consolidation adjustments	-	(2,049)	(2,049)
De-registrations for sales and dissolution	-	-	-
Balance as of 31-12-2022	480	18,551	19,031

RESERVES OF THE COMPANY ACCOUNTED FOR USING THE EQUITY METHOD
(Thousands of euros)

Reserves of companies accounted for using the equity method	SegurCaixa Adeslas
Balance as of 31-12-2021	227,876
Distribution of the profit from the 2021 financial year	209,499
Interim dividends from 2021 earnings	-
Supplementary dividend from 2020 earnings	-
Variation of shareholdings	-
Consolidation reserves accounted for using the equity method	-
Balance as of 31-12-2022	437,375

20.2. Value adjustments

The movement of the heading is included in the statement of recognised income and expenses.

21. TAX SITUATION**21.1. Tax consolidation**

The tax consolidation group for Corporation Tax includes CaixaBank, S.A., as the parent company, and as subsidiaries those Spanish entities in the business group that meet the requirements demanded for this purpose by the regulations, where the Parent Company and its subsidiaries with registered offices in Spain are included, with the exception of Sa Nostra which has been taxed through individual taxation since November of the 2022 financial year, the date on which it ceased to belong to the Caser tax consolidation group.

The rest of the companies in the business group file their returns in accordance with the applicable tax regulations.

21.2. Financial years subject to tax inspection

During the 2020 financial year, the verification actions for the 2013 to 2015 financial years of the tax group to which the Parent Company belongs were completed. The certificates signed to express disagreement by the tax group are pending resolution, but no material impact is expected for the Parent Company. As in previous inspections, the disagreement is limited to the accounting treatment by the Parent Company of the intangible assets derived from the acquisition of the company "La Caixa Gestión de Pensiones, E.G.F.P., S.A.U.",

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The Parent Company has the financial years 2016 and later open for inspection for Corporation Tax; and the last four years for the rest of the taxes that are applicable to it.

The companies from the Bankia tax group have the financial years 2014 and later open for inspection for Corporation Tax and the last four years for the rest of the taxes that are applicable to it.

For its part, Sa Nostra has open for inspection the last four years for all the taxes levied on its activity.

As of 31 December 2022 and 2021, there were no legal cases in progress that, in the opinion of the Directors of the Parent Company, could have a significant impact on the Group's financial position.

21.3. Reconciliation between the accounting profit and loss and

The reconciliation between the accounting profit and loss and the tax expense for the Group is shown below:

RECONCILIATION BETWEEN THE ACCOUNTING PROFIT AND LOSS AND TAX EXPENSE
(Thousands of euros)

	2022	2021
Pre-tax profit/loss	1,148,084	1,034,552
Increases/decreases for permanent differences		
Accounting amortisation of goodwill	23,398	23,398
Dividends and capital gains without tax	(130,078)	-
Sale of shares in Telefónica (Art, 21,6 Corporation Tax Law)13263		-
Group eliminations sale of Telefónica shares	(13,263)	-
Non-recoverable foreign retentions	9,663	-
Other increases	516	13,494
Other decreases	(845)	(4,390)
Result with taxation		
Tax payable by the CaixaBank Tax Group	(283,798)	(245,332)
Tax payable by BPI Vida	(4,450)	(3,655)
Tax payable by Sa Nostra Vida	-	-
Deductions and allowances	9,661	8,033
Corporation tax payable for the financial year	-	-
Tax adjustments	389	229
Tax adjustments expenses recognised in reserve accounts	-	-
Corporation tax CaixaBank Tax Group	(273,748)	(237,070)
Corporation tax BPI Vida	(4,450)	(3,655)
Corporation tax Sa Nostra Vida	-	-
PROFIT/LOSS AFTER TAX	869,886	793,827

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21.4. Deferred tax assets and liabilities

The following shows the movement of the balance of these headings during the 2022 and 2021 financial years, respectively:

MOVEMENT OF DEFERRED TAX ASSETS - 2022
(Thousands of euros)

	31-12-2021	ADJUSTMENTS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	31/12/2022
Deduction for reinvestment earn-out SegurCaixa Adeslas (SCA)	65,839	-	-	-	-	65,839
Deduction for internal double taxation of capital gains on sale of shares	15,336	-	-	-	-	15,336
Deduction for double internal taxation of dividends (SCA)	71,958	-	-	8,052	-	80,010
Business combination with Morgan Stanley Gestión, SGIIC, SA	1,120	-	-	-	-	1,120
Business combination with Bankia Pensiones	814	-	-	403	-	1,217
Business combination with Bankia Vida	-	-	2,253	-	-	2,253
Business combination with Sa Nostra Vida	-	-	17,268	-	-	17,268
Amortisation/depreciation of assets (RDL 16/2012)	318	-	-	-	(35)	283
Assets at fair value through changes in equity	8,317	-	-	1,414,674	(1,083,413)	339,578
Tax losses pending offsetting	13,949	-	-	-	-	13,949
SAREB losses	5,159	-	-	-	(5,159)	-
Deduction for R&D (Art, 35 Corporation Tax Law)	1,672	-	-	-	-	1,672
Provision Tables and Rates	-	-	-	46,571	-	46,571
Other	12,322	-	-	6,125	(13)	18,434
Standardisation of technical provisions	10,029	-	-	-	(1,220)	8,809
TOTAL	206,833	-	19,521	1,475,825	(1,089,840)	612,339

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MOVEMENT OF DEFERRED TAX ASSETS - 2021

(Thousands of euros)

	31-12-2020	ADJUSTMENTS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	31/12/2021
Deduction for reinvestment earn-out SegurCaixa Adeslas (SCA)	65,839	-	-	-	-	65,839
Deduction for internal double taxation of capital gains on sale of shares	15,449	-	-	-	(113)	15,336
Deduction for double internal taxation of dividends (SCA)	72,387	-	-	-	(429)	71,958
Business combination with Morgan Stanley Gestión, SGIIC, SA	1,120	-	-	-	-	1,120
Business combination with Bankia Pensiones	-	-	814	-	-	814
Amortisation/depreciation of assets (RDL 16/2012)	404	-	-	-	(86)	318
Assets at fair value through changes in equity	11,491	-	-	651,501	(654,675)	8,317
Tax losses pending offsetting	13,949	-	-	-	-	13,949
SAREB losses	5,159	-	-	-	-	5,159
Deduction for R&D (Art, 35 Corporation Tax Law)	1,672	-	-	-	-	1,672
Other	40,888	660	756	5	(29,987)	12,322
Standardisation of technical provisions	11,249	-	-	-	(1,220)	10,029
TOTAL	239,607	660	1,570	651,506	(686,510)	206,833

The Group does not have any material deferred tax assets not recognised on the balance sheet.

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MOVEMENT OF DEFERRED TAX LIABILITIES-2022

(Thousands of euros)

	31-12-2021	ADJUSTMENTS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	31/12/2022
Amortisation of intangible assets	(36,797)	-	(155,889)	-	38,344	(154,342)
Assets at fair value through changes in equity	(18,791)	-	-	(2,540,596)	2,206,496	(352,891)
Standardisation of technical provisions	(211,759)	-	-	(17,335)	-	(229,094)
Other	(15,994)	-	-	-	6,698	(9,296)
Business combination with Sa Nostra	-	-	(4,363)	-	-	(4,363)
TOTAL	(283,341)	-	(160,252)	(2,557,931)	2,251,538	(749,986)

MOVEMENT OF DEFERRED TAX LIABILITIES - 2021

(Thousands of euros)

	31-12-2020	ADJUSTMENTS	ADDITIONS DUE TO BUSINESS COMBINATIONS	ADDITIONS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	WITHDRAWALS DUE TO MOVEMENTS THE IN FINANCIAL YEAR	31/12/2021
Amortisation of intangible assets	(11,001)	-	(27,645)	-	1,849	(36,797)
Assets at fair value through changes in equity	(22,033)	-	-	(996,869)	1,000,111	(18,791)
Standardisation of technical provisions	(217,246)	-	-	5,487	-	(211,759)
Other	(14,656)	-	-	-	(1,338)	(15,994)
TOTAL	(264,936)	-	(27,645)	(991,382)	1,000,622	(283,341)

Almost all deferred tax assets and liabilities have arisen in Spain, with the contribution from the business in Portugal not being significant. That is why no breakdown by origin is provided.

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22. GUARANTEES AND CONTINGENT COMMITMENTS AWARDED AND GRANTED

The Parent Company has no significant guarantees awarded outside the framework agreement for financial transactions entered into with CaixaBank, S.A. (See Note 12).

As of 31 December 2022 and 2021, the Group has no significant contingent commitments awarded or granted.

23. REVENUE FROM TANGIBLE FIXED ASSETS AND INVESTMENTS

The breakdown of revenue from tangible fixed assets and investments in the profit and loss accounts for the 2022 and 2021 financial years is as follows (thousands of euros):

BREAKDOWN OF REVENUE FROM TANGIBLE FIXED ASSETS AND INVESTMENTS (*)
(Thousands of euros)

	NON-LIFE TECHNICAL ACCOUNT	2022 LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT	NON-LIFE TECHNICAL ACCOUNT	2021 LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT
Revenue from property investments	-	-	111	-	-	-
Revenue from financial investments	-	3,618,185	20,916	-	1,730,448	13,262
Yield on equity instruments	-	-	-	-	-	-
Yield on debt instruments	-	3,618,185	20,916	-	1,730,448	13,262
Other yields	-	-	-	-	-	-
Applications of value corrections for impairment of tangible fixed assets and investments	-	-	933	-	-	-
From tangible fixed assets and property investments	-	-	933	-	-	-
From financial investments	-	-	-	-	-	-
Profits from the disposal of tangible fixed assets and investments	200,146	1,243,743	71,352	209,498	2,749,481	36,525
From tangible fixed assets and property investments	-	-	-	-	-	-
From financial investments(**)	200,146	1,243,743	71,352	209,498	2,749,481	36,525
TOTAL	200,146	4,861,928	93,312		209,498	4,479,929

(*) This does not include the revenue derived from the Unit Linked operations that are recorded in the "Revenue from investments subject to insurance in which the policyholder assumes the risk of the investment" chapter of the technical life account of the profit and loss account.

(**) The amount of €200,146,000 in 2022 (€209,498,000 in 2021) recognised in the non-life technical account corresponds to the earnings of entities accounted for using the equity method (Note 14).

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Below is the average effective interest rate for the different categories of financial assets of debt instruments in the “Revenue from tangible fixed assets and investments - Revenue from financial investments” headings (including, where appropriate, financial swaps).

AVERAGE RETURN ON THE PARENT COMPANY’S ASSETS
(Percentage)

	2022	2021
Cash and equivalent liquid assets	-	-
Financial assets held to trade - Debt securities	-	-
Financial assets at fair value through profit and loss - Debt securities	-	-
Financial assets available for sale - Debt securities	2,23%	3,19%
Loans and receivables		
Debt securities	3,37%	6,13%
Deposits in credit institutions	5,21%	5,14%

24. EXPENSES FROM TANGIBLE FIXED ASSETS AND INVESTMENTS AND LEASES

24.1. Expenses from tangible fixed assets and investments

The breakdown of expenses from fixed assets and investments in the profit and loss accounts for the 2022 and 2021 financial years is as follows (thousands of euros):

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BREAKDOWN OF EXPENSES FROM TANGIBLE FIXED ASSETS AND INVESTMENTS (*)
(Thousands of euros)

	NON-LIFE TECHNICAL ACCOUNT	2022 LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT	NON-LIFE TECHNICAL ACCOUNT	2021 LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT
Management expenses from tangible fixed assets and investments	13	2,103,559	1,058	86	160,848	1,187
Expenses from tangible fixed assets and property investments	-	24	-	-	-	-
Expenses from investments and financial accounts	13	2,103,535	1,058	86	160,848	1,187
Value corrections for tangible fixed assets and investments	-	590	-	-	420	-
Depreciation of tangible fixed assets and property investments	-	590	-	-	420	-
Impairment of tangible fixed assets and property investments	-	-	-	-	-	-
Impairment of financial investments	-	-	-	-	-	-
Losses from the disposal of tangible fixed assets and investments	1	2,297,315	73,381	1	1,176,931	28,494
From tangible fixed assets and property investments	1	-	172	1	-	213
From financial investments	-	2,297,315	73,209	-	1,176,931	28,281
TOTAL	14	4,401,464	74,439	87	1,338,199	29,681

(*) This does not include the expenses derived from the Unit Linked operations that are recorded in the "Expenses from investments subject to insurance in which the policyholder assumes the risk of the investment" heading of the technical life account of the profit and loss account.

24.2. Leases

The Group as lessor

At the close of the 2022 and 2021 financial years, the main lease agreements that the Group had entered into in the role of lessor were as follows

- Leases for various floors and parking spaces in the building located in Paseo del Mar 8 – Av. Blasco Ibañez, no, 8 in Valencia as a result of the merger with

Bankia Vida. The rent collected during 2022 stood at €78,000 (€0 in 2021).

- Lease of various parking spaces situated in the underground floors of Edificio Torre Sur located in calle Juan Gris 2-8 in Barcelona. During the 2022 financial year, income for this item has been recorded at €6,000, while in the 2021 financial year no income was recorded for this item.

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The Group as lessee

At the close of the 2022 and 2021 financial years, the main lease agreements that the Parent Company had entered into in its role as lessee were as follows:

- Lease of the 1st floor and 15 parking places of the office located in Paseo de la Castellana 51 in Madrid. As of mid-September 2022, the Parent Company terminated the lease agreement for that floor. The amounts paid for rent during the financial years 2022 (until the termination date) and 2021 for these offices amounted to €401,000 and €508,000, respectively.
- Lease of several floors and parking spaces of the office located in Paseo de la Castellana 189 in Madrid. As of January 2022, the Parent Company entered into a new lease agreement for these floors. The amounts for rent paid for these offices during the months of the 2022 financial year amounted to €467,000.
- Lease of the 8th floor of the office located in Calle Juan Gris 10 -18 (Central tower) in Barcelona. As of February 2019, the Parent Company entered into a new lease agreement for that floor, which remains in force. The amounts paid for rent during the 2022 and 2021 financial years for these offices amounted to €138,000 and €142,000, respectively.

Additionally, in BPI Vida, at the close of the 2022 and 2021 financial years, the Group has entered into the following operating lease agreement as lessee:

- BPI Vida is primarily a lessee of the offices located in Rua Braamcamp, 11- 6ª planta in Lisbon. This lease is perpetual. The amounts paid for rent during the 2022 and 2021 financial years amounted to €291,000 and €295,000, respectively.

As of 31 December 2022 and 2021, the Parent Company had committed with lessors to the following minimum lease payments, in accordance with the current contracts in force, without taking into account the impact of common expenses, future increases through CPI or future increases in rents contractually agreed:

OPERATING LEASES
(Thousands of euros)

OPERATING LEASES Minimum Payments	2022	2021
Less than 1 year	45	202
Between 1 and 5 years	3,120	1,009
More than 5 years	-	-
TOTAL	3,165	1,211

The amount of the operating lease and sublease payments recognised as expenses and income respectively during the 2022 and 2021 financial years is as follows:

OPERATING LEASE AND SUBLEASE PAYMENTS
(Thousands of euros)

	2022	2021
Lease payments	890	572
(Sublease payments)	-	-
TOTAL	890	572

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25. PERSONNEL EXPENSES

The breakdown of staff costs included in the different headings of the accompanying profit and loss accounts, classified according to their nature-purpose, is as follows:

PERSONNEL EXPENSES
(Thousands of euros)

	2022				2021			
	NON-LIFE TECHNICAL ACCOUNT	LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT	TOTAL	NON-LIFE TECHNICAL ACCOUNT	LIFE TECHNICAL ACCOUNT	NON- TECHNICAL ACCOUNT	TOTAL
Wages and salaries	373	36,296	11,116	47,785	268	30,504	10,128	40,900
Compensation	9	1,106	389	1,504	-	-	1,235	1,235
Social Security	86	8,054	2,514	10,654	68	6,584	2,277	8,929
Contributions to pension plans	12	303	501	816	14	204	489	707
Life insurance premiums paid	-	1,152	-	1,152	-	1,090	-	1,090
Other staff costs	40	3,825	1,206	5,071	37	3,526	1,139	4,702
TOTAL	520	50,736	15,726	66,982	387	41,908	15,268	57,563
Of which:	520	50,736	15,726	66,982	387	41,908	15,268	57,563
Allocated to benefits	45	4,094	-	4,139	45	3,892	-	3,937
Of acquisition	62	13,829	-	13,891	129	11,576	-	11,705
Of administration	107	8,996	38	9,141	51	10,186	37	10,274
Allocated to investments	10	3,911	-	3,921	19	2,811	-	2,830
Other technical expenses	296	19,906	-	20,202	143	13,443	-	13,586
Non-technical expenses	-	-	15,688	15,688	-	-	15,231	15,231

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The following is the composition of the workforce, on average, by professional category and gender:

AVERAGE WORKFORCE
(Number of employees)

	2022			2021		
	MEN	WOMEN	OF WHICH: WITH DISABILITY ≥ AL 33%	MEN	WOMEN	OF WHICH: WITH DISABILITY ≥ AL 33%
Managers	16	14	-	13	12	-
Middle management	55	44	-	43	34	-
Agents	275	350	2	251	310	1
TOTAL	346	408	2	307	356	1

26. INFORMATION ON FAIR VALUE

26.1. Fair value of financial assets and liabilities

All financial instruments are classified into one of the following levels based on the methodology used to obtain their fair value:

- Level 1: the price that would be paid for them in an organised, transparent and deep market ("the listing price" or "market price") is used. This level generally includes debt securities with a liquid market, listed capital instruments and derivatives traded on organised markets, as well as the investment funds.
- Level 2: valuation techniques in which the assumptions considered correspond to directly or indirectly observable market data or prices quoted in active markets are used.

With respect to those instruments classified as Level 2 for which there is no market price, their fair value is estimated using recently quoted prices for similar instruments and sufficiently tested valuation models accepted by the international financial community, considering the specific features of the instrument to be valued and, especially, the different types of risk associated with it.

- Level 3: valuation techniques in which some of the significant assumptions are not supported by data directly observable in the market are used.

To obtain the fair value of the rest of the financial instruments classified in Level 3, for whose valuation there are no directly observable data in the market, alternative techniques are used. These include requesting prices from the promoter or the use of market parameters corresponding to instruments with a risk profile that is easily

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comparable to the instrument being valued, adjusted with the aim of including the different intrinsic risks.

With regard to unlisted capital instruments, classified in Level 3, their acquisition cost minus any impairment obtained based on available information is considered to be the best estimate of their fair value.

Set out below is the fair value of the financial instruments recorded on the balance sheet together with their breakdown by level and the associated book value:

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FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES ALLOCATED TO THE INSURANCE

BUSINESS

(Thousands of euros)

	31-12-2022				31-12-2021			
	FAIR VALUE				FAIR VALUE			
	TOTAL	NIVEL 1	NIVEL 2*	NIVEL 3	TOTAL	NIVEL 1	NIVEL 2*	NIVEL 3
Other financial assets at fair value through profit and loss	17,468,955	17,380,062	16,260	72,633	18,401,600	18,293,651	35,937	72,012
Equity instruments	5,208,168	5,208,168	-	-	6,460,381	6,460,381	-	-
Debt securities	685,887	685,852	-	35	282,782	282,741	41	-
Hybrid instruments	2,061	2,481	(420)	-	-	-	-	-
Investments by life policyholders who assume the risk of the investment	11,561,292	11,483,561	5,133	72,598	11,626,299	11,519,417	34,870	72,012
Other	11,547	-	11,547	-	32,138	31,112	1,026	-
Financial assets available for sale	49,866,620	55,361,992	(5,537,539)	42,167	58,232,950	63,962,050	(5,774,361)	45,261
Equity instruments	85,047	50,192	34,855	-	2,181	1,071	1,110	-
Debt securities	49,781,573	55,311,800	(5,572,394)	42,167	58,230,769	63,960,979	(5,775,471)	45,261
FINANCIAL LIABILITIES								
Other financial liabilities at fair value through profit and loss	2,243	277	1,966	-	20,161	20,161	-	-

(*) Corresponds, mainly, to the valuation of financial swaps of certain and/or predetermined flows, associated with fixed income securities that the Company jointly accounts for.

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The main valuation methods, assumptions and inputs used in estimating the fair value for levels 2 and 3 according to the type of financial instrument in question are presented below

TYPE OF INSTRUMENT		VALUATION TECHNIQUES	OBSERVABLE INPUTS	NON-OBSERVABLE INPUTS
Derivatives	Swaps	• Present Value Method	• Interest rate curves	
	Exchange rate options	• Black & Scholes model	• Interest rate curves • Price of quoted options • Implied volatility surface	
	Interest rate options	• Black Normal model	• Interest rate curves • Price of quoted options • Implied volatility surface	
	Stock and index options	• Black-Scholes model	• Price of quoted options • Correlations • Dividends. • Implied volatility surface	
	Inflation rate options	• Black-Scholes model	• Interest rate curves • Inflation curves • Implied volatility surface	
Debt securities		• Present Value Method	• Interest rate curves • Risk premiums • Market comparables • Observable market prices	• Risk premiums
Loans and receivables		• Present Value Method	• Interest rate curves	
Equity and Investment Funds		• Underlying book value	• Observable market prices	
Private equity		• N.A.	• Manager Prices	

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Movements between levels

During the 2022 and 2021 financial years there have been no significant transfers between levels for instruments recorded at fair value.

**Significant inputs used for financial instruments valued at fair value
classified in Level 2**

- Dividends: future dividends on equity on stock and index options are derived from estimated future dividends and prices of dividend futures.

- Correlations: these are used as input in the valuation of options on baskets of shares and are extracted from the historical closing prices of the different components of each basket.

Movement and transfers of financial instruments in Level 3

During the years 2022 and 2021 financial years there have been no significant movements or transfers between the instruments recorded at fair value in Level 3.

26.2. Fair value of property assets

Below is a breakdown of the land and buildings owned by the Group, all of which are assigned to the Life segment (Note 15):

LOCATION	CLASSIFICATION	GROSS BOOK VALUE	CUMULATIVE DEPRECIATION	IMPAIRMENT FUND	LAST VALUATION DATE	VALUATION COMPANY	VALUATION (*)	CAPITAL GAIN
Sainz de Baranda 57 piso 7 28009 Madrid	Property investment	489	(45)	-	07/10/2022	Gesvalt	501	57
Parcela 318-03, Teguse (Las Palmas)	Property investment	313	-	-	29/09/2022	Euroval	977	1,641
Parcela 318-04, Teguse (Las Palmas)	Property investment		-	-	29/09/2022	Euroval	977	
Juan Gris 2-8 CP 08014 Barcelona	Tangible fixed assets	17,839	(3,389)	-	27/09/2022	TINSA	18,426	3,976
Ps del mar, 8 -pz legion	Property investment	168	(134)	-	10/11/2022	CBRE Valuation Advisory, S.A.	1,895	1,478
(Avda Blasco Ibañez-8) (Valencia)	Property investment	1,068	(686)	-				
Baldomero Solá, 90 c/v cl torrent d'en valls	Property investment	8,143	(1,520)	(657)	03/11/2022	CBRE Valuation Advisory, S.A.	5,977	12

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LOCATION	CLASSIFICATION	GROSS BOOK VALUE	CUMULATIVE DEPRECIATION	IMPAIRMENT FUND	LAST VALUATION DATE	VALUATION COMPANY	VALUATION (*)	CAPITAL GAIN
Agustin de Foxá, 16-18	Property investment	273	(30)	-	14/10/2022	CBRE Valuation Advisory, S.A.	287	43
Ps Santa Maria de la cabeza, 68 c	Property investment	209	(30)	(37)	12/10/2022	CBRE Valuation Advisory, S.A.	143	-
Carreró, 3 (antes Riera, 28)	Property investment	790	(24)	(66)	11/10/2022	CBRE Valuation Advisory, S.A.	700	-
Av Marti Pujol, 174	Property investment	3,308	(456)	(156)	07/11/2022	CBRE Valuation Advisory, S.A.	2,694	(1)
Av Can Marçet, 14 (vall d'hebron)	Property investment	1,931	(344)	(73)	04/11/2022	CBRE Valuation Advisory, S.A.	1,516	3
Berenguer Tornamira, 5 Mallorca	Property investment	663	(148)	(121)	28/12/2022	Grupo Tasvalor S.A.	395	-
Patronato Obrero, 30-B, Mallorca	Property investment	149	(22)	(12)	28/12/2022	Grupo Tasvalor S.A.	117	3
Avda, Son Rigo, 25 Blq, 2º 6º D, Arenal, Mallorca	Property investment	188	(32)	-	28/12/2022	Grupo Tasvalor S.A.	183	27
Calle de la Mata, 2 Local 2, Mallorca	Property investment	563	(91)	(84)	28/12/2022	Grupo Tasvalor S.A.	388	-
Calle de la Mata, 2 Plaza Garaje nº5, Mallorca	Property investment	-	-	-	28/12/2022	Grupo Tasvalor S.A.	18	18
Calle de la Mata, 2 Plaza Garaje nº6, Mallorca	Property investment	-	-	-	28/12/2022	Grupo Tasvalor S.A.	20	20
Paseo de Gracia, 120, 4º - Izda, Barcelona	IProperty investment	308	(52)	-	28/12/2022	Grupo Tasvalor S.A.	1,517	1,261

(*) Valuation provided by the valuation companies authorised for the valuation of properties in the mortgage market in accordance with that established in Order ECC/371/2013, of 4 March, amending Order ECO/ 805/2003, of 27 March, on property valuation rules and certain rights for certain financial purposes.

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27. RELATED PARTY TRANSACTIONS

The Board of Directors of the Parent Company is the body that has the authority and responsibility to plan, direct and control the activities of the Company, directly or indirectly. Due to their positions, each of the people who make up this body is considered a "related party".

The most significant balances between the VidaCaixa Group and its related parties are broken down below. These supplement the rest of the balances in this report.

RELATED-PARTY TRANSACTIONS
(Thousands of euros)

	SIGNIFICANT CAIXABANK SHAREHOLDERS (1)		SOLE SHAREHOLDER AND COMPANIES IN ITS GROUP (2)		DIRECTORS AND SENIOR MANAGEMENT (3)		OTHER RELATED PARTIES (4)	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
ASSETS								
Cash and banks	-	-	340,259	469,503	-	-	-	-
Equity instruments								
Financial investments in capital	-	-	1,167,387	895,398	-	-	-	-
Hedge derivatives	-	-	1,025	-	-	-	-	-
Deposits and repos in credit institutions	-	-	234,223	202,612	-	-	-	-
Other receivables with group companies and associates	-	-	-	-	-	-	-	-
TOTAL	-	-	1,742,894	1,567,513	-	-	-	-
LIABILITIES								
Debt securities	-	-	5,108,857	5,704,946	-	-	-	-
Insurance policies	59,429	62,458	3,103,583	2,750,254	2,863	4,404	2,425	2,205
Hedge derivatives	-	-	-	7,667	-	-	-	-

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RELATED-PARTY TRANSACTIONS

(Thousands of euros)

	SIGNIFICANT CAIXABANK SHAREHOLDERS (1)		SOLE SHAREHOLDER AND COMPANIES IN ITS GROUP (2)		DIRECTORS AND SENIOR MANAGEMENT (3)		OTHER RELATED PARTIES (4)	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Insurance operations	-	-	24,681	21,724	-	-	-	-
Group receivables and payables	-	-	87,545	207,422	-	-	-	-
Corporation tax	-	-	338,805	204,732	-	-	-	-
TOTAL	59,429	62,458	8,663,471	8,896,745	2,863	4,404	2,425	2,205
PROFIT AND LOSS								
Income from sales made	-	-	298,857	289,920	-	-	-	-
Expenses from sales made (*)	-	-	(329,681)	(354,445)	-	-	-	-
Operating expenses	-	-	(4,757)	(5,065)	-	-	-	-
Financial income/expenses	-	-	(1,120,098)	(638,553)	-	-	-	-
Dividends and other profits	-	-	136,924	-	-	-	-	-
Reinsurance income	-	-	12,446	11,331	-	-	-	-
Reinsurance expenses	-	-	(11,648)	(13,244)	-	-	-	-
Other Expenses	(4,335)	(3,649)	(600,969)	(489,932)	(44)	(145)	(171)	(92)
Other Income	1,246	9,352	174,788	1,588,359	2,289	994	127	236
TOTAL	(3,089)	5,703	(1,444,138)	388,371	2,245	849	(44)	144
OTHER								
Guarantees and collateral received	-	-	(2,788,233)	(2,488,325)	-	-	-	-
TOTAL	-	-	(2,788,233)	(2,488,325)	-	-	-	-

(*) corresponds to the brokerage fees

(1) Corresponds to the amounts with the significant Shareholders: BFA, Frob, FBLC, Criteria

(2) Corresponds to the amounts with CaixaBank and its subsidiaries and with associates and their subsidiaries

(3) Corresponds to the amounts with the Senior Management of the CaixaBank Group and directors of Vidacaixa

(4) Corresponds to the amounts with relatives and companies related to the Senior Management of the Caixabank Group

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Transactions between group companies form part of the ordinary business and are carried out under market conditions. The previous table does not include the contribution of the Sole Shareholder (CaixaBank) to reserves as a result of the takeover of Bankia Vida (Note 7).

As of 31 December 2022, the contracts held with the Sole Shareholder are as follows:

- Framework agreement for the provision of services and the respective orders for services.
- Agency contract for the distribution of insurance.
- Marketing contract for benefit plans.
- Marketing contract for pension plans.
- Framework agreement for financial operations in which the agreement for assignments as guarantees is drawn up.
- Securities loan contract.
- Global Repurchase Framework Agreement.
- Asset Management Framework Agreement.
- Technology framework agreement.
- Notification mandate agreement.
- Property leasing agreement.

Similarly, within the Parent Company's usual operations, as of 31 December 2022, it holds various insurance policies whose policyholder is CaixaBank, S.A.

In addition, BPI Vida e Pensões has an agency contract with Banco BPI, S.A. for the marketing of its products.

Finally, the Parent Company also has insurance agency contracts linked to CaixaBank Payments & Consumer, E.F.C., E.P., S.A.U. (a subsidiary of the CaixaBank Group), among others with third parties.

28. OTHER INFORMATION REQUIREMENTS**28.1. Environment**

There is no significant environmental risk due to the Group's activity and, therefore, it is not necessary to include any specific breakdown in the environmental information document (Spanish Ministry of Justice Order JUS/471/2017). Additionally, there are no significant amounts in the Group's tangible fixed assets affected by any environmental aspect.

The Group integrates the commitment to respect and protect the environment into the management of the business, its projects, products and services (see the corresponding section in the attached Management Report).

In 2022, the Group has not been subject to any material fines or sanctions related to compliance with environmental regulations.

28.2. Customer service

The Group is affiliated with the CaixaBank, S.A. customer service, which provides services to the Companies in the CaixaBank Group.

The Customer Service Department is in charge of dealing with and resolving customer complaints and claims. It is a separate service from sales and acts independently in terms of being aware of and following the criteria of the customer protection regulations.

In the event that the claimant does not obtain a satisfactory resolution or a period of two months passes without them obtaining a response, they can contact the Complaints Services of the supervisory bodies, whose decisions are not binding.

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The following are also functions of the customer service team: preparing submissions to send to the complaints services of the supervisory bodies; decisions about any raids by these bodies and the way in which the supervisors' reports are complied with (rectifications); the implementation of judgements; the detection of legal and operational risks based on complaints and improvement proposals to mitigate the risks detected; control of the proper functioning of the complaints system and the reporting of information on the management of complaints to the management bodies of the Parent Company and the supervisory authorities.

The customer service team, known internally as the SAC, is complemented by the Customer Contact Center (CCC) team, reporting to CaixaBank's General Business Department. Among its functions are dealing with requests for information, managing complaints received by phone and written complaints related to aspects of quality of service and aspects of a reputational nature from the corporate point of view. They are also in charge of offering support to the regions so that they can prevent and resolve situations that give rise to disputes with customers, share the reasons for complaints with other departments and subsidiaries in order to detect processes to be corrected and help implement improvements that result in a reduction of potential customer complaints.

The information regarding the Customer Service and Ombudsman for Unitholders of the Group for the financial year 2022 is presented below:

Subject of the claims	Ombudsman for Unitholders and Associates	CS	Total
Passive Operations	-	-	-
Active Operations	-	-	-
Collection and Payment Services	-	-	-
Insurance and Pension Funds	384	3,581	3,965
Pending processing	-	92	92
Admitted	290	2,836	3,126
Not admitted	94	653	747
Total for 2022	384	3,581	3,965

The number of reports and decisions issued by customer services and the supervisors' complaints services are as follows:

Type of resolution	Defensor del Unitholders and Associates	CS	Total
Inadmissible	94	653	747
Upheld	5	1,062	1,067
Rejected	121	974	1,095
Partially in favour of the customer	11	213	224
Agreement/Negotiation	8	1	9
Acceptance by the entity	105	-	105
Withdrawn by the customer	27	6	33
Pending resolution	13	672	685
Total for 2022	384	3,581	3,965

The decision criteria used by the Service are mainly extracted from the decisions in the judgements issued by the Spanish General Directorate of Insurance and Pension Funds in similar cases. In the cases where this reference does not exist, the response is issued with the advice of the Parent Company's Legal Department on the basis of the specific circumstances leading to the claim.

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28.3. Fees for the external auditor

The fees and expenses paid to the auditor, excluding the corresponding VAT, are set out below:

FEES FOR THE EXTERNAL AUDITOR (*)
(Thousands of euros)

	2022	2021
Audit (PwC)	1,093	562
Statutory Audit	1,093	562
Audit-related services - Review services that must, due to legal or supervisory regulations, be performed by an auditor	554	358
Limited review	102	82
Information on the financial position and solvency of VidaCaixa	442	240
Other reports on procedures agreed with VidaCaixa and sub-group	10	36
Audit-related services - Other services	20	-
TOTAL	1,667	920

(*) The services purchased from our auditors comply with the independence requirements set out in the Audit Law and under no circumstances do they include the performance of tasks incompatible with the audit function.

28.4. Information on the average time taken to pay suppliers

Below is a breakdown of the information required from the Group's Spanish Companies in relation to payments made and pending payment on the closing date of the balance sheet:

PAYMENTS MADE AND OUTSTANDING ON THE CLOSING DATE OF THE BALANCE SHEET
(Thousands of euros)

	Amount	%	Number of invoices
Total payments made	274,072		19,423
Of which: paid during the legal term (*)	240,714	91,55	16,190
Total payments pending	655	0,12	22
TOTAL PAYMENTS FOR THE FINANCIAL YEAR	274,072		19,423

(*) Based on the second transitory provision of Spanish Law 15/2010, of 5 July, establishing measures to fight late payment in trade transactions, the default maximum payment time for payments between companies is 30 calendar days, which may be lengthened up to a maximum of 60 calendar days as long as both parties are in agreement.

AVERAGE PAYMENT TIME AND RATIOS FOR SUPPLIERS
(Days)

	2022
Average term for payment to suppliers	25,91
Figure for transactions paid	49,21
Figure for transactions pending payment	8,45

Based on the second transitory provision of Spanish Law 15/2010, of 5 July, establishing measures to fight late payment in trade transactions, the default maximum payment time for payments between companies is 30 calendar days, which may be lengthened up to a maximum of 60 calendar days as long as both parties are in agreement.

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28.5. Internal structure and distribution systems

The Parent Company administers and manages its stake in the share capital of other companies through the corresponding organisation of human and material resources. When the stake in the capital of these companies so allows, the Parent Company exercises management and control over them by belonging to their corporate management bodies or by providing management and administration services to these companies.

In relation to the brokerage channels, the Group markets its products mainly through the CaixaBank distribution network, as well as through other companies in the CaixaBank Group (see Note 27). This work is remunerated through a fee system reflecting market conditions. As a result, the Sole Shareholder can focus on the tasks involved in the marketing and retention of insurance policies and does not have to carry out any administrative work on them. In addition, the Parent Company has contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its CaixaBank distribution network. The marketing of products is also carried out through the insurance brokerage activity of insurance brokers and other related insurance agents.

The brokerage channels for the products marketed by BPI Vida are through the distribution network of credit institution Banco BPI, S.A.

The Parent Company, through VidaCaixa Mediación, also has contracts consisting of the provision of services for the distribution of insurance products from other insurance companies, under their responsibility, through its distribution network.

APPENDIX

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

APPENDIX 1 – HOLDINGS IN SUBSIDIARIES, ASSOCIATES AND ASSETS HELD FOR SALE

APPENDIX I: List of subsidiaries, associates and assets held for sale as of 31,12,2022 (thousands of euros):

HOLDINGS IN GROUP AND MULTIGROUP COMPANIES AND ASSETS HELD FOR SALE

(Thousands of euros)

Company name	Address	Activity	% Stake		Summarised financial information		
			Direct	Indirect	Equity	Earnings	Book value
GROUP COMPANIES:							
VIDACAIXA MEDIACION, SOCIEDAD DE AGENCIA DE SEGUROS VINCULADOS	P.º Recoletos 37, 3ª,Madrid	Private insurance agent as related insurance agency company	100,00%	-	3,959	203	3,277
BPI VIDA Y PENSIONES	Rua Braamcamp, 11- 6º 1250-049 Lisboa	Insurance company	100,00%	-	150,773	12,391	135,104
SA NOSTRA VIDA	Av del Comte de Sallent, 3 - 2, 07003 Palma, Islas Baleares	Insurance company	100,00%	-	153,584	10,898	271,887
GEROCAIXA PYME EPSV DE EMPLEO	Gran Vía López de Haro, 38, Bilbao	Occupational Voluntary Retirement Savings Provider	100,00%	-	47,445	(4,498)	95
GEROCAIXA EPSV INDIVIDUAL	Gran Vía López de Haro, 38, Bilbao	Individual Voluntary Retirement Savings Provider	100,00%	-	922,277	(100,486)	950
GEROCAIXA PRIVADA PENSIONES EPSV ASOCIADA	Gran Vía López de Haro, 38, Bilbao	Association Voluntary Retirement Savings Provider	100,00%	-	1,595	(153)	50
CAIXABANK	Pintor Sorolla, 2-4, Valencia	Banking	0,00%	-	28,734,804	2,412,513	2

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APPENDIX 2 – HOLDINGS IN ASSOCIATES OF VIDACAIXA

HOLDINGS IN ASSOCIATES

(Thousands of euros)

		% Stake			Summarised financial information		
Company name	Address	Activity	Direct	Indirect	Equity	Earnings	Book value
GROUP COMPANIES:							
SEGURCAIXA ADESLAS	Paseo de la Castellana 259-C de Madrid	Insurance company	49,92%	-	1,655,999	410,607	1,256,543

APPENDIX

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

APPENDIX 3 – MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2022 FINANCIAL YEAR

(Thousands of euros)

	Thousands of euros												
	Goodwill		Economic rights derived from the portfolio of policies acquired from brokers	Other intangible fixed assets									Total intangible fixed assets
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Brand	Customer portfolio	Concessions	Computer software	Pension fund expenses	Pension fund expenses Expenses from marketing other non-life insurance policies	Other expenses from the acquisition of pension funds and life insurance contracts	
Cost at 31 December 2021	-	583,577	-	15,306	216,560	-	-	1,220	109,158	-	278,048	679	1,204,548
Cumulative amortisation at 31 December 2021	-	-	-	(11,144)	(105,452)	-	-	(280)	(24,824)	-	(278,048)	(679)	(420,427)
Net book value at 31 December 2021	-	583,577	-	4,162	111,108	-	-	940	84,334	-	-	-	784,121
Additions	-	112,205	-	-	503,163	-	-	-	33,067	-	-	-	648,435
Withdrawals	-	-	-	-	-	-	-	-	(1,930)	-	-	-	(1,930)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the financial year	-	-	-	(2,821)	(74,542)	-	-	72	(13,272)	-	-	-	(90,563)
Changes in the consolidation method (amortisation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals in amortisation	-	-	-	-	-	-	-	-	1,903	-	-	-	1,903
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/applications	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2022	-	695,782	-	15,306	719,723	-	-	1,220	140,295	-	278,048	679	1,851,053
Cumulative amortisation at 31 December 2022	-	-	-	(13,965)	(179,994)	-	-	(208)	(36,193)	-	(278,048)	(679)	(509,087)
Net book value at 31 December 2022	-	695,782	-	1,341	539,729	-	-	1,012	104,102	-	-	-	1,341,966

APPENDIX

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

APPENDIX 4 – MOVEMENT OF INTANGIBLE FIXED ASSETS FOR THE 2021 FINANCIAL YEAR

(Thousands of euros)

	Thousands of euros												
	Goodwill		Economic rights derived from the portfolio of policies acquired from brokers	Other intangible fixed assets									Total intangible fixed assets
	Consolidated goodwill	Merger goodwill		Consolidated intangible assets	Merger intangible assets	Brand	Customer portfolio	Concessions	Computer software	Pension fund expenses	Pension fund expenses from marketing other non-life insurance policies	Other expenses from the acquisition of pension funds and life insurance contracts	
Cost at 31 December 2020	-	583,577	-	15,306	216,560	-	-	1,220	80,759	-	278,048	679	1,176,149
Cumulative amortisation at 31 December 2020	-	-	-	(8,322)	(185,553)	-	-	(255)	(16,169)	-	(278,048)	(679)	(489,026)
Net book value at 31 December 2020	-	583,577	-	6,984	31,007	-	-	965	64,590	-	-	-	687,123
Additions	-	-	-	-	-	-	-	-	28,485	-	-	-	28,485
Withdrawals	-	-	-	-	-	-	-	-	(86)	-	-	-	(86)
Reclassifications and transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the financial year	-	-	-	(2,822)	80,101	-	-	(25)	(8,655)	-	-	-	68,599
Changes in the consolidation method (amortisation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals in amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/applications	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost at 31 December 2021	-	583,577	-	15,306	216,560	-	-	1,220	109,158	-	278,048	679	1,204,548
Cumulative amortisation at 31 December 2021	-	-	-	(11,144)	(105,452)	-	-	(280)	(24,824)	-	(278,048)	(679)	(420,427)
Net book value at 31 December 2021	-	583,577	-	4,162	111,108	-	-	940	84,334	-	-	-	784,121

APPENDIX

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

APPENDIX 5 – DEPRECIABLE ASSETS INCORPORATED INTO VIDACAIXA'S BALANCE SHEET BASED ON THEIR YEAR OF ACQUISITION

DEPRECIABLE ASSETS FROM BANKIA VIDA

(Thousands of euros)

ACQUISITION YEAR	ACQUISITION COST	CUMULATIVE DEPRECIATION	IMPAIRMENT FUND	ADJUSTMENTS TO FAIR VALUE	NET BOOK VALUE
Baldomero Solá, 90 (antes 62) c/v cl torrent d'en valls	8,143	(1,520)	(657)	-	5,966
Agustin de Foxá, 16-18	273	(30)	-	-	243
Ps/ Santa Maria de la cabeza, 68 c	209	(30)	(37)	-	142
Carreró, 3 (antes Riera, 28)	790	(24)	(66)	-	700
Av Marti Pujol, 174	3,308	(456)	(156)	-	2,696
Av Can Marcet, 14 (vall d'hebron)	1,931	(344)	(73)	-	1,514
Ps del mar, 8 - pz legion española - Av Blasco Ibañez	1,068	(686)	-	-	382
TOTAL	15,722	(3,090)	(989)	-	11,643

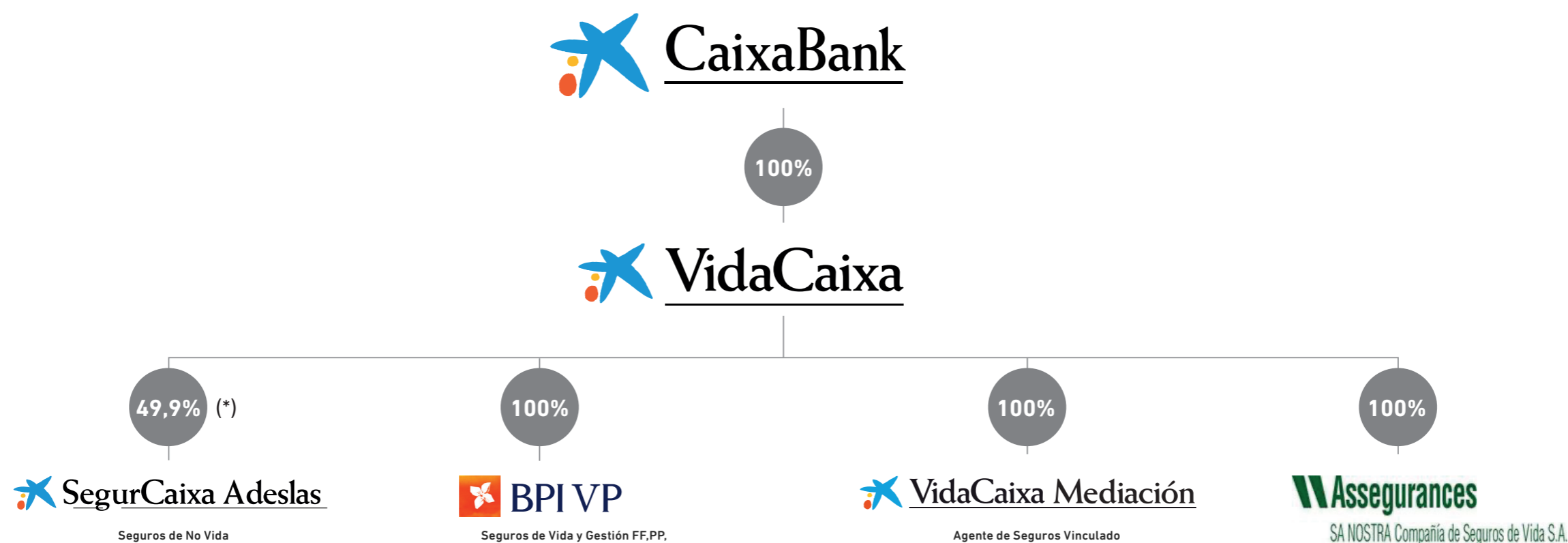
These are Properties that have been incorporated into Vidacaixa as a result of the merger with Bankia Vida. They are all depreciable assets.

MANAGEMENT REPORT

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VidaCaixa, belonging to the “CaixaBank” Insurance Group, is the company that handles the life insurance business and manages pension funds for private customers, SMEs and the self-employed, and large companies and groups.

As of 31 December 2022, the Group has the following structure:



(*) There is 0.08% held by minority shareholders

MANAGEMENT REPORT

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In the 2022 financial year, the VidaCaixa Group earned a consolidated profit of €870 million, due to the excellent performance of all the businesses in which it operates.

The premiums and contributions marketed stand at €10,208 million, which represents a decrease of 10.8% compared to the previous year. The risk business has registered growth of 18%, while in the savings business the change is negative, at -14%, due to transactions in the group segment with significant balances in 2021.

ACTIVITY: PREMIUMS, CONTRIBUTIONS AND MANAGED FUNDS

Total VidaCaixa Group

	Millions of euros	4Q 2022	4Q 2021	Variance
Premiums and Contributions	Life-Risk and Accidents	1,268	1,076	17.9%
	Risk (Individual + Company) Sub-total	1,268	1,076	17.9%
	Life-Savings Insurance	7,260	8,433	-13.9%
	Pension Plans	1,679	1,785	-13.4%
	Savings (Individual + Company) Sub-total	8,939	10,218	-13.8%
	Total Risk and Savings (Individual + Company)	10,207	11,294	-10.8%
Managed Funds	Life Insurance	71,540	66,371	7.8%
	Pension Plans and EPSV	43,257	47,639	-9.2%
	Total Customer Funds Managed (Individual + Company)	114,797	114,010	0.7%
Consolidated Net Profit/(Loss) of the VidaCaixa Group		870	794	9.6%

MANAGEMENT REPORT

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

In 2022, the Group managed a volume of resources totalling €114,797 million, a figure that has grown by 0.7% compared to the previous year. Despite the high turnover in 2022, the negative performance of the financial markets has prevented managed resources from growing faster. Of this figure, €71,540 million corresponds to life insurance and €43,257 to pension plans and EPSV.

We can also highlight the business contributed in 2022 by the merger of VidaCaixa with Bankia Vida. The resources contributed by Bankia Vida in that merger stand at €5,094 million.

In total, the insurance group has more than 6.3 million customers in Spain and Portugal who are mainly individuals, in addition to a large part of the business sector that includes both large companies and collectives as well as SMEs and self-employed customers. VidaCaixa continues to be a leader in the insurance sector in Spain with a total market share of premiums of 11.93%.

In Portugal, BPI Vida is the third largest entity in pension plans and life insurance, with a market share of 14.1% and 13.79%, respectively.

Moreover, the Vidacaixa Group had a workforce of 869 employees at the end of the financial year.

The Group complies with "Order JUS/616/2022, of 30 June, which approves the new models for the presentation in the Mercantile Registry of the annual accounts of those obliged to publish them" regarding environmental information, the directors making a declaration that there is no item that must be included in the document other than environmental information. In parallel, as part of its Corporate Responsibility strategy, the Parent Company carries out various projects in the field of reducing waste generated and energy consumption.

For more than 15 years, the Group has incorporated environmental, social and governance (ESG) factors into its investment decisions to better manage the risks and generate long-term sustainable returns.

In addition to analysing its purchases and monitoring all its investments from this perspective, as a pension fund manager and insurer, the Parent Company seeks to positively influence those companies in which it invests, through engagement methods such as dialogue with the companies and voting at General Shareholders' Meetings. The Parent Company participates actively, for example, in the "Climate Action 100+" initiative that seeks, through dialogue with the most greenhouse gas-intensive companies in the world, to contribute to the mitigation of climate change. VidaCaixa has voted in more than 497 General Shareholders' Meetings throughout the year, positioning itself in favour of implementing improvements in the management and disclosure of ESG aspects. This increasingly active management of responsible investment by the Parent Company is rounded off by achieving excellent results in obtaining the highest rating from the "Principles for responsible investment" in areas such as the investment policy and active ownership.

100% of the assets managed by the Parent Company include sustainability risks in that environmental, social and governance criteria are taken into account when making investment decisions. The objective is to align the investment strategy with the corporate values and those of our customers, improve risk management and contribute over the long term to greater economic and social progress. Going one step beyond the integration of these risks, 48.6% of the assets in pension plans, EPSV and Unit Linked managed by VidaCaixa promote environmental and/or social aspects (art. 8) or have specific sustainability objectives (art. 9), according to the Regulation on Sustainability-related disclosure in the financial services sector (SFDR).

MANAGEMENT REPORT

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Note 3 of the attached Report details the Group's Risk Management and includes the Catalogue of Risks that affect it, as well as the Internal Control systems implemented.

In relation to non-financial information and diversity, it has taken into account Spanish Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts. Making use of the dispensation included in the regulations mentioned above, the Group presents the non-financial information corresponding to it in the CaixaBank Group's Consolidated Management Report which is available in the CaixaBank Group's Consolidated Annual Accounts for the financial year ended on 31 December 2022, and which will be filed with the Mercantile Registry of Valencia.

During the current financial year, the Parent Company has not held any treasury shares. All of the Parent Company's shares are owned by the Sole Shareholder, CaixaBank, S.A.

During the 2022 financial year the Parent Company has reduced the number of CaixaBank, S.A. shares by 973 shares amounting to €3,000. As of 31 December 2022, VidaCaixa owns 706 shares in CaixaBank, S.A., whose amount totals €2,000 and whose acquisition is intended to remunerate the Company's Senior Management.

Regarding research and development, it is worth noting that the Group continues its digital transformation process, which has become one of its main challenges. The aim is for this transformation to cover everything from the first steps in saving money to the definition of retirement targets and their monitoring. Thanks

to digitalisation, the Group's customers can have access to channels that facilitate or promote saving.

As indicated in Note 4 of the attached report, the regulations related to Solvency II entered into force on 1 January 2016. This note contains an explanation of all the work carried out by the Group to comply with the aforementioned regulations.

The Group's average period for payment to suppliers in the 2022 financial year was 25.91 days.

In the future, the Group plans to retain its current strategy of providing coverage for the benefit and savings needs of families, through life-risk insurance policies, life-saving insurance policies and pension plans, included in Grupo VidaCaixa's product range, as well as continuing to develop the offer in the area of saving for retirement. The Group will also retain its spirit of continuous improvement in the quality of the service provided which has been one of its hallmarks since the beginning, and it hopes to increase its levels of sales activity by entering new customer segments and markets through the Group's different distribution channels.

Since the end of the financial year on 31 December 2022 until the date of drawing up this consolidated management report, there have been no subsequent events of special relevance that have not been disclosed in the attached report.

MANAGEMENT REPORT

ANNUAL REPORT FOR THE 2022 FINANCIAL YEAR

During the 2022 financial year, 1 person joined and 2 people left the Parent Company's Board of Directors. The composition on the date of drawing up these consolidated annual accounts is as follows:

President:	Jordi Gual Solé
Vice President:	Tomás Muniesa Arantegui
CEO - Managing director:	Francisco Javier Valle T-Figueras
Members:	Víctor Manuel Allende Fernández Natividad Capella Pifarré Esperanza del Hoyo López Jordi Deulofeu Xicoira Francisco García-Valdecasas Serra Javier Ibarz Alegría Paloma Jiménez Baena José María Leal Villalba María Dolores Pescador Castrillo Juan Manuel Negro Balbás Rafael Villaseca Marco
Secretary (non-director):	Óscar Figueres Fortuna
Vice-secretary (non-director)	Pablo Pernía Martín